

TO MEMBERS OF THE COUNCIL

Notice is hereby given that a meeting of the Council of the London Borough of Bromley is to be held in the Council Chamber at Bromley Civic Centre on Monday 12th November 2012 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

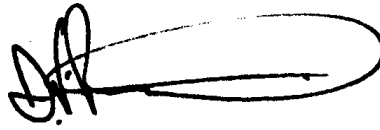
Prayers

A G E N D A

- 1 Apologies for absence
- 2 To confirm the Minutes of the meeting of the Council held on 25th June 2012 (Pages 3 - 34)
- 3 Declarations of Interest
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- 5 Oral questions from Members of the Council where notice has been given.
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- 13 Revised Statement of Gambling Licensing Policy for 2013 - 2016 (Pages 293 - 316)
- 14 To consider Motions of which notice has been given.

15 The Mayor's announcements and communications.

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Chief Executive

**BROMLEY CIVIC CENTRE
BROMLEY BR1 3UH
Tuesday 30th October 2012
Vol. 49 No. 3**

Agenda Item 2

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the Meeting of the
Council of the Borough
held at 7.00 pm on 25 June 2012

Present:

**The Worshipful the Mayor
Councillor Michael Turner**

**The Deputy Mayor
Councillor Ian F. Payne**

Councillors

Reg Adams	John Getgood	Peter Morgan
Graham Arthur	Ellie Harmer	Ernest Noad
Douglas Auld	Will Harmer	Gordon Norrie
Kathy Bance	David Hastings	Tony Owen
Jane Beckley	Samaris Huntington-	Tom Papworth
Julian Benington	Thresher	Sarah Phillips
Nicholas Bennett J.P.	William Huntington-	Neil Reddin FCCA
Ruth Bennett	Thresher	Catherine Rideout
Lydia Buttinger	John Ince	Charles Rideout
John Canvin	Russell Jackson	Richard Scoates
Stephen Carr	David Jefferys	Colin Smith
Roger Charsley	Charles Joel	Diane Smith
Peter Dean	Paul Lynch	Tim Stevens
Nicky Dykes	Mrs Anne Manning	Harry Stranger
Judi Ellis	David McBride	Pauline Tunnicliffe
Roxhannah Fawthrop	Russell Mellor	Stephen Wells
Simon Fawthrop	Alexa Michael	
Peter Fookes	Nick Milner	

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Michael Turner

13 Apologies for absence

Apologies for absence were received from Councillors Bosshard, Boughey, Evans, Fortune, Grainger, Humphrys, Lymer and Tickner. Apologies for lateness were received from Councillor Samaris Huntington-Thresher.

14 To confirm the Minutes of the meeting of the Council held on 26th March and the Special and Annual Council Meetings on 16th May 2012

The Minutes of the meeting held on 26th March 2012, the special meeting held on 16th May 2012 and the annual meeting held on 16th May 2012 were confirmed, subject to correction of the minutes of the annual meeting to list Cllr Adams on the Environment Committee, rather than Cllr McBride.

15 Declarations of Interest

Councillor Douglas Auld declared an interest in agenda item 5 (Petitions) as his wife was an employee of the Council.

Councillor Nicholas Bennett declared an interest in agenda item 6 (Oral Questions) as he had a tenant in receipt of housing benefit.

16 Questions from members of the public where notice has been given.

One question was addressed to the Environment Portfolio Holder, details of which are attached as Appendix A to the minutes.

17 Petitions

(A) Scope Clothing Banks:

A petition was received in accordance with the Council's Petition Scheme from Scope objecting to the removal of its clothing banks from Council owned land. Julie Warburton of Scope addressed the meeting in support of the petition.

A motion to take no further action on the petition was duly proposed and seconded.

An amendment to refer the matter to the Environment PDS Committee for further consideration was moved by Councillor Fookes and seconded by Councillor McBride. The amendment was **LOST**.

On being put to the vote, the original motion to take no further action was **CARRIED**.

(B) Localised Pay and Conditions of Service

A petition was received in accordance with the Council's Petition Scheme on behalf of Council staff calling on the Council to "drop their plans to remove all council staff from the national terms and conditions for local government workers." Glenn Kelly, Staff-side Secretary, addressed the meeting in support of the petition

A motion to take no further action on the petition until the consultation period was complete was duly proposed and seconded. The motion was **CARRIED**.

18 Oral questions from Members of the Council where notice has been given.

Oral and written questions from Members of the Council are attached as Appendices B and C.

19 To consider any statements that may be made by the Leader of the Council, Portfolio Holders or Chairmen of Committees.

There were no statements made at the meeting.

20 Policy Development and Scrutiny - Annual Report 2011/12

A motion to accept the Annual PDS Report for 2011/12 was duly proposed and seconded. The motion was **CARRIED**.

21 The New Standards System Under the Localism Act 2011

Dr Simon Davey, independent Chairman of the Standards Committee, addressed the meeting. It had been a year of transition for the Standards Committee, with no formal complaints against Councillors, but the Committee had provided advice and support to officers. He supported the proposals for the new standards regime, and offered his particular thanks to his Vice-Chairman, Mr Richard Allen, Councillors Peter Dean and Peter Fookes, and to Mr Mark Bowen and Mrs Sheila Bennett.

Councillor Steven Carr thanked Dr Davey and his fellow independent Members for their service on the Committee.

Amended recommendations had been circulated as follows –

(1) That a Code of Conduct as recommended by the Executive, based on the model code produced by the Department of Communities and Local Government, be approved to take effect on 1st July 2012, the Code to retain (i) the need to register all interests presently registered, (ii) to register any changes within 28 days and (iii) to register gifts and hospitality above the existing £25 threshold.

(2) That the Council Procedure Rules be amended to:

- (a) require a Councillor with a disclosable pecuniary interest to leave any Council meeting where that interest is being considered unless they have a dispensation, but that if possible a general dispensation should be granted:

- (i) where a member of the public would be entitled to speak or address the Committee, provided that the Member should not be able to vote or participate in the Committee debate in those circumstances; and
- (ii) that a Member who is appointed by the Council as a Director of any body may speak on an item relating to that body but may not vote on it,

subject in both cases to the right of Council to exclude the Member where it considered it appropriate to do so.

(3) That Mr Richard Allen, Dr Simon Davey and Mr Nicholas Marcar be appointed as Independent Persons under the Act for an interim period of up to one year.

(4) That the Council retains a Standards Committee and that, in accordance with the provisions of Section 17 of the local Government & Housing Act 1989, the political balance rules be waived for the Committee to comprise the current five members (Councillors Adams, Dean, Fookes, Norrie and Tickner) and that the amendments to the Constitution (Article 9) recommended by the Standards Committee on 19th June 2012 be agreed.

(5) That requests for dispensations by members of the Council be considered by the Urgency Committee, and this be added to the Committee's terms of reference.

A motion to adopt these changes to the Standards regime as amended was duly proposed and seconded. The motion was **CARRIED**.

22 MEETINGS OF THE URGENCY COMMITTEE

A motion to note the decisions of the Urgency Committee was duly proposed and seconded. The motion was **CARRIED**.

23 Membership of Committees and Sub-Committees

The following Members were nominated to fill various vacancies –

- (i) SACRE: Cllr Adams;
- (ii) Executive & Resources PDS Committee: Cllr Ellie Harmer;
- (iii) Local Joint Committee: Cllrs Ellie Harmer and Colin Smith

A motion to approve these appointments was duly proposed and seconded. The motion was **CARRIED**.

24 To consider Motions of which notice has been given.

Notice of two motions had been received and these were dealt with as follows:

(A) Breaches of Security at Bethlem Royal Hospital

The following motion was moved by the Councillor Tim Stevens J.P. and seconded by Councillor Douglas Auld –

“This Council expresses its deepest concern regarding the number of breaches of security at the Bethlem Royal Hospital during the last six years and the apparent lack of urgency, determination and drive to get to the root causes of these incidents. The Council demands that full security and staff training process reviews are carried out within the next three months with the results being made known to the Council.

Further this Council calls for a proper agreed information protocol to be put in place by the end of July 2012.

Should there be a failure to comply with the above requests the Council will write to the relevant Government Minister asking for action to be taken.”

An amendment was moved by Councillor Stevens and seconded by Councillor Auld to read –

“This Council expresses its deepest concern regarding the number of breaches of security at the Bethlem Royal Hospital during the last six years and the apparent lack of urgency, determination and drive to get to the root causes of these incidents. It is noted that the Chief Executive has resigned and this Council will seek a meeting with his replacement at the earliest opportunity. In the meantime, the Council demands that full security and staff training process reviews are carried out within the next three months with the results being made known to the Council.

Further this Council calls for a proper agreed information protocol to be put in place by the end of July 2012.

Should there be a failure to comply with the above requests the Council will write to the relevant Government Minister asking for action to be taken.”

On being put to the vote this motion as amended was **CARRIED** unanimously.

(B) Housing Need

The following motion was moved by Councillor Peter Fookes and seconded by Councillor Katherine Bance -

“This Council resolves that the Executive/Care Services PDS Committee should set up a Housing Working Party to address the increasing problems of housing need in this borough.”

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25 June 2012

An amendment to the motion was moved by Councillor Judi Ellis, and Councillor Fookes indicated that he accepted the amendment. The amended motion read -

“This Council resolves that the Care Services PDS Committee and the Renewal and Recreation PDS Committee should set up a Housing Working Party to address the increasing problems of housing need in this borough.”

The motion as amended was **CARRIED** unanimously.

25 The Mayor's announcements and communications.

The Mayor announced that his charity was the Darwin Unit at the PRUH.

The Mayor thanked those Councillors who were attending his first fund raising event at Con Amore and reported that this event was now sold out.

The Mayor would be hosting a charity appeal dinner at the RAF club on Tuesday 20th November 2012 – details would be sent out in due course.

The Mayor thanked those who had attended the flag-raising for Armed Forces Day, including veterans, local MPs, staff and Councillors.

There have been sporting victories for the golf and cricket teams, while the bowls team had won one and lost one.

The Mayor presented a scroll to the past Mayor, Councillor David McBride, comprising the resolution of thanks that was agreed at the annual meeting.

Mayor

The Meeting ended at 9.37 pm

COUNCIL MEETING

25th JUNE 2012

QUESTIONS FROM MEMBERS OF THE PUBLIC

1. From Alex Macaulay, Area Manager for Scope, to Councillor Colin Smith, Environment Portfolio Holder

The eviction of Scope's textile clothing banks from council sites will hit the charity's income by an estimated £360,000 per year. This is a considerable sum when considered alongside the additional challenges that charities face in receiving donations, with door-to-door donations being stolen and parking outside shops increasingly difficult. Will Cllr Smith agree to meet with me, Scope's Area Manager, to discuss ways in which we can work together to maintain donation levels?

Reply:

Councillor Smith responded that he would be pleased to meet with representatives from any charity who wished to do so to discuss enhanced levels of recycling textiles.

Supplementary Question:

Mr Macaulay did not have a supplementary question.

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COUNCIL MEETING

25th JUNE 2012

ORAL QUESTIONS FROM MEMBERS OF THE COUNCIL

1. From Councillor Simon Fawthrop of the Environment Portfolio Holder.

Will the Portfolio Holder join me in congratulating the department's staff and contractors for their sterling efforts in removing graffiti from Petts Wood and Knoll ward, which has now remained virtually graffiti free for over a year?

Reply:

The Portfolio Holder congratulated the contractors for the improvements over the last two to three years which he felt applied not just to Petts Wood and Knoll but across all wards. He considered that this was another example of improvements coming from better organisation and planning, rather than spending more money.

Supplementary Question:

Councillor Fawthrop wished to put on record his thanks to Councillor Smith who had been most helpful.

2. From Councillor David Jefferys of the Portfolio Holder for Public Protection and Safety

In light of the March Council Motion, could the Portfolio Holder provide clarification from his discussions with the Metropolitan Police, on the police numbers allocated to Bromley from October 2012 and the Safer Neighbourhood team staffing levels for Shortlands Ward?"

Reply:

Councillor Stevens stated that he had been involved in a number of discussions with the Borough Commander but had also engaged in lobbying in partnership with the Leader. In all discussions with the Mayor's Office, he had been absolutely clear that Bromley deserved a strong Police Service and one that was adequately resourced. He stated that he had been absolutely clear that it was paramount that the residents of the borough received adequate protection and also a fair share of resources based on the amounts contributed to the central budgets for Policing in Bromley. The Borough was very large in area and needed adequate police coverage.

In relation to the situation in Shortlands ward, he confirmed that the team currently consisted of one Sergeant, one Police Constable and two Police

Community Support Officers. The Portfolio Holder advised that a meeting with the Deputy Mayor for Policing had been arranged for July, at which he would continue to make the case for Bromley. However, the situation was not expected to become clear until October.

Supplementary Question:

Councillor Jefferys thanked the Portfolio Holder for his answer and asked him to keep all Ward Members informed of the outcomes of his meetings.

Reply:

The Portfolio Holder confirmed that he would keep ward members informed.

3. From Councillor Peter Fookes of the Portfolio Holder for Care Services (in the absence of the Councillor Evans the Leader of the Council responded)

How many families are currently being housed in bed and breakfast accommodation for more than six weeks?

Reply:

The Leader stated there were none, and queried whether Councillor Fookes was referring to families in bed and breakfast with shared accommodation.

Supplementary Question:

Councillor Fookes responded that this was correct, and asked why it had taken a letter from Grant Shapps for this to be the case.

Reply:

The Leader responded that it had not.

4. From Councillor Douglas Auld of the Portfolio Holder for Public Protection and Safety

In recent months various assurances have been given by the police as to the number of police officers and PCSOs employed in the Borough in the foreseeable future. It would seem that every few weeks these figures vary as to numbers and when they will come into being. Do you now have from the police, one of our major partners in the Safer Bromley Partnership, a reliable forecast on these figures and a realistic date as to when the additional numbers will finally arrive in the Borough?

Reply:

Councillor Stevens responded that, as outlined at the previous meeting of the Council, he could confirm that the new local policing model for London had

been presented to Metropolitan Police Service Management Board. Discussions were under way between the Mayor's Office and the Metropolitan Police Commissioner with regard to the implications that it would have for all boroughs in London.

Having also met with the local Borough Commander, he acknowledged that the Council must operate and continue to deliver the most effective and efficient service it could. However, it had to be noted that, until a decision was made by the Mayor's Office for Policing and Crime, it was not possible to be definitive about the Police Officer numbers and Police Community Support Officer numbers that would be allocated to the borough. More information should be available in September, but until then the Borough Commander would not be able to make plans. Unfortunately the date had kept being put back and back and there were too many rumours going around and no one knew what the exact situation was. Councillor Stevens considered this was unacceptable and had voiced this to the Deputy Mayor stressing the need for clarity. His priority in the meantime was to work closely with the Borough Commander to ensure that the officers and staff the borough currently had were best allocated during this very challenging time with the Olympics about to take place. He was confident that the attitude and resilience of officers and staff in Bromley would allow this.

He continued that most wards were now short of PCSOs. Of the 59 who had been sent for training as Police Officers only 3 had been sent back, but there were now 24 trainees now working in the borough. This meant that the borough was still missing half of its PCSOs.

Supplementary Question:

Councillor Auld asked whether the Portfolio Holder was aware that in Petts Wood and Knoll ward recently there had only been one PCSO on duty for eight hours out of twenty four.

Reply:

Councillor Stevens responded that this was not acceptable: the minimum was one PC and one PCSO, and he needed to know if ever this was not the case.

5. From Councillor Nicholas Bennett JP of the Leader of the Council

What plans he has to update Building a Better Bromley?

Reply:

The Leader responded that although Building a Better Bromley was several years old it still reflected the views of the residents that the Council served. He reminded Councillors that residents were consulted on the Council's priorities every year – these priorities remained consistent and he saw no need for a complete overhaul. He felt that the Building a Better Bromley report he had presented in 2004 had established a vision that had led to two election

victories. He suggested that Executive and Resources PDS Committee could give some consideration to the strategy, particularly in relation to the changing relationships with the health service and the voluntary sector and the Localism Act.

Supplementary Question:

Councillor Bennett welcomed this reply and added that with Building a Better Bromley in its eighth year it was time it was refreshed, with a greater emphasis on efficiency and effectiveness, outsourcing, new technology and business units.

Reply:

The Leader responded it was important to remain effective in the eyes of residents in providing value for money and excellent service and that he was happy to include Councillor Bennett's suggestions as part of the PDS discussions.

6. From Councillor David Jefferys of the Portfolio Holder for the Environment

In the light of the favourable initial comments from residents on the green waste collection service pilot, could the Portfolio Holder give a statement on the progress of the pilot scheme and on the plans he has to expand the scheme across the Borough.

Reply:

Councillor Colin Smith said that the pilot scheme was a great success, with eight thousand people paying for their garden waste to be removed, and gave credit to Councillor William Huntington-Thresher and the Waste Minimisation Working Group. The scheme was growing and there were now two full rounds – a third round would need an additional crew to be paid for.

Supplementary Question:

Councillor Jefferys thanked the Portfolio Holder and said that the service was appreciated by residents and suggested that the scheme be extended as quickly as possible.

7. From Councillor Peter Fookes of the Portfolio Holder for Public Protection and Safety

What are the future prospects for community Police bases in the Borough?

Reply:

Councillor Tim Stevens replied that the estate that provided accommodation for the Police in Bromley was the property of the Mayor's Office for Policing

and Crime. In line with many other areas of public expenditure a thorough review was being undertaken to identify possible cost savings. In times of economic restriction, the Metropolitan Police Service, like every other Public Sector organisation, had to review its capital expenditure and the efficient use of the estate. The decisions were operational ones and would be made by the Commissioner in consultation with the Mayor's Office for Policing and Crime.

He stated that, as Portfolio Holder for Public Protection and Safety, he continued to lobby hard at both local and London-wide levels to ensure that the consequences of dealing with the economic challenges would not see Bromley suffer. He resolved to continue his hard work and ensure that both the Council and partners were fully briefed when final decisions were made.

All the Safer Neighbourhood Team bases in the borough were held on long leases which would be costly to withdraw from. The first lease to end would not be until 2016. The Police would consider all the options: they had already sold Penge Police Station, and were hoping to sell Orpington, but they would not want to base all their Safer Neighbourhood Teams at Bromley Police Station.

Supplementary Question:

Councillor Fookes suggested that these moves would be the end of Safer Neighbourhood Teams, and that, bearing in mind the Total Place initiative, he asked if the Council should look at basing its own services in these ward bases to assist the Police.

Reply:

Councillor Stevens explained that this was not practical as the Police needed to have total control of its bases, and most had no access nor were open to the public. It was important that the Police continued to be based in the wards, but this was a matter for the Police rather than the Council.

8. From Councillor Nicholas Bennett JP of the Portfolio Holder for Resources

What has been the impact of the introduction of a cap on housing benefit on Bromley residents?

Reply:

Councillor Graham Arthur stated that in April 2011 the Government introduced the following three caps to the amount of Housing Benefit that could be paid:

- (i) The five bedroom Local Housing Allowance rate was removed so that the maximum level was a four bedroom rate – in Bromley this had minimal impact as only 1 claim was affected by this restriction.

(ii) Set absolute financial caps to each Local Housing Allowance rates by bedroom size – the average Local Housing Allowances in Bromley were well below the cap levels so this change had no impact.

(iii) The Household Benefits Cap. From April 2013 a limit would be placed on the amount a working age household could receive in benefits. The “Benefits Cap” would be set at £26,000 per annum which was the average working family income after tax. The only exceptions would be those households that include a claimant receiving Disability Living Allowance, War Widow or Working Tax Credit.

The “Benefits Cap” would apply to all working age households who rented from either the private or social rented sectors. The Local Authorities would administer the Benefits Cap by restricting the amount of Housing Benefit that was paid.

The Department for Work and Pensions (DWP) had advised Bromley that 397 households may potentially be affected. The Council was currently working with the DWP to ensure that the households affected were made aware of the cap.

Supplementary Question:

Councillor Bennett asked whether the Portfolio Holder would agree that there had been many scare stories in the last few years and none had come to pass. What was proposed was a fairer system for tenants.

Reply:

Councillor Arthur agreed and commented that it was a nonsense that some people were supported to live in high rent areas which other people in employment could not afford. There had been concerns about displacement from central London, but so far anecdotally Bexley had reported only four cases. However, any impact was more likely to be felt in Bexley and Croydon. The Portfolio Holder expressed the view that what was needed was an effective housing team such as that in Bromley that worked to prevent problems before they materialised.

9. From Councillor David Jefferys of the Portfolio Holder for Care Services

Would you the Portfolio Holder provide a statement on the plans for the future use of Kingswood House and the surrounding site in Shortlands and how he will involve local residents in the decision? What has been the cumulative cost of maintaining the building and the site since its closure on the 31st March 2012 and what are the continuing weekly costs of the maintenance?

Reply:

A report had been submitted to the Resources Portfolio Holder for pre-decision scrutiny by the Executive and Resources PDS Committee on 4th April 2012 following the closure of Kingswood House. Over the past months officers had been investigating options for future use of the care home, these being the provision of a respite centre for children with special educational needs and use of the care home for temporary accommodation.

Neither of these long-term options was considered by officers to be feasible which was also the view of the Leader. In accordance with the previous decision by the Resources Portfolio Holder, therefore preparations were being made to market the property

If the property was offered for sale the bids received would be reported to the Executive and Resources PDS Committee for pre-decision scrutiny prior to a decision by the Resources Portfolio Holder. Local Ward Members would be consulted at this stage. Any redevelopment would require planning permission which would be subject to public consultation.

Following closure of the building it was necessary to employ security guards to protect it, while a guardian service sought occupants to move into it while it remained unused. The cost of the full-time security guards was £23,000. This had now ceased and the guardian service had taken over the property. The service did not charge the Council and had agreed to contribute £40 per month per occupant towards the cost of services. The Council was responsible for the cost of all services and outgoings. To date gas bills totalling £108 had been paid. Additionally, building works to improve the security of the site had cost £1,046.

Supplementary Question:

Councillor Jefferys reported that he had met local residents that afternoon and they wanted to see a decision made soon before the site deteriorated any further.

Reply:

The Portfolio Holder responded that he agreed that a quick decision would benefit both the residents and the Council.

10. From Councillor Peter Fookes of the Portfolio Holder for the Environment

How many complaints have been received with regard to street cleaning in the Borough this year?

Reply:

Exactly 100 in the calendar year to date as at 21st June.

Supplementary Question:

Councillor Fookes commented that one of his constituents had asked whether the Council still cleaned the roads. He felt that although some areas were given occasional blitzes, other areas were ignored, and the £1m cut was now having an impact. He asked when he could expect to see improvements.

Reply:

Councillor Smith responded that the cut was as a result of the previous Government's actions in creating a financial crisis and moving funding away from outer London authorities to inner London and other parts of the country. Difficult decisions needed to be made to balance budgets and prioritise services. He did not consider it was necessary to spend extra money to achieve results. The Portfolio Holder accepted that there had been one or two blips in the change over of crews to new routes. However, complaints had not soared and generally residents were happy. There was a contingency fund that could be used for road cleaning but any decision would be 'evidence driven' and he hoped it would not need to be used.

COUNCIL MEETING

25th JUNE 2012

WRITTEN QUESTIONS BY MEMBERS OF THE COUNCIL

1. From Councillor Russell Mellor of the Leader of the Council

The answer to my question placed before Council on the 24th October 2011 revealed that of the then three appeals outstanding two had been resolved by the Council meeting of the 26th March 2012 with one unresolved.

In view of the continuing time delay to resolve the third appeal, which is in contradiction to the first sentence of the reply to my question on the 26th March in that all appeals had been resolved, can the Leader advise me as to the reason/reasons why the one dissenting Union is withholding their consent.

Can the Leader inform me as to name of the dissenting Union?

Is the appeal a class action or a single appellant? If a class action, the number of staff involved.

The calendar date when the appeal was lodged.

The amount of monies owed to the appellant/appellants under the Single Status Agreement.

The time factor, if any, before the appeal is out of time.

Reply:

Pursuant to the collective agreement with the three main unions namely Unison, Unite and GMB the Single Status Job Evaluation appeal is a joint panel by management and a trade union representative. Therefore, as far as the one unresolved case involving 10 appellants is concerned management has been seeking the support and cooperation of the three unions to reconvene the appeal panel to consider vital information before finalising the outcome of the appeal held in March 2012. Following protracted difficult discussions with the three unions on the legal and procedural merits of reconvening the appeal it is now scheduled for the 4 July 2012. Currently the appellants are not owed any monies – subject of course to the outcome of the reconvened appeal.

2. From Councillor Russell Mellor of the Chairman of the Development Control Committee

Can the Chairman inform me as to the number of planning applications, which have been granted planning permission during the last 5 (five) years that have contained an element of affordable homes together with the detailed analysis.

The number of affordable units granted by year.

The number of units, which have been implemented, i.e. constructed and inhabited

The estimated date when the outstanding units will be implemented, if practicable.

The number of applications granted, which contained affordable units, which have not been implemented.

The amount of S106 monies, which have been accepted in lieu of affordable units.

Reply:

Due to the similarity in Questions 2 and 3 a single table covering both is set out below.

	How many accommodation units (affordable and non-affordable) were given planning permission in LBB*	Number of affordable units granted planning permission	Social- rented units granted planning permission	Social- rented completions	Number of affordable units completed	Number of planning applications containing affordable units unimplemented
2007/08	1640	492	288	c180	238	3 schemes lapsed and 3 recent schemes not implemented
2008/09	934	257	209	125	232	
2009/10	903	191	166	117	252	
2010/11	1505	229	195	260	494	
2011/12	**	**	**	219	270	
As shown above there are only 3 schemes that have not been implemented.						

However, the following should be noted:-

- There is usually at least a 2 year gap between permissions and completions.
- Not all permissions result in development and completions.
- In some cases a small number of additional affordable units might be delivered on a site as part of the deal between developer and Housing Association for particular Council needs – e.g. wheelchair, learning disability.
- In some cases an originally small private scheme – e.g. small block of flats – would have ended up being built for a Housing Association to meet Council needs – e.g. the learning disability supported living initiative.
- In some cases, particularly since the recession, developers have negotiated reductions in the quantum of affordable housing from an existing permission due to financial viability – which is independently assessed for the Council.

- Permissions and completions of affordable housing are gross and do not take account of where existing affordable housing might be being demolished for redevelopment – e.g. Ramsden Estate.
- Social rented unit figures include a wide range of housing including Extra Care, a range of supported and wheelchair housing – e.g. 87 in 2010/11 and 25 in 2011/12 - homeless hostels converted to permanent housing.

Payments in Lieu

Both questions are asking about payments in lieu of units.

Such payments are only accepted where there are sound reasons and as a last resort. For example where a single block cannot be separated for tenure/management/servicing reasons; where financial viability and/or Housing Association funding may be a problem; geographic location relative to need or even housing type e.g. large luxury detached houses; or where a mixed use development has service charges that would be sufficiently high such as to make the units unaffordable for general needs tenanted housing.

It is important to understand that it is not possible to state how many units were replaced by payments because negotiations start from the planning policy position that 35% of habitable rooms should be for affordable housing. Where the provision is on site the 35% of habitable rooms will usually be negotiated to be delivered as a range of unit types/sizes to meet Council need and, therefore, may well not equate to 35% of unit numbers on a site.

Further, when payments are negotiated there is a trigger that determines when payments are made – usually when a certain number of units are occupied. Some payments might be in more than one tranche with different trigger dates. It would be rare for a payment to be received in the year that the planning permission was granted.

With the above caveats, over the last 5 years there have been payments in lieu totalling £1.971m

There are also the following further payments due:-

- £3.785m negotiated on five schemes but trigger dates have not yet been reached.
- Two schemes with potential overage payments depending on final development costs and sales income.
- One scheme where the payment is 27% of up to the first £13m of the sales value of the site and 35% of any excess above £13m

3. From Councillor John Getgood of the Chairman of the Development Control Committee

For each of the last 3 municipal years:

How many accommodation units were given planning permission in Bromley?
How many of these were for Affordable Housing and how many for the social rented sector?

How many were completed in each of these categories?

How many units of Affordable Housing in planning applications were replaced by section 106 contributions and how many were excluded on the grounds of economic viability?

Reply:

Please see reply to Question 2 above.

4. From Councillor Katherine Bance of the Portfolio Holder for Public Protection and Safety

What events for young people have been organised to take place in Penge during the school summer holidays?

Reply:

Please see list below – for your information a full list of events in the Borough was included with the report to the Public Protection and Safety PDS Committee at its meeting on 31st May 2012.

Bromley Youth Support Programme - Penge Area Summer Activities

Monday 23rd July:

Park Event: Betts Park, Croydon Road, Penge, SE20

Tuesday 24th July:

West Hub @ Streetwise: Drop In advice session 2-5pm

West Hub @ Streetwise: Youth session (Age 14+) 7-9.30pm

Saturday 28th July:

Park Event: Crystal Palace Park, Thicket Road, Penge, SE20

Tuesday 31st July:

West Hub @ Streetwise: Drop In advice session 2-5pm

West Hub @ Streetwise: Youth session (Age 14+) 7-9.30pm

Thursday 2nd August:

Park Event: Alexandra Recreation Ground, Alexandra Road, Sydenham, SE26

Friday 3rd August:

West Hub: Swim/Gym at Beckenham Spa visit all day*

Monday 6th August:

Park Event: Croydon Road Recreation Ground, Croydon Road, Beckenham, BR3

Tuesday 7th August:

West Hub @ Streetwise: Drop In advice session 2-5pm

West Hub @ Streetwise: Youth session (Age 14+) 7-9.30pm

Friday 10th August:

West Hub @ Streetwise: Seaside Visit all day *

Monday 13th August:

Park Event: Penge Recreation Ground, Laurel Grove, Penge, SE20

Tuesday 14th August:

West Hub @ Streetwise: Drop In advice session 2-5pm

West Hub @ Streetwise: Youth session (Age 14+) 7-9.30pm

Friday 17th August:

West Hub @ Streetwise: Climbing @ Crystal Palace Visit all day *

Monday 20th August:

Park Event: Royston Fields, Franklin Road, Penge, SE20

East Hub @ Link YC: Allotment Project (Age 10+) 5.15-7.45pm

Tuesday 21st August:

West Hub @ Streetwise: Drop In advice session 2-5pm

West Hub @ Streetwise: Youth session (Age 14+) 7-9.30pm

Friday 24th August:

West Hub @ Streetwise: Climbing @ Crystal Palace Visit all day *

Saturday 25th August:

West Hub @ Streetwise: Carnival @ Streetwise all day

Saturday 1st September:

Park Event: Cator Park, Lennard Road, Beckenham, BR3

5. From Councillor David McBride of the Portfolio Holder for the Environment

How much does it cost the Council to advertise in the illuminated display boards on the lamp posts along Cray Avenue?

Reply:

I am advised that the cost of actually advertising in itself is nil, due to the reverse sides of each location being provided, as well as the adverts in question being affixed 'free', under the terms of the contract with Clear Channel.

That said, there is a cost for printing the posters themselves of somewhere in the region of £25 each, payable by the individual service or third party sponsoring the subject:

In recent times these themes include:

- Adoption and fostering
- Environment Awards
- Census 2011
- Core Strategy
- My life – website for carers
- Cycle training
- Skyride cycle events
- Crystal Palace park volunteers
- Bromley Mytime – buzz activities, fitness events, 2012 challenge, pavilion opening autumn 2011, new year resolution
- Chislehurst Road Bridge
- Public meeting budget consultations
- My time
- Bromley Festival
- Bromley Festival of Sport
- Enviro Crime
- Compost bin offer
- Waste and recycling – Nice Save
- Waste and recycling – recycling saves landfill tax thanks
- Enough is Enough no drug dealing campaign
- Shared lives – sharing your home with vulnerable adults
- Bromley Scheme for Adult placements
- Jubilee

So, with some 26 posters being produced approximately once a month the 'cost' would be ~ £7800.

Subtracting from that of course any less immediately identifiable pay backs in pure cash terms around subjects such as, and for example, increased recycling levels, reduced use of drugs and anti social behaviour, and increased interest in adoption / fostering etc.

6. From Councillor David McBride of the Portfolio Holder for Renewal and Recreation

How many empty shop units are there in Orpington High Street currently?
How many have been vacant for: a) at least 3 months; b) at least 6 months; c) longer than 6 months?

Reply:

In answer to your first question - there are currently 16 units vacant (although 1 is about to be re-occupied) – 9 of these vacancies are in the Walnuts Shopping Centre. Out of 304 premises in the town this represents 5.2%. The current national town centre vacancy rate is around 14%.

a) 2 units which are both in the Walnuts: Games station and Thorntons which were vacated as a result of national closure decisions;

b) 2 units at the South end of the High Street;

c) 12 units comprising the following -

1 unit below the village halls which is 6,500 sq feet and it has proven difficult to find a tenant for this property. The trustees have recently changed the agent from a London based Agent to the local agent Acorn. The Council have tried to improve the look of this unit by putting up vinyl covering depicting a bar scene.

4 units at the north end of the high street

7 units in the Walnuts, which include Gamleys toy shop – a national closure decision.

Four units empty awaiting redevelopment into a larger unit to improve marketability.

One large corner unit which is expected to be occupied by a coffee shop from September.

7. From Councillor David McBride of the Portfolio Holder for Education

Which schools have been made Teaching Schools in the Borough? Which schools are due to be made Teaching Schools in the 2012-13 academic year?

Reply:

The following schools have been successful in gaining Teaching School status:

Ravens Wood School

The Kemnal Academies Trust - with the Teaching School based at Kemnal Technology College

The Harris Federation with the Teaching School based at Harris Crystal Palace

Warren Road Primary School.

The next round of Teaching School applications closes in October 2012 for a starting date in April 2013. Eligibility for this must include an Ofsted Grade 1 in Teaching and Learning and schools have to submit a rigorous application to become a Teaching School. It will become clear during the autumn term, therefore, which schools are to receive teaching school status during the next academic year.

8. From Councillor Peter Fookes of the Portfolio Holder for Resources

What progress has been made in bringing The Lodge in Penge Recreation Ground back into use and isn't it time that the Council used its powers of Compulsory Purchase given that this property has been uninhabitable for at least 15 years?

Reply:

The retired owner continues to work on the property on a daily basis and is now undertaking much of the work himself. Having regard to this, progress has continued at a reasonable rate. Almost all works are now complete and as of today the only remaining works are a new oak front door, which should be ordered this week and fitting of kitchen units which are on site. Work tops are still to be ordered. Decoration is complete upstairs, but some is still required on the ground floor. Finance remains an issue, but the owner would not accept any financial assistance towards the cost of the work. He has undertaken significantly more work than is necessary to bring the property back into use, but is keen to ensure that it is refurbished to original condition. It is estimated that in excess of £80000 has been spent to date. The property should be occupied by the end of the summer. As it is very near to completion there is no need to consider Compulsory Purchase.

9. From Councillor Peter Fookes of the Portfolio Holder for the Environment

Who owns Cricket Lane in Sydenham SE26?

Reply:

The majority of Cricket Lane is registered to two owners with a very small part unregistered.

Officers have copies of the registered title deeds, likewise the Land Registry plan shows the extent of the unregistered land should you find either or both helpful for your records.

10. From Councillor Peter Fookes of the Portfolio Holder for Care Services

What provision is there for emergency NHS Dental treatment in Bromley?

Reply:

The emergency NHS Dental Treatment service available in Bromley is as follows:

During the daytime (Monday to Friday)

Patients call 020 8776 3830 and are directed to one or more practices open to accepting patients with emergencies during the daytime

Out of hours (Weekday evenings after 6 pm, weekends, and bank holidays)

Patients call 020 8776 3685 and are directed to the dentist on call.

Contact numbers for routine and emergency NHS treatment are published on the local (Bromley & NHS London) and National (NHS Choices) websites, along with posters and wallet sized cards in Bromley GP surgeries, Pharmacies, Optometrists', Nurseries, Voluntary Groups, Faith Groups, Leisure Centres, and Libraries.

We undertake regular communication campaigns. For example, on the 4th & 5th April 2012 we held a Dental Access Road show in Bromley High Street offering free check ups targeted at patients who had not been to the dentist in over 2 years, as well as promoting the availability of NHS dental services including emergency arrangements.

- 130 free check ups were made over the two days and
- 2,675 contacts made.

11. From Councillor Nicholas Bennett JP of the Portfolio Holder for Education

If he will set out in table format the sold services to each school in Bromley and elsewhere?

Reply:

Please see Appendix (Published on the Council website.)

12. From Councillor Nicholas Bennett JP of the Portfolio Holder for Education

If he will set out in table format the outcome of each Ofsted inspection for each school since 2006?

Reply:

Please see attached Appendix.

13. From Councillor Nicholas Bennett JP of the Portfolio Holder for Education

If he will provide the following information concerning the Education Development Centre

1. Annual running cost in each of the past 5 years
2. Annual Income from Centre lettings in each of the past 5 years
3. Number of staff employed i. Full time ii Part-time (expressed as FTE)
4. Area of site

5. Number of rooms
6. Day time occupancy of rooms for May 2012
7. Evening occupancy of rooms for May 2012
8. Estimated number of attendees at courses at Centre in May 2012
9. Estimated value of site if sold

Reply:

1. **Annual running cost in each of the past 5 years**

Financial Year 07-2008	Financial Year 08-2009	Financial Year 09-2010	Financial Year 10-2011	Financial Year 11-2012	Totals
703,610	555,423	594,326	554,850	549,875	2,958,084

2. **Annual Income from Centre lettings in each of the past 5 years**

Financial Year 07-2008	Financial Year 08 -2009	Financial Year 09-2010	Financial Year 2010 - 2011	Financial Year 2011-2012	Totals
(53,572)	(93,439)	(43,243)	(59,038)	(65,569)	(314,861)

3. Number of staff employed i. Full time ii Part-time (expressed as FTE)*

	i. Full-Time	ii. Part-Time	FTE
EDC Site and Office staff	13	1	14
EDC Governor Services Staff	2		2
Education Business Partnership	6.1	3	9.1
School Improvement	3		3
Pupil Support Team	12	3	15
Early Years	9		9
		TOTAL FTE:	52.1
* Source: Employee Budget Monitoring			

4. **Area of site:**

EDC site area is approximately 2.15 acres of 0.87 hectares

5. Number of rooms:

There are 10 rooms of various sizes and the Main Hall available for meetings and events. In addition 'hut' Annexes are used for office space and the main building contains 4 administration offices and reception. Full details of the site plan are available.

6. Day time occupancy of rooms for May 2012 -

Rooms are booked by Council departments, external agencies and EDC run courses. During May 2012 there was a total of 78 room bookings Monday-Friday 9-5 with a "footfall of 1200.

7. Evening occupancy of rooms for May 2012

Governors and some Early Years courses are run in the evenings but the site is never open for more than 2 evenings per week. During May the site was open for 4 evenings in total in each case with no more than 2 school governor training events.

8. Estimated number of attendees at courses at Centre in May 2012

Total number of "EDC" owned courses in May 2012: 45 with a total of 774 delegates mainly from Bromley schools.

9. Estimated value of site if sold

As part of the current EDC Review a valuation of the site is pending. However, the Council's lawyers have indicated that the land would be eligible for sale. The EDC review will also take into account the need for additional school places Given that there is a shortage of school places in the area, it is possible that the Secretary of State would not allow the Council to dispose of this site for any other purpose than education. If the EDC is to close or move, then the obvious use for the site is as an extension to one or both of Princes Plain Primary School and/or Bishop Justus Secondary School. Should the Council not use the site for this purpose, then it is likely that it would have to be offered to a free school or academy sponsor. In any event the Council is going to have to find additional sites for school use in the Bromley Common area in the next few years.

14. From Councillor Fawthrop of the Chairman of the Development Control Committee (to be asked at every Council Meeting)

What pre-application meetings have taken place since the last full Council Meeting between Council Officers and potential planning applicants? Can these be listed as follows:-

The name of the potential applicant, the site address being considered.

Reply:

There have been 9 Major Pre-application meetings between 20th March and 20th June 2012, all of which were non-householder enquiries. There have also been 14 non-householder and 10 householder meetings.

As you are aware details of individual applicants and sites at present is exempt information and not disclosable in response to a Council Question.

Ofsted Inspections as at 20 June 2012 - Primary Schools

School	Round 1		Round 2		Date	Outcome	Date	Outcome
	Date	Outcome	Date	Outcome				
Alexandra Infants	03/10/07	Good	24/05/11	Outstanding				
Alexandra Junior	27/02/07	Satisfactory	09/03/10	Satisfactory				
Balgowan	30/01/08	Good	Ofsted letter April 2011					
Bickley	24/05/06	Good	20/05/09	Good	Ofsted Letter - see below			
Biggin Hill Infants	30/01/07	Good						
Biggin Hill Juniors	04/12/06	Good						
Biggin Hill Primary	27/02/09	Satisfactory	10/05/12	NTI				
Blenheim	18/06/08	Satisfactory	17/11/10	Satisfactory	15/03/12	Monitoring Visit - Satisfactory		
Bromley Road	11/10/07	Satisfactory	23/11/10	Satisfactory	29/02/12	Monitoring Visit - Satisfactory		
Burnt Ash Primary	23/09/08	Good	18/01/12	Satisfactory				
Castlecombe	26/06/06	Good	19/05/09	Good	15/11/11	Good		
Chelsfield	20/11/07	Good	Ofsted letter April 2011					
Chislehurst	03/11/05	Good	26/03/09	Good				
Churchfields	28/09/05	Satisfactory	20/01/09	Good	03/10/11	Satisfactory		
Clare House	27/09/05	Good	20/10/08	Satisfactory	10/05/12	Good		
Crofton Infants	21/09/07	Good	20/10/10	Good				
Crofton Junior	05/11/08	Good						
Cudham	10/10/06	Satisfactory	18/11/09	Good				
Darrick Wood Infants	10/01/07	Good	12/11/09	Outstanding				
Darrick Wood Junior	10/01/07	Satisfactory	12/10/09	Satisfactory				
Dorset Road	13/05/08	Good	30/03/11	Good				
Downe	30/01/07	Good	18/10/11	Good				
Edgebury	08/11/05	Good	27/01/09	Outstanding				
Farnborough	02/07/08	Good	Ofsted letter April 2011					
Grays Farm	09/06/08	Satisfactory	03/03/11	NTI	16/11/11	Monitoring Visit - Satisfactory		
Green St Green	10/05/06	Good	12/05/09	Outstanding				
Hawes Down Infants	11/10/05	Good	12/02/09	Good	Ofsted Letter - see below			
Hawes Down Junior	03/07/08	Good	Ofsted Letter April 2011		Ofsted Letter - see below			
Hayes	10/07/08	Good	Ofsted letter April 2011					
Highfield Infants	21/01/08	Outstanding	Ofsted letter April 2011					
Highfield Juniors	28/09/05	Good	21/01/09	Outstanding				
Hillside	13/03/07	Good	11/05/10	Special Measures	29/3/11+ 7/7/11 + 7/12/11	Monitoring Visits		
Holy Innocents	06/02/07	Good	03/11/11	Satisfactory				
James Dixon	30/04/08	Special Measures	25/02/09	Good	16/03/11	Satisfactory		
Keston	11/07/06	Good	03/06/09	Outstanding				
Leesons	11/06/08	NTI	25/06/09	Satisfactory	02/02/12	Good		
Malcolm Primary	20/03/07	Outstanding	30/09/09	Satisfactory				
Manor Oak	12/11/07	Good	16/03/11	Satisfactory				
Marian Vian	27/09/06	Outstanding	Ofsted letter July 2010		21/06/12			
Mead Road	02/11/05	Outstanding	05/03/09	Outstanding				
Midfield	19/09/07	Satisfactory	10/11/10	Good				
Mottingham	21/02/07	Satisfactory	11/01/10	NTI	12/05/11	Good		
Oak Lodge	12/10/05	Good	05/03/09	Good	15/11/11	Satisfactory		

RESPONSE TO QUESTION 12

School	Round 1		Round 2		Date	Outcome	Date	Outcome
	Date	Outcome	Date	Outcome				
Oaklands Infant	22/02/07	Outstanding						
Oaklands Junior	20/03/07	SM	01/12/08	Exit SM				
Oaklands Primary	09/12/10	Good						
Parish	20/06/07	Good	Ofsted letter July 2010		03/11/11	Outstanding		
Perry Hall	19/10/05	Satisfactory	19/03/09	Good	22/11/11	Outstanding		
Pickhurst Infants	23/11/07	Outstanding	Ofsted letter April 2011					
Pickhurst Junior	27/03/08	Good	04/07/11	Outstanding				
Poverest	19/06/08	NTI	16/09/09	Satisfactory				
Pratts Bottom	01/05/08	Good	14/02/11	Good				
Princes Plain	04/07/06	Outstanding	15/05/09	Outstanding	02/11/11	Good		
Raglan	28/06/07	Good	23/06/10	Good				
Red Hill	25/04/06	Satisfactory	07/07/09	Satisfactory	27/09/11	Good		
Royston	15/11/05	Satisfactory	21/05/09	Satisfactory	20/01/11	Monitoring Visit - Satisfactory	14/03/12	Special Measures
Scotts Park	02/04/06	Good	05/05/09	Good	Ofsted Letter - see below			
Southborough	26/03/08	Satisfactory	14/07/11	Good				
St Anthony's	23/05/06	Out of SM	08/10/08	Satisfactory	21/09/10	Monitoring Visit - Satisfactory	23/02/12	Satisfactory
St George's	23/01/07	Satisfactory	11/02/10	Satisfactory				
St James	20/09/07	Outstanding	Ofsted letter April 2011					
St John's	24/01/08	Satisfactory	07/07/11	Satisfactory				
St Joseph's	30/06/09	NTI	07/10/10	Good				
St Mark's	20/09/07	Good	25/05/11	Good				
St Mary Cray	02/07/08	NTI	24/11/09	Special Measures	11/07/11	Satisfactory		
St Mary's RC	12/09/05	Good	23/09/08	Good				
St Paul's Cray	05/10/05	Good	08/06/09	Good	22/02/12	Satisfactory		
St Peter & St Paul	04/10/05	Good	30/03/09	Good	02/11/11	Satisfactory		
St Philomena's	06/06/07	Good	05/05/10	Good				
St Vincent's	23/04/07	Outstanding	Ofsted letter July 2010					
Stewart Fleming	14/02/08	Special Measures	17/03/09	Good	15/06/11	Good		
The Highway	17/11/06	Satisfactory	30/01/09	Good				
Tubbenden (I&J)	28/03/07	Good						
Tubbenden Primary	12/01/11	Satisfactory						
Unicorn	18/10/06	Good	16/09/09	Good				
Valley	10/12/08	Outstanding						
Warren Road	27/03/08	Outstanding	Ofsted letter April 2011					
Wickham Common	06/10/08	Good	Ofsted Letter - see below					
Worsley Bridge	03/07/06	Satisfactory	06/07/09	NTI	14/10/10	Satisfactory	26/01/12	Monitoring visit - satisfactory

Ofsted Letters: July 2010 interim assessment confirming no re-inspection until at least 1 September 2011; April 2011 - sent to Good and Outstanding Schools last inspected in 2007/8 informing them that they will not be receiving an inspection unless Ofsted receive information raising concerns about performance.

Schools that are shaded are Academies

March 2012: The following schools have had letters to say they will not be inspected before Summer 2013:
Bickley, Hawes Down Infants, Hawes Down Juniors (until Summer 2012), Scotts Park, Wickham Common.

Ofsted Inspections as at 20 June 2012 - Special Schools

School	Date	Outcome	Date	Outcome	Date	Outcome	Date	Outcome
Burwood	19/09/07	Special Measures	09/07/09	Satisfactory	25/05/11	Satisfactory		
Marjorie McClure	13/06/05	Good	30/06/08	Outstanding	25/05/11	Good		
Riverside	04/02/09	Outstanding	02/11/11	Good				
The Glebe	26/06/07	Outstanding	26/05/10	Outstanding				

Ofsted Inspections as at 20 June 2012 - Secondary Schools

School	Date	Outcome	Date	Outcome	Date	Outcome	Post Academy conversion	
Beaverwood	07/11/07	Good		Jan 2011 - Interim Assessment letter			Beaverwood	
Bishop Justus	08/12/05	Satisfactory	28/01/09	Good			Bishop Justus	02/05/12
Bullers Wood	27/02/08	Good	25/05/11	Outstanding			Bullers Wood	
Cator Park	04/10/05	Satisfactory	10/02/09	Satisfactory			Harris Academy Bromley	01/12/11
Charles Darwin	17/09/08	Good	19/09/08	Good			Charles Darwin	
Coopers	13/12/05	Satisfactory	02/09/09	Good			Coopers	
Darrick Wood	12/12/05	Good	29/04/09	Outstanding			Darrick Wood	
Hayes	31/01/07	Good	02/03/11	Outstanding			Hayes	
Kelsey	27/09/06	Good	16/11/09	NTI	08/12/10	Satisfactory	Harris Academy Beckenham	
Kemnal	10/05/06	Good	26/02/09	Outstanding			Kemnal	
LPBS	04/10/06	Outstanding		June 2010 - Interim Assessment letter			Langley Park Boys	
LPGS	03/04/06	Outstanding	10/02/09	Outstanding			Langley Park Girls	25/04/12
Newstead Wood	21/02/07	Outstanding	26/05/10	Outstanding			Newstead Wood	
Ravenswood	14/11/07	Outstanding		Jan 2011 - Interim Assessment letter			Ravens Wood	
St Olaves	01/11/06	Outstanding		June 2010 - Interim Assessment letter			St Olave's	
The Prioory	12/10/06	Satisfactory	05/05/09	Satisfactory	24/01/12	Good	The Prioory	
The Ravensbourne	06/06/07	Outstanding	26/01/10	Good			The Ravensbourne	
The PRU	20/11/07	Satisfactory	23/05/11	Good				

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Report No.
RES12183

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 12 November 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: LOCALISED PAY AND CONDITIONS OF SERVICE

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Resources

Ward: All

1. Reason for report

- 1.1 Following consultation with staff, trade unions and staff representatives the General Purposes and Licensing Committee has recommended that the Council withdraws from national and regional pay bargaining arrangements and establishes localised pay and conditions for all staff (excluding teachers.)

2. **RECOMMENDATION(S)**

1 That, from 1 April 2013 or the earliest possible date thereafter, the Council implements localised pay and conditions of service on the following basis:

(i) Withdraws from the NJC, GLPC and Soulbury Committees and introduces an annual local pay review mechanism to replace the existing national and regional collective bargaining arrangements and the LJNC for Lecturers in Adult Education .

(ii) Discontinues the existing PRP scheme for MG staff and ceases to accept a recommendation from Inbucon on the market movement in salary bands for staff on the Bromley Management Grades (MG) - the MG annual salary review will be undertaken via the same single local annual pay review mechanism as all other staff (except teachers.)

(iii) Introduces a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff; and

(iv) Withholds pay increases for under performing staff to reinforce the link between individual performance and pay.

2 That the Chief Executive is given delegated authority to progress the detailed work necessary to achieve the implementation of localised pay on the basis of the framework set out in recommendation 1 (i)-(iv) inclusive.

Corporate Policy

1. Policy Status: New Policy:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: Funding considerations related to any consolidated increase in staff salaries or one-off consolidated rewards will be aligned with and considered as part of the Council's normal budget setting processes.
 2. Ongoing costs: see above
 3. Budget head/performance centre: Council wide staffing budgets
 4. Total current budget for this head: £75m (excluding schools delegated budgets)
 5. Source of funding: Existing and future revenue budgets
-

Staff

1. Number of staff (current and additional): The proposals affect all 3,711 employees including 1,339 staff in community and voluntary controlled schools. These figures exclude teachers whose pay and conditions of service are governed by statute and who are therefore outside the scope of this report.
 2. If from existing staff resources, number of staff hours: The officer steering group includes senior managers from service departments, and in addition to HR staff the project also relies on the specialist input of a number of other staff across the Council including financial, legal and payroll services.
-

Legal

1. Legal Requirement:
 2. Call-in: Not Applicable: This is a non-executive decision so call in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All staff covered by the proposals are involved directly or indirectly in providing a range of front line services.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 At its meeting on 29th May 2012 the General Purposes and Licensing Committee authorised the Assistant Chief Executive (HR) to conduct formal consultation with staff, trade union representatives, departmental representatives and the Staff Side Secretary on localised pay and conditions of service. Following the conclusion of this phase of consultation, a report on the proposals was considered at a meeting of the General Purposes and Licensing Committee on 23rd October 2012. Full details of the proposals are set out in the report, which is attached. The report included the previous (May) report (Appendix 1) and submissions from Bromley Unison (Appendix 2), Mr Glenn Kelly, the Staff-Side Secretary (Appendix 3) and Unite (Appendix 4).
- 3.2 The Committee received oral representations against the proposals from the Staff-Side Secretary, but agreed that they should be recommended to Council for decision.

4. POLICY IMPLICATIONS

- 4.1 See attached report.

5. FINANCIAL IMPLICATIONS

- 5.1 See attached report.

6. LEGAL IMPLICATIONS

- 6.1 See attached report.

7. PERSONNEL IMPLICATIONS

- 7.1 See attached report.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	See attached report Minutes of the General Purposes & Licensing Committee meeting on 23rd October 2012

Decision Maker: **General Purposes & Licensing Committee**

Date: **23 October 2012**

Decision Type: Non-Urgent Non Executive Non-Key

Title: **LOCALISED PAY AND CONDITIONS OF SERVICE**

Contact Officer: Charles Obazuaye, Assistant Chief Executive (HR)
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Barbara Plaw, HR Manager (Pay and Benefits)
Tel: (020) 8313 4993 E-mail: barbara.plaw@bromley.gov.uk

Chief Officer: Charles Obazuaye, Assistant Chief Executive (HR)

Ward: Borough wide

1. Reason for report

This report details the outcome of consultation on the Council's localised pay proposals for Members' consideration.

2. **RECOMMENDATION(S)**

2.1 **The General Purposes and Licensing Committee is asked to:**

2.1.1 **Note and consider the issues set out in this report: and**

2.1.2 **Recommend the proposal to Full Council for approval, or**

2.1.3 **Decide whether to make any changes to the Council's proposals for localised pay to be recommended to full Council.**

Corporate Policy

1. Policy Status: New Policy
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Funding considerations related to any consolidated increase in staff salaries or one-off consolidated rewards will be aligned with and considered as part of the Council's normal budget setting processes.
 2. Ongoing costs: As above
 3. Budget head/performance centre: Council-wide staffing budgets
 4. Total current budget for this head: £75m (excluding schools delegated budgets)
 5. Source of funding: Existing and future Revenue Budget
-

Staff

1. Number of staff (current and additional): The proposals affect all 3,711 employees of the Council including 1,339 staff in Community and Voluntary Controlled schools. These figures exclude teachers whose pay and conditions of service are currently governed by statute and who are therefore outside the scope of this report.
 2. If from existing staff resources, number of staff hours: The Officer Steering Group includes senior managers from service departments, and in addition to HR staff the project also relies on the specialist input of a number of other staff across the Council including financial, legal and payroll services.
-

Legal

1. Legal Requirement:
 2. Call-in: As this is a non-executive decision call in is not applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All staff covered by the proposals set out in this report are involved directly or indirectly in providing a range of front-line services.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Background

- 3.1 In 2010 the Council and the Trade Unions concluded the Single Status Agreement. This meant that through local negotiation and agreement the Council introduced a pay and grading structure specific to Bromley known as the “BR grades”. The Agreement also delivered significant local changes to many other terms and conditions of NJC staff, thereby ensuring that any enhancements to basic salary are offered only when there is evidence of a compelling business need to do so to deliver services.
- 3.2 There are however a few remaining core terms and conditions of NJC and Soulbury staff which are still determined through collective bargaining at national (NJC) or regional (GLPC) level:
- Annual pay award
 - Sick leave and sick pay
 - Maternity and Adoption leave and pay
 - Car Mileage rates
 - Sleep-in allowance
 - Industrial Injury Allowance
- 3.3 Most significantly, the lack of local control over the annual pay review for NJC and Soulbury staff means that Council is not able to align decisions about pay with consideration of other local cost pressures, as part of the overall budget setting process. The remaining NJC and GLPC frameworks also restrict the extent to which the Council is able to align its reward structures with staff and organisational performance. On 29 May 2012 Members of this Committee therefore authorised the Assistant Chief Executive (HR) to progress formal consultation on localised pay proposals to bring the remainder of these terms and conditions under the Council’s control.
- 3.4 Key drivers behind the proposals include the fact that local control and accountability will result in there being greater emphasis on local circumstances in the pay review process. This in turn should improve the Council’s ability to offer a reward package which enables the Council to recruit and retain the right quality staff through challenging and changing times. A greater alignment between reward and staff performance is also supportive of the Council’s performance management culture, and consistent with the Council’s HR Strategy.
- 3.5 The consultation exercise has been undertaken on the basis of the proposals set out in the report attached at Appendix 1. The proposals include the introduction of a localised pay review process and merited local pay arrangements for all staff. These are consistent with the Council’s performance management culture and based on:
- a non-consolidated reward scheme for exceptional performers; and
 - withholding pay increases from poor performers
- 3.6 The Council will need to withdraw from the national and regional bargaining frameworks, and secure changes to existing contracts of employment to achieve these changes.
- 3.7 Under the proposal the Council will set a single pay review process for all its workforce, except teachers. Currently there are different pay review processes for different employee groupings resulting in different annual pay rates being set at different times creating cultural and budget management challenges for the organisation. The single pay review process will cover the following staff namely:

- 3,234 NJC staff (“Green Book”) and 19 Soulbury staff who are currently employed on a combination of national and local terms and conditions; and
 - 196 management grade officers and 262 lecturers at the Bromley Adult Education College who are already employed on local (Bromley) terms and conditions of employment.
- 3.8 The proposals involve changes of contractual and a non contractual nature. The proposed **contractual** changes are as follows:
- 3.8.1 The introduction of a single annual pay review mechanism to apply to all staff to replace:
- NJC and GLPC collective bargaining for “Green Book” and Soulbury staff;
 - The Inbucon recommendation and performance related pay arrangements for staff on the Bromley management grades;
 - The Local Joint Negotiating Committee for Lecturers in Bromley Adult Education.
- 3.8.2 Withholding general pay increases from underperforming staff until a sustained satisfactory level of performance is achieved.
- 3.8.3 With the exception of the pay arrangements set out above, existing terms and conditions would be maintained unchanged (“as is”) at the date of implementation and any future changes to the remaining terms and conditions of service in paragraph 3.2 except pay will be the subject of local negotiation and determination (other terms and conditions are already localised through the Single Status Agreement).
- 3.8.4 The introduction of Professional/Technical grades which mirror management grades 5 and 6 for highly specialised/technical posts which do not carry management responsibilities.
- 3.9 The **non contractual** element involves the introduction of a scheme of discretionary non-consolidated rewards for Exceptional Performance.

Consultation process and responses

- 3.10 During the period of consultation there have been over 50 staff meetings attended by more than 900 staff where the proposals have been presented and discussed in detail and staff comments noted.
- 3.11 There have also been a number of meetings with trade union representatives with a view to achieving the changes by negotiation and agreement, and the proposals have been discussed with the Staff Side Secretary and at the corporate departmental and trade union forum. From the outset however trade union representatives made it clear that they are totally opposed to the proposals, and have no mandate locally or regionally to enter into any local agreement which includes Bromley’s withdrawal from national and regional collective pay bargaining.
- 3.12 In addition the proposals have been presented to a number of meetings involving Head Teachers and Chairmen of Governors in schools before and after the summer break. Although it did not prove possible to fully engage with schools’ staff until after the start of the Autumn term, all staff were written to individually and 6 meetings were held across the Borough to which schools staff were invited to attend.
- 3.13 A dedicated mailbox was set up and published for consultation purposes, and written responses have so far been received from or on behalf of 103 staff using this method.
- 3.14 A summary of the main points raised by staff, trade unions and departmental representatives during the consultation process is set out below based on comments from written responses received, as well as verbally from staff, trade union representatives, departmental

representatives and the Staff Side Secretary. A more detailed schedule of responses will be circulated separately.

- 3.15 A copy of the written response received from Unison on 12 October is attached at Appendix 2 and a copy of the draft report previously circulated by the Staff Side Secretary is attached at Appendix 3.

Single Local Annual Pay Review Mechanism

- 3.15 The main issue for staff as regards this aspect of the proposals is whether in return for giving up their contractual link to any NJC or GLPC pay increases, they can trust the Council to deliver across the board pay increases which are no less than those that they might otherwise receive. Staff can understand the Council's wish to be fully in control of its finances, but are fearful that the real objective behind the proposals is to create a local process that can be used to deliver future budget savings, despite re-assurances that the Council is committed to maintaining competitive terms and conditions of service in order to recruit and retain a well motivated quality workforce.
- 3.16 Staff are also concerned that any across the board increase will be less than it might be, because a larger share of any available "pot" will be set aside for the non-consolidated rewards for exceptional performers which do not increase the base salaries' budget in future years. The Assistant Chief Executive (HR) has sought to re-assure staff that the Council will need to maintain basic salaries commensurate with those elsewhere in the marketplace, but these concerns remain.
- 3.17 Although the trade unions are fundamentally opposed to the Council's withdrawal from national and regional pay bargaining, at a collective level the Trade Unions have acknowledged that it would not be possible to take local decisions on the annual pay review whilst also remaining within the NJC and GLPC frameworks.
- 3.18 The trade unions have also expressed their opposition to the Council's proposal to consult rather than negotiate over the annual pay award locally, and the consequential erosion of their negotiating rights should the Council withdraw from the NJC and GLPC arrangements. The importance to the Council of re-aligning decisions about pay with considerations of other cost pressures through the budget setting process/timescale has been emphasised to representatives in the discussions, and the option of building in a time-limited period for negotiation was explored. However the trade union representatives concluded that this approach was unacceptable given that the potential for delay arising from collective bargaining is an inherent part of the negotiating process.
- 3.19 From the perspective of schools' staff, and in particular Head Teachers and Chairman of Governors clarification is sought from the Council as to how the funding implications of contractually binding and discretionary local pay decisions would be managed. In particular if these exceeded any assumptions about pay increases within the DSG allocations.
- 3.20 A recurring view amongst staff is that they might be prepared to agree to give up their contractual link to national and regional pay bargaining if the Council were to offer some tangible guarantees or assurances about future pay awards. The Staff Side Secretary has suggested that there could be a formula based on RPI or an assurance that any increase would at least match the national pay award.

Withholding the annual pay increase from under-performers

- 3.21 There were mixed responses to this proposal. Some staff support the proposal as they felt that it resulted in a fairer approach. Others, including the trade unions, felt that poor staff

performance is a management issue which should be addressed using established procedures, but should not result in withholding pay from staff who are subject to the same cost of living pressures as the rest of the workforce. However, being able to withhold any pay increase due to poor performance would supplement rather than replace or supplant the existing disciplinary/capability procedures. Staff and the Unions were also reminded that the Council is currently able, under the existing national framework, to withhold increments from under performing staff.

Localising other terms and conditions

- 3.22 Staff perceive that they get a certain level of security from the national and regional arrangements because the trade unions have negotiated a “minimum” set of conditions below which participating Councils cannot go. As such their concerns are similar to those set out above in relation to the proposed local pay review arrangements. Despite being given examples where Councils have negotiated reduced terms locally, and being advised that changes to terms and conditions are currently under discussion nationally, staff still remain concerned and have therefore sought further guarantee that the Council will not make any detrimental changes to their terms and conditions. The Council’s continuing commitment to seeking agreement to any changes through local negotiation with the trade unions does however go some way to address this.

Contractual changes for Management Grade Staff

- 3.23 Although Management Grade staff are already on localised pay arrangements, the proposals potentially have a relatively greater impact on this staff group. This is because of the potential impact that cessation of consolidated performance related pay will have both on pensionable pay and on individual’s ability to progress up the pay scales without any re-negotiation of basic salary. A number of managers have requested that in return for signing new contracts consideration be given to the re-introduction of incremental progression for staff on the management grades and/or a “buy-out” incentive similar to those in the Single Status Agreement to compensate for potential future losses. In response, the Assistant Chief Executive (HR) advised that an automatic increment scheme is not appropriate for MG staff partly because of the size and complexity of the MG grading structure.

A Scheme of Discretionary Non-consolidated Rewards for Exceptional Performance

- 3.24 The nature and number of the comments received confirmed that performance related pay is an emotive issue, and re-assurances were sought that the scheme would complement rather than replace the existing range of recognition and reward measures. Some respondents welcomed the opportunity to be considered for an additional reward, others (a good number), including the trade unions, expressed strong opposition for the concept and concern about the practicalities. Schools’ staff and head teachers were also unsure as to how such a scheme could work in schools, and preferred a possible team-based award instead at the discretion of the Head teachers and Governors. A number of staff stated verbally that they would be prepared to accept/consider localised pay if this scheme was withdrawn from the proposals.
- 3.25 Staff sought re-assurances that the scheme would operate consistently across all departments/services, and that issues such as favouritism and relationships with managers would not affect transparency and fairness. There was also a general perception that it would not be possible to define nor achieve “exceptional performance” in some of the lower graded jobs in particular. Some staff expressed support for a team reward rather than one based on individual performance as they felt this better reflected the interdependency of roles in the public sector. Many staff felt that the scheme would be divisive, undermine teamwork and result in the majority of staff feeling undervalued and dissatisfied. Those staff who had worked

with similar schemes previously either expressed support or resistance dependant on the nature of their experiences.

- 3.26 The majority felt that if such a scheme were to be introduced the criteria to determine exceptional performance should be operationally defined locally within the context of a particular service area. Some element of moderation would be necessary to respond to concerns about consistency and fairness, and management training in the operation of the scheme would be essential.
- 3.27 The type and amount of any reward payment also received a lot of attention. Initially the suggestion of a voucher scheme as an alternative to cash was viewed with some scepticism although this lessened as the range of options was explored. It was generally accepted that if the scheme were to proceed, then the value of the voucher/payment needed to be sufficient to act as an incentive and promote a sense of “reward”, but also be perceived as within acceptable limits by Council taxpayers and the public generally (the “onlooker test”).
- 3.28 The range of options discussed included payments based on a percentage of basic pay (with an option to bottom-load for lower graded staff) or a fixed amount irrespective of grade; however no overall preference emerged. The majority also supported a position whereby the Council arranged with HMRC to pay any tax due on the reward; this would have the advantage of avoiding the de-motivating impact of a potential reduction in employees’ net pay in the following year as a result of tax liabilities.

A Professional/technical grade equivalent to management grades 5 and 6

- 3.29 Apart from seeking confirmation that the proposed grades for non managerial roles that evaluate higher than grade BR14 will in effect mirror the equivalent MG grades, this aspect of the proposals has received little attention from staff. This reflects the fact that affected staff have been reassured that this is only a change in the grade designation.

4. Going Forward: Managing Staff Confidence

- 4.1 If Members agree to recommend the proposals to Full Council for approval, officers will continue to engage staff and their trade union and departmental representatives including the Staff Side Secretary to gain and maximise their support and involvement during the implementation stage. The unions and their departmental representative colleagues’ constructive comments on the design of processes or procedures to support the implementation will be actively considered. Officers will also seek their involvement in evaluating the impact, if any, of the proposals on the staff recruitment, retention and morale, and performance management culture in the future.
- 4.2 Officers will continue to reassure staff that the proposals will enable the Council to innovate and flex its reward strategies to reflect local financial circumstances, in a way not always possible under the existing national and regional negotiating frameworks. This approach is consistent with the Building a Better Bromley “Excellent Council” strategic objective. Being able to offer a merited reward to exceptional performers reflects this objective. Being able to recognise exceptional and good performers, and under performers and reward them according to their contributions to the organisations is fundamental to establishing an environment where knowledge can be generated, shared and deployed effectively to improve performance.
- 4.3 Staff and their representatives have been reassured that the Council has no desire to offer less competitive terms and conditions to staff now or in the future and thus lose its competitive advantage in the labour markets. We will always monitor and consider benchmark data in local, regional and national markets in order to ensure the right rate is being paid for the right job at the right time.

4.4 As Members are aware a sizeable number of local authorities mainly in the South east area are already outside of the national and regional collective negotiating frameworks. There is no evidence from any of these authorities to suggest that a localised merited pay framework in Bromley will undermine the Council's relationship with staff in the medium – long term. In the short term officers will continue to stress that the Council has no desire to undermine staff confidence in our terms and conditions of employment. It is not in the interest of the Council or the unions for staff to be alarmed about the proposed localised pay arrangement. This will be achieved by ensuring that the implementation process reflects the Council's core values and in particular the REAL leadership values (Respect, Empower, Ambition, and Learn). The implementation will also be underpinned by the following core principles namely:

- Transparency – merited pay will be evidenced and documented. No surprises.
- Fairness – decisions will be scrutinized corporately by HR partly to ensure legal/equality compliance pursuant to the Equality Act 2010.
- Simplicity – local managers will be empowered to exercise professional decisions with a high level of capability. Managers will receive additional training support to deliver a new look performance management culture.
- Mandatory performance appraisal – supervision and appraisal is a “right” hence the latter will be mandatory going forward. Managers’ right to manage is incomplete or meaningless if managers fail regularly to appraise their staff contributions to Building a Better Bromley. Employees’ right to be managed fairly is equally important so too is their right to be supervised and appraised!

5. POLICY IMPLICATIONS

5.1 The introduction of localised pay and conditions is consistent with the Council's objectives around an Excellent Council and the HR Strategy. It also reflects the Council's Core Operating Principles in particular the drive to be efficient and non-bureaucratic seeking to reduce interference and bureaucratic control.

6. FINANCIAL IMPLICATIONS

6.1 With the exception of the Scheme for Exceptional Performance and ceasing both the annual pay increase for unsatisfactory performance and PRP for management grade staff, the proposals are based on an “as is” basis and can therefore be contained with existing budgets. Funding considerations related to any increase arising from the local annual pay review process and the one-off non consolidated rewards will be aligned with and considered as part of the Council's normal budget setting processes. The cost of the independent annual pay advice circa £5k will also be contained within existing budgets.

7. LEGAL AND PERSONNEL IMPLICATIONS

7.1 As was flagged up in the report to this Committee on 29 May 2012, the impact of the ongoing 3 year pay freeze, the prospect of future pension scheme changes and the budget related/cost saving measures which are threatening job security across the board have all impacted on staff morale. The context within which this consultation process has been undertaken has therefore been difficult especially as the proposed changes are perceived by many to further threaten their security and be potentially to their detriment.

7.2 In the current circumstances in particular employees are more inclined to seek guarantees and assurances before voluntarily agreeing to accept such changes, and this is reflected in many of the responses that have been received.

7.3 The trade unions and the Staff Side Secretary are fundamentally opposed to the proposals in particular because they cannot be achieved without the Council withdrawing from the national

and regional collective bargaining arrangements. Local and regional trade union representatives have no mandate to agree to the changes locally, and it will therefore be necessary to obtain staffs' individual agreement to implement the changes if they are agreed.

- 7.4 If individual agreement is not secured then ultimately the Council may consider other legal options to achieve the changes including, as a last resort, the dismissal and re-engagement option. Given the trade unions' position they are seeking their members' commitment to refuse to voluntarily sign new contracts, and a likely consequence of this is that a further 90 day period of statutory consultation would be required to further explore all options first.
- 7.5 There are no equality issues arising from the proposals. As stated elsewhere in this report, pursuant to the Equality Act 2010, HR will monitor and analyse the profile of staff in receipt of the proposed merited reward and the withdrawal of pay increase from poor performers.
- 7.6 In general terms staff terms and conditions and remuneration are covered by Section 112 (2) Local Government Act t 1972 which provides that an officer appointed by the authority

“... shall hold office on such reasonable terms and conditions, including conditions as to remuneration...”

Terms and conditions and remuneration can be varied from time to time as long as proper procedures are followed.

- 7.7 Other legal and personnel considerations are as set out throughout this report.

Non-Applicable Sections:	N/A
Background Documents: (Access via Contact Officer)	Report HHR12003 General Purposes and Licensing Committee 29 May 2012 “Localised Pay and Conditions of Service”

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Decision Maker: **General Purposes & Licensing Committee**

Date: **29 May 2012**

Decision Type: Non-Urgent Non Executive Non Key

Title: **LOCALISED PAY AND CONDITIONS OF SERVICE**

Contact Officer: Charles Obazuaye, Assistant Chief Executive (HR)
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Chief Officer: Charles Obazuaye, Assistant Chief Executive (HR)

Ward: Borough wide

1. Reason for report

- 1.1 The annual pay award and various other staff terms and conditions are currently determined via joint employer/trade union negotiations conducted at national (NJC) and regional (GLPC) level. However now more than ever before the various challenges facing local authorities differ significantly according to their local circumstances. One effect of this is that the NJC and GLPC negotiating frameworks are hampered by the inevitable difficulties arising from the need for them to attempt to reconcile the different policy approaches and financial circumstances of the various constituent local authorities.
- 1.2 Current challenges facing local authorities include operating with limited and decreasing resources and competing demands. It is therefore essential to ensure that decisions with significant financial implications are controlled locally, and aligned with budget setting processes and performance outcomes. Within this context this report sets out proposals aimed at withdrawing Bromley from the national and regional collective bargaining arrangements and introducing localised pay and conditions for all staff except teachers.
- 1.3 Subject to Members' endorsement of the proposals and agreement the Assistant Chief Executive (HR) will embark on a process of formal consultation with the relevant recognised trade unions, staff and staff representatives.

2. **RECOMMENDATION(S)**

2.1 **The General Purposes and Licensing Committee is asked to:**

2.1.1 **Note and comment on the proposals set out in this report; and**

2.1.2 **Authorise the Assistant Chief Executive (HR) to progress formal consultation with trade union and departmental representatives and staff.**

Corporate Policy

1. Policy Status: New Policy
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Estimated Cost
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Council-wide staffing budgets
 4. Total current budget for this head:
 5. Source of funding: Existing Revenue Budget 2012/13
-

Staff

1. Number of staff (current and additional): The proposals affect all employees of the Council except teachers whose pay and conditions of service are currently governed by statute.
 2. If from existing staff resources, number of staff hours: The Officer Steering Group includes senior managers from service departments, and in addition to HR staff the project will also rely on the specialist input of a number of other staff across the Council including financial, legal and payroll services.
-

Legal

1. Legal Requirement:
 2. Call-in: As this is a non-executive decision call in is not applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All staff covered by the proposals set out in this report are involved directly or indirectly in providing a range of front-line services.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 In December 2009 the Council and relevant recognised trade unions reached a collective agreement known as the Single Status Agreement. The main thrust of the Agreement was to harmonise pay arrangements across different sectors of the Council's workforce to address equal pay risks, whilst at the same time simplifying the pay structure to make it clearer, fairer and more efficient.
- 3.2 By means of Single Status the Council introduced a pay and grading structure specific to Bromley known as the "BR grades". Through local negotiations and agreement the Council was also able to introduce significant changes to certain other terms and conditions thereby ensuring that any enhancements to basic salary are offered only when there is evidence of a compelling business need to do so to deliver services.
- 3.3 However although Bromley has gone some way towards localised arrangements, the annual pay review and a number of other core terms and conditions are still determined at national or regional level. This impacts on the control that the Council has over its own employment framework and the link with other business priorities.
- 3.4 Following the implementation of Single Status there also remains a need to re-assess all management grade posts at grade MG6 to:
- ensure that there are no residual equal pay issues at the interface with the new BR grades; and
 - find a more appropriate remuneration mechanism for those staff in highly technical and/or professional posts which do not carry management responsibility but which evaluate higher than BR14 (the top BR grade on the Bromley scale)
- 3.5 Given the above context now is an opportune time for the Council to seek to extend its localised pay and grading arrangements in consultation with key stakeholders including trade unions and departmental representatives and staff. The key drivers behind the need for further change and localisation include:
- Gaining control over the annual pay review process and timetable at a time of significant financial challenge for the Council in order to achieve better alignment with budget setting processes and greater responsiveness to change;
 - Exercising local control in order to give greater emphasis to local circumstances, and improve the Council's ability to innovate and flex in ways not achievable within the nationally agreed terms;
 - Improving the Council's ability to align reward with staff and organisational performance;
 - Achieving efficiencies through harmonisation of the management grade and other Bromley staff pay review arrangements.

Proposals

- 3.6 A big challenge will be balancing the proposals for change with maintaining a motivated and skilled workforce. It is therefore proposed that the Council withdraws from the current national and regional arrangements broadly on an "as is" basis. This means that with the exception of the proposals regarding the annual pay review and the performance related payments for management grade staff, existing terms and conditions would be "frozen" at the point of withdrawal. Any future changes would be for the Council to determine locally in conjunction with the trade unions, staff and staff representatives.
- This approach would keep to a minimum the impact of the changes on existing staff whilst at the same time enabling the Council to exercise more control and improve the links between pay and performance.

3.7 If Members agree then the next steps are for the proposals summarised below and in the attached appendices to be the subject of detailed discussion with the relevant recognised trade unions, staff, departmental representatives and other key stakeholders. The outcome of these discussions and any subsequent changes will be reported to Members for consideration and approval.

3.8 In summary the proposals are to introduce:

3.8.1 A Single Local Annual Pay Review Mechanism (see Appendix 1)

A single local annual pay review mechanism to replace the separate arrangements that currently exist for Bromley employees under the NJC Green Book, Soulbury Committee, Local Joint Negotiating Committee for Bromley Adult Education lecturers, and Management Grade staff. This would involve withdrawing from the existing collective bargaining arrangements as well as ceasing to accept a recommendation from Inbucon on the market movement in salary for staff on the Bromley management grades.

3.8.2 A Scheme of Discretionary Non-consolidated Rewards for Exceptional Performance (Appendix 2)

A scheme which aims to improve the links between pay and performance by recognising and rewarding exceptional performers on an individual basis. In order to maximise the amount of money that can be targeted to reward performance, and to ensure that the value of the benefit is not affected by other considerations, it is proposed that the nature of the rewards payable under the scheme are non-pensionable. The options to deliver this objective are currently under consideration and include, for example, non-cashable vouchers.

3.8.3 A Professional/technical grade equivalent to management grade 6

For highly specialised/technical posts which do not carry any significant management responsibilities, but which evaluate above grade BR14.

4 POLICY IMPLICATIONS

4.1 The introduction of localised pay and conditions is consistent with the Council's objectives around an Excellent Council and the HR Strategy. It also reflects the Council's Core Operating Principles in particular the drive to be efficient and non-bureaucratic seeking to reduce interference and bureaucratic control.

5 FINANCIAL IMPLICATIONS

5.1 With the exception of the Scheme for Exceptional Performance and ceasing the annual pay increase for unsatisfactory performance, the proposals are based on an "as is" basis and can therefore be contained with existing budgets. Funding considerations related to any increase arising from the local annual pay review process and the one-off non consolidated rewards will be aligned with and considered as part of the Council's normal budget setting processes.

5.2 This reports seeks Members approval to proceed with formal consultation on the draft proposals. More details on the financial implications of the changes will be available once the final proposals, following the outcome of consultation, are known. Any final proposals will be reported to Members for their consideration.

6.0 LEGAL AND PERSONNEL IMPLICATIONS

- 6.1 The Council is required by law to constructively engage and meaningfully consult staff and their representatives and, in particularly, the recognised Trade Unions on the proposals. Therefore, a series of consultative meetings and briefing sessions will be arranged across the entire organisation, including schools, to present the “raison d’etre” (business case for change) to staff, Trade Union and Departmental Representatives and other key change leaders and managers (e.g. Head Teachers, governors, line managers, etc.) in the organisation.
- 6.2 The consultation process will not be easy, given the impact of the on-going pay freeze, pension changes and other budget related/cost cutting measures, at local and national levels on staff morale and the real or perceived level of trust amongst staff. The initial reaction from the Unions is not encouraging and, whether they are open to persuasion with a view to achieving a collective agreement, will be assessed during the initial two month consultation period.
- 6.3 If an agreement is not secured the Council may consider other legal options, including individual agreements by staff to vary their terms and conditions of service. As a last resort, the Council may consider the “dismissal and re-engagement” option but this will require a further consultation of one month or three months, depending on the number of staff affected (in line with Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992).
- 6.4 Also, the proposal reflects the provisions in the Localism Act, particularly as regards improving democratic accountability and transparency in senior staff pay.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	[Title of document and date]

LONDON BOROUGH OF BROMLEY

OUTLINE PROPOSALS FOR A LOCALISED ANNUAL PAY REVIEW MECHANISM

1. Context

- 1.1 Reward and recognition is a key theme of the Council's agreed HR Strategy. This includes establishing strong links between performance and reward, and celebrating individual and organisational achievements.
- 1.2 Local authorities currently face significant challenges including the need to reconcile competing priorities and demands on resources whilst remaining competitive in the marketplace for skilled labour. The Council therefore believes the time is right locally to extend its ability to determine its own employment framework, including remuneration, in conjunction with key stakeholders and with the involvement of the relevant recognised trade unions.
- 1.3 This paper should be read in conjunction with the paper setting out the Council's proposals for the introduction of a scheme of non-consolidated Rewards for Exceptional Performers as part of its local reward and recognition framework.

2. Objectives of the Annual Pay Review

- 2.1 The Council expects high standards of performance from staff at all levels as the norm. By means of the process of the localised annual pay review the Council aims to
 - ensure that staff are appropriately rewarded for the job that they do;
 - enhance the Council's ability to compete by maintaining a simple, fair, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce;
 - improve the links between organisational efficiency, individual performance and reward; and
 - ensure that decisions on reward and recognition are better aligned with the considerations and timetable of the annual budget setting processes and timetable

3. Scope

- 3.1 The introduction of a single local annual pay review mechanism would replace the current arrangements for Bromley employees under the Green Book, Soulbury Committee, and Bromley local grades including Management Grade staff.
- 3.2 As part of consultation consideration will be given to whether teaching staff at Bromley Adult Education College should also be included within the scope of these arrangements. The pay and conditions of this staff group are already determined locally by the Council's Local Joint Negotiating Committee

4. Proposed changes

- 4.1 The introduction of a localised annual pay review will mean that subject to consultation the Council would:
 - 4.1.1 Withdraw from the NJC, GLPC and Soulbury Committees and introduce an annual local pay review mechanism to replace the existing national and regional collective bargaining arrangements;

- 4.1.2 Cease to accept a recommendation from Inbucon on the market movement in salary bands for staff on the Bromley Management Grades (MG). In future:
- 4.1.2.1 the MG annual salary review would be undertaken via the same single local annual pay review mechanism as all other staff (except teachers whose pay and conditions are governed by statute); and
- 4.1.2.2 The existing PRP scheme for MG staff will be discontinued.
- 4.1.3 Introduce a scheme of discretionary non-consolidated non-pensionable Rewards for Exceptional Performance applicable to all staff; and
- 4.1.4 Reinforce the link between individual performance and pay, by proposing to withhold pay increases for under performing staff.
- 4.2 The process of the local annual pay review would lead to a local decision taken by full Council as part of the budget setting process. The Executive and subsequently full Council would consider the recommendations of the General Purposes and Licensing Committee and determine the amount to be allocated to any increase in staff pay in the coming year on the basis of:
- (a) a general cost of living increase;
- (b) the amount available to support the Council's proposed scheme of non consolidated non-pensionable performance related rewards.
- 4.3 Consideration by all parties involved in the annual review process will have particular regard to:
- Affordability; inflation
 - Market settlements elsewhere including the NJC, GLPC and Soulbury Committee
 - Organisational performance
 - Stakeholder views
 - Trade union and staff perspectives
- 4.4 Details of how the annual pay review mechanism might work and the key milestones in the process are set out in Table 1 attached.

LONDON BOROUGH OF BROMLEY – LOCALISED PAY PROPOSED ANNUAL PAY REVIEW MECHANISM	
The staff falling within the scope of these arrangements are Bromley employees under the Green Book, Soulbury Committee, and Bromley local grades including Management Grade staff.	
TIMESCALE	ACTION
August/ September	Officers assemble the relevant information: <ul style="list-style-type: none"> • Affordability; inflation • Market settlements elsewhere inc NJC • Organisational performance • Stakeholder views • Staff representatives
October/ November	Officer led consultation meetings with Trade Unions to consider the information in the local context and to receive their annual pay submissions.
December	Officers present information to General Purposes and Licensing Committee which makes recommendations to Executive and full Council
December/ January	Recommendations considered by E&R PDS and Executive
Jan/Feb	GP&L and Executive recommendations presented to full Council which agrees amount and detail of any annual cost of living pay increase and the amount to be allocated to a non-consolidated performance payment “pot” to be included in the draft budget
Jan/Feb	Consultation on the draft budget including with staff and staff representatives
February	Executive and full Council receive outcomes of consultation and agree the budget
1 April	Effective date of any cost of living increase

LONDON BOROUGH OF BROMLEY

**OUTLINE PROPOSALS FOR A SCHEME OF
DISCRETIONARY NON-CONSOLIDATED NON-PENSIONABLE
REWARDS FOR EXCEPTIONAL PERFORMANCE**

1. Context

- 1.1 Reward and recognition is a key theme of the Council's agreed HR Strategy. This includes establishing strong links between performance and reward, and celebrating individual and organisational achievements.
- 1.2 The HR Strategy is based on an assumption that all staff come to work to do a good job and make a difference. The Council expects high standards of performance from staff at all levels, and seeks in return to maintain a simple, fair, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce. As part of the strategy the Council is committed to developing a scheme based on non-consolidated rewards for exceptional performance.

2. Objectives of the Scheme

- 2.1 The Scheme aims to enhance the Council's ability to recognise and reward exceptional performers, thereby improving the link between employees' remuneration and performance on a local and more individualised basis.
- 2.2 The Scheme offers all staff (except Teachers) the opportunity to be considered for a non-consolidated non-pensionable performance related reward. It replaces the existing PRP scheme for Management Grade staff, and supplements a range of other recognition and reward measures as set out in Table 2.

3. Eligibility

- 3.1 The Scheme is open to all employees except teachers who are excluded from the scheme on the basis that their pay is governed by statute.

4. Criteria

- 4.1 In order to be considered for a non-consolidated non-pensionable performance related reward the employee will have:
- **Delivered exceptional/outstanding performance which goes well beyond the normal expectations of the role; and**
 - **Sustained a satisfactory attendance and disciplinary record.**
- 4.2 In applying the criteria the focus should be on outcomes i.e. what has been achieved as distinct from input/effort (e.g. hours worked). The scheme also seeks to avoid "double counting" in that it is a condition of the scheme that the employee has not and would not more appropriately be eligible to receive one of the pay enhancements set out in Appendix 1 for the same performance.

5. Amount of Payment

- 5.1 The value of the rewards needs to be considered, options could be to base them on a percentage of basic pay (excluding any enhancements for weekends, nights, public holidays, travel etc) with a specified minimum amount, or a fixed sum. The amount payable may vary from year to year depending on the number of recipients and organisational performance, and may be weighted in favour of frontline staff.
- 5.2 In order to maximise the amount of money that can be targeted to reward performance under this scheme, and to ensure that the value of the benefit is not affected by other considerations, it is proposed that the nature of the rewards payable under the scheme are non-pensionable. The options to deliver this objective are currently under consideration and include, for example, non-cashable vouchers.
- 5.3 Rewards payable under this scheme will be liable for tax and national insurance contributions in the normal way.

6. Frequency

- 6.1 Nominations for a reward under this scheme will be considered annually by a corporate panel of officers (see section 7 below).

Views are sought as to how this arrangement should be varied for school staff

7. Nomination Process

- 7.1 Nominations should be made to the appropriate Assistant Director by line managers or individuals; self nominations are allowed. Nominations will be informed by the outcomes of performance appraisal, but the scheme does not operate as an integral part of the performance appraisal process applicable to all staff.
- 7.2 The nomination should include a supporting statement as to why the individual(s) are considered to meet the criteria set out in section 4 above.
- 7.3 All nominations will be subject to moderation by the Assistant Director with nominees having a right of appeal to the Departmental Chief Officer. The Assistant Director will submit the final list of nominations to the Assistant Chief Executive (HR) by February each year.

8. Decisions

8.1 Staff below Deputy Chief Officer

- 8.1.1 All nominations will be considered at a Directors' meeting supported by HR. The Directors will be advised by an Officers' Panel consisting of one service representative from each of the Departments, a Chief Officer, and an elected staff representative.
- 8.1.2 The Assistant Director will attend to present his/her nominations to the Panel.
- 8.1.3 The decisions of the Panel will be final.

8.2 Chief Officers and Deputy Chief Officers

- 8.2.1 Chief Officers will present their nominations to the Chief Executive who will consult with the Leader and Portfolio Holders before reaching a decision which shall be final.

PERFORMANCE RELATED RECOGNITION AND REWARD MEASURES	
MEASURE	CRITERIA
Acting Up	Temporarily undertaking the full duties and responsibilities of a higher graded post for a continuous period of 28 days or more (except where covering for annual leave)
Honorarium	Temporarily undertaking duties and responsibilities outside the scope of the employee's substantive post where: <ul style="list-style-type: none"> • the additional duties and responsibilities are exceptionally onerous; and/or • the duties outside the scope of the post are undertaken over an extended period; and/or • the duties of a higher graded post are shared between two or more officers
Accelerated increment(s)	Where in the opinion of the Chief Officer an employee who is not on the maximum of the grade has demonstrated particular merit or ability
Progression through a Linked Grade	Where the employee has demonstrated to the satisfaction of the Chief Officer that s/he has satisfied the criteria to move to the next higher grade in the career path, and will be undertaking the duties and responsibilities at the level of the higher grade
Salary uplift for MG staff	Where in the opinion of the Chief Officer or Chief Executive in consultation with the Assistant Chief Executive (HR) an employee has taken on additional responsibilities and/or demonstrated particular merit or ability
Time off in lieu, Overtime or additional hours	Recompense for hours worked in excess of the employee's contractual hours under the arrangements agreed as part of the Bromley Single Status Agreement
Soulbury SPA points	Additional discretionary spine points for Soulbury staff based on LA service and a structured professional assessment to recognise their contribution to the Authority's role in raising standards in schools, improving involvement of young people in community activities, and the promotion of child development and learning

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RESPONSE TO BROMLEY PAY & CONDITIONS LOCAL PROPOSALS

Proposals for a localised annual pay review mechanism

Proposals for a Scheme of discretionary non-consolidated
non-pensionable rewards for exceptional performance

October 2012

EXECUTIVE SUMMARY

Main points of the Response:-

- The National Agreement provides a minimum standard for pay awards, terms & conditions for staff. Withdrawing from the National Agreement will remove this protection for staff in LBB.
- The National Agreement provides autonomy for local authorities in many areas. LBB can already enhance the pay, terms & conditions of its staff from within the National Agreement. Whilst UNISON remains wholly opposed to any form of performance related pay, there is no requirement to withdraw from the National Agreement for such a scheme to be introduced.
- The Local Government Association are currently looking to reform Local Government Pay, Conditions and Negotiating Machinery. It would be wise for LBB to wait until such discussions have taken place before making a decision about withdrawal.
- LBB have not provided staff with any guarantee that they will not seek to reduce their current (already minimum) terms & conditions of employment after withdrawal.
- Removing the protection provided by the NJC will not be an attractive proposition to current or future staff and will not result in LBB being able to attract and retain a skilled and flexible workforce.
- The proposal to withhold a cost of living increase from staff who are perceived to be 'under-performing' is unacceptable and is likely to lead to legal challenges.
- A cost of living award must always take priority over any other pay award.
- The proposal to prevent the trade unions from negotiating on behalf of their members is authoritarian and demonstrates LBB's complete disregard for staff's right to be a member of a trade union and for the right of that trade union to act on behalf of its membership to seek to obtain the best possible outcome through meaningful negotiation.
- The introduction of a Scheme of discretionary non-consolidated rewards for exceptional performance (Voucher Scheme) opens LBB up to Equal Pay challenges.
- The detail of how the Scheme will operate is not clear. It is clear, however, that this will not make the pay structure clearer, fairer or more efficient. The decision making process is severely flawed, unworkable, and can only result in a demotivated and angry workforce.
- In order to enforce its proposals, the Council will have no choice but to dismiss and re-engage its workforce which will bring with it adverse publicity.

FORMAL RESPONSE

In providing a formal response to the 'outline' proposals put forward, Unison has met with and consulted with a large number of members who will be directly affected by the proposals.

It is important to state at the beginning of this document that Unison and its members remain wholly opposed to LBB withdrawing from the National Agreement or introducing any form of performance related award scheme.

We have conducted a survey amongst all our members who are directly employed by LBB. We believe the responses speak for themselves:-

Withdrawing from the National Agreement

97% of members **do not trust the Council** to not reduce pay, terms & conditions if the proposals are imposed.

Introducing a scheme of discretionary non-consolidated rewards to exceptional performance

A total **94%** of members said that this proposal was a bad idea (17%) or a very bad idea (77%)

All other responses on the above were either 'not sure' or 'undecided'. **NO ONE** thought either proposal was a good idea.

Our position and comments on the proposals are set out below.

National Agreement

The National Agreement (Green Book) is a national body which **all** local authorities in Greater London are currently signed up to. It means that pay awards, terms and conditions are negotiated at a national level and all those who are part of the Agreement adhere to the agreements made. Part 2 of the Green Book is the part which can only be negotiated on at a national level (at the NJC) which includes an annual pay award.

The National Agreement sets out the **minimum** standards for pay awards, terms & conditions of staff employed by local authorities signed up to it.

If Bromley Council withdraw from the National Agreement it will be able to reduce the pay, terms & conditions of its staff to below the minimum standards set by the NJC.

Bromley already provides only the minimum terms & conditions set out in the NJC. It is important to note that within the National Agreement, Bromley has always had the autonomy to provide its staff with better terms & conditions (as a number of other boroughs already do) but has consistently chosen not to do so.

Staff are therefore extremely concerned that withdrawing from the National Agreement is the route by which Bromley will seek to reduce their pay and working conditions even further, particularly given the current financial climate and ongoing cuts programme. Staying within the National Agreement would assure staff that Bromley are committed to providing them with at least the national minimum.

The Local Government Association are currently looking to reform Local Government Pay, Conditions and Negotiating Machinery.

Withdrawing from the National Agreement would result in LBB losing the many benefits of national representation, including the economies of scale that national pay negotiations bring and the ability for the National Employers to speak on behalf of the sector in discussions with Government.

Surely it would be wise for LBB to wait until such discussions have been held before 'jumping ship'.

Terms & Conditions other than Pay

Bromley proposes to withdraw from the National Agreement on an "as is" basis; that is, other terms & conditions (except for pay) will be "frozen" at the point of withdrawal with *any future changes being determined locally*. Freezing other terms & conditions at the 'point of withdrawal' does not in any way provide any reassurance or protection for staff in respect of future detriments they may suffer once they no longer have the protection of the National Agreement.

LBB has not provided staff with any guarantee that their current (already minimum) terms & conditions of employment will not be attacked 'after' withdrawal.

Localised control over budget setting for Pay Awards

LBB argue that with the current challenges facing local authorities it is essential to ensure that decisions with significant implications are controlled locally and aligned with budget setting processes and performance outcomes and that localising terms & conditions will improve the Council's ability to 'innovate and flex' in ways that the current nationally agreed terms have not encouraged.

The **only** 'achievement' that withdrawing from the National Agreement can bring is that the Council may have the ability to set its pay award ready to pay on 1 April each year. Any other 'innovations or flexibility' are already possible whilst **remaining** in the National Agreement and always have been. If Councillors have been advised this is not the case then they have been mis-informed.

LBB, as with all other London Councils, have had to budget each year for a likely NJC pay award, albeit that for the past few years those monies have not been utilised in pay awards given the freeze on local government pay. Unison does not understand why, when all other local authorities in London are able to budget in this way, that LBB are unable or unwilling to? Again, there has been no restriction within the national agreement that has prevented LBB giving a pay award to its staff if it so wished, but it has chosen to continue with the pay freeze. LBB refused to pay the £250 pay rise announced by George Osborne for all public sector workers earning under £21k a year. Other London Councils (within the National Agreement) have paid the award, either as a consolidated or non-consolidated payment. This in itself demonstrates to staff that LBB have no real desire to support their staff, particularly those in the lowest paid roles. If LBB are not willing to pay

£250 to a small proportion of their staff, why would staff be convinced that LBB would make a pay award to the whole workforce?

If LBB are arguing that they need to stay competitive in the labour markets then they will need to provide a pay award which is at least as high as any awarded through the NJC. In this respect, LBB will in any case have to put aside a budget for pay awards each year and which will need to be at least if not higher than that set aside in previous years. This makes no financial sense given the current climate.

It is the view of Unison and its members that this proposal is geared to provide LBB with the opportunity to take a decision **not** to make a pay award at an early stage in the budgeting process. LBB have given no commitment or guarantee to staff that this is not the case; there is no promise or indication of a probable pay award via a local decision making process.

Competition in the Labour Markets

LBB claim that it is not in their interests to cut pay, terms and conditions as to do so would negatively impact on its ability to recruit and retain a 'skilled and flexible' workforce.

LBB have provided to us figures on the net reduction in numbers of staff in each of the last three financial years:-

Year	Net Reduction in Staff
09/10	28
10/11	192
11/12	224

The proposal document makes a clear reference to staff already stepping 'up to the challenges of delivering more (or the same) with less resources' which is clearly the case given the reduction in staffing numbers. Staff are already stretched to the limit.

The proposal states that LBB wants to maintain a simple, fair, flexible, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce.

The Council has still been able (within the National Agreement) to offer enhancements to basic salary where evidence of a business need to do so is shown, thereby enabling LBB to recruit and retain staff where it may otherwise be difficult to do so.

Other local authorities in London already provide better pay, terms & conditions for their staff **within** the National Agreement. Bromley could choose to enhance pay, terms & conditions for its staff within the National Agreement to attract and retain a skilled and flexible workforce. Offering a package that has no minimum levels of provision cannot be considered as an attractive proposition. Whilst employees may currently choose to work in Bromley, this may well not be the case if their minimum protection levels disappear and they then seek the stability and guarantee that working for an employer within the National Agreement brings with it.

LBB have provided no evidence to support its proposal to implement a 'Voucher Scheme' to reward exceptional performance. Staff are far more likely to be attracted to a decent rate of pay than a voucher reward they may never be able to attain.

SINGLE LOCAL ANNUAL PAY REVIEW MECHANISM

Our opposition to this has been set out above. In addition we would make the following comments:-

Proposal to withhold pay increases for under performing staff

Unison is firmly opposed to withholding a cost of living increase from staff who are perceived to be under-performing.

There are processes and procedures in place for LBB to use if it believes staff are under-performing. Unison has also suggested the introduction of a Capability Procedure. Whilst one is in place for community schools there is no such procedure for other LBB staff.

The Council already, within the National Agreement, have the autonomy to withhold incremental rises for poor performance.

To withhold a cost of living increase in addition to this is archaic and wholly unnecessary. Such a system would do nothing to attract and retain staff to work for LBB. We believe it will be impossible to apply consistently across departments and will likely lead to legal challenges.

There are many and varied reasons why a staff member may be 'under performing' for a period of time which could be related to factors such as family issues, illness, bereavement etc. It is wholly unfair to penalise someone who is struggling to do their best in very difficult circumstances.

It is Unison's view that withholding cost of living awards from staff will be cost-driven and will result in staff being penalised because of budget pressures within departments. Currently, the numbers of staff having an incremental rise withheld due to poor performance is very low (based on figures provided by LBB) and we are deeply concerned that this figure will rise significantly if the ability to reduce salary costs via the cost of living award are introduced.

Amount to be allocated to any increase in staff pay

It is proposed that the Council will budget for staff pay on the basis of:-

- (a) A general cost of living increase;
- (b) The amount available to support the Council's proposed scheme of non-consolidated non-pensionable performance related rewards ('Voucher' Scheme)

During discussions with LBB on the proposals it has been confirmed that this proposal does allow for the Council to make a decision to not provide a cost of living increase but to budget only for the 'voucher' scheme.

This is wholly unacceptable.

An 'across-the board' cost of living award should always take priority over any other pay award available to staff. That a well-deserved cost of living award could be taken from committed, hard-working staff in order to shore up a Voucher Scheme that will ultimately benefit a few in comparison is unpalatable, unjust and unfair.

Removing negotiating rights from the trade unions in relation to pay

It has been made very clear to the trade unions that LBB will **not** negotiate with us on pay awards. Whilst we will be able to put in pay submissions and comments along with other stakeholders, we will be refused the right to negotiate.

To staff, this authoritarian model demonstrates LBB's complete disregard of an employee's right to be a member of a trade union and for the right of that trade union to act on behalf of its membership to seek to obtain the best possible outcome through meaningful negotiation.

Refusing to negotiate with the trade unions on Pay does not of course prevent trade union members from taking industrial action. In our survey, 81% of members were prepared to take some form of industrial action against the proposals with a further 16% being undecided at this stage.

The Council is more likely to avoid industrial action on Pay occurring if it meaningfully negotiates with the trade unions as part of the process.

SCHEME OF DISCRETIONARY NON-CONSOLIDATED REWARDS FOR EXCEPTIONAL PERFORMANCE

In addition to the comments made previously, we would add the following:-

The detail of the Scheme and how it will operate is not at all clear and Unison has been unsatisfied with the response it has received to date. During discussions with LBB on the proposals we have been accused of dealing in too much detail, however, our members want to know how the proposals will affect them personally and the lack of detail has prevented them from being able to comment as comprehensively as they would have wished.

The 'outline' proposals appear to have changed throughout the process and we have not been provided with a final version of what will be presented to Councillors.

Single Status

The proposal refers to the Single Status Collective Agreement reached between LBB and the recognised trade unions in December 2009, the aim of which was to 'harmonise pay arrangements across different sectors of the Council's workforce to address equal pay risks'. The proposal also states that at the same time it simplified the pay structure to make it clearer, fairer and more efficient.

In order to be considered for a voucher, apart from sustaining a satisfactory attendance and disciplinary record, staff must have "delivered exceptional / outstanding performance which goes well beyond the normal expectations of the role."

Introducing rewards for 'exceptional' performance is counter-intuitive to the ethos behind single states – equal pay for work of equal value. Under single status all roles were evaluated and given an appropriate grade to ensure that the work that staff carried out was valued appropriately and fairly rewarded in relation to all other roles in the Council.

UNISON argues that if staff are working over and above what is expected of them, then the role needs to be re-evaluated using the recognised Scheme. The new Scheme invites staff to work well beyond what their grade is recognised for in terms of pay in order to 'possibly' be awarded a voucher.

In addition, the Voucher Scheme will leave the Council vulnerable to Equal Pay claims.

Performance related recognition and reward measures

LBB already have a system by which staff can be rewarded for exceptional performance, measured by the following categories:-

- Acting Up
- Honorarium
- Accelerated increment(s)
- Progression through a Linked Grade
- Salary uplift for MG staff
- Time off in lieu, overtime or additional hours
- Soulbury SPA points

UNISON has requested that LBB provide information – over the last three years – on the total number of staff that received a performance related recognition and reward, broken down by numbers in each year, grades, and then further broken down by protected characteristics: gender, race, sexual orientation and disability.

We have been advised this information cannot be provided as it is not held in the format requested. Unison has gone back to LBB requesting that as much information as possible is provided, broken down into the information that is held. LBB must be able to provide figures on staff who have received performance related recognition payments, at least broken down by the various categories, grades and gender. To date, this information has not been provided to us.

During discussions, LBB have confirmed that the current reward measures will remain and the 'Voucher Scheme' will be in addition. UNISON has asked for a clear definition of what is meant by "delivered exceptional / outstanding performance which goes well beyond the normal expectations of the role". To date, we have not had a satisfactory response to this, only that this will be "determined by managers within the grade having regard to specific service pressures and complexities".

It is unclear what exceptional performance, outside of the reward measures already available, exist. LBB have not been able to demonstrate how the scheme will be determined "consistently and fairly". There is no specific criteria – it appears it will be on the basis of a manager's / Panel's perception of their staff – many of whom they will not know well or have an in-depth knowledge of the role they carry out.

From discussions with our members, it is clear that those who are currently on MG grades believe that Performance Related Pay (PRP) does not work – they are already subjected to a PRP Scheme. They are wholly opposed to the Voucher Scheme.

Value of Reward Vouchers

No information has been provided as to how the 'pot' will be distributed, who will be making decisions on who gets vouchers, or what the value of the vouchers will be.

<p>Department 'Pot' If each department is given a 'department pot' for awarding vouchers then it follows that depending on the number of staff considered to have 'excelled' the value of the vouchers will vary across department .</p>	<p>How can this be fair to all staff?</p>
<p>Central 'Pot' If the pot of monies for vouchers is held centrally, then the number of staff considered to have 'excelled' will receive vouchers of the same value</p>	<p>Depending on the number of staff considered to have excelled, the voucher value could be considerably different each year – depending on both the pot of money budgeted for and the number of successful staff in the scheme</p> <p>How can this be fair?</p>
<p>Vouchers – Set Amount It has been indicated that the vouchers will be a specific, set amount.</p> <p>Regardless of the level 'Pot' is held at, because there is a set budget, there will be a limited number of voucher awards available. It then follows that those making the decision will be doing so based on the number of vouchers available to be rewarded rather than genuinely considering whether a member of staff has 'excelled'</p>	<p>How can this be fair?</p>

If LBB are committed to rewarding staff who have 'excelled' then in order for the scheme to be truly fair, all those who meet the (undefined) criteria would receive a voucher of a certain amount. Putting aside a specific limited 'pot' of money for vouchers can only be divisive and lead to inequality of treatment.

It doesn't work.

Decision making process

The proposal states that nominations will be considered at a Directors meeting supported by HR and that the Directors will be advised by an Officers' Panel consisting of one service rep from each of the departments, a Chief Officer and an elected staff rep.

We have since been advised that it is the preferred option that "managers will be empowered to make the decision", albeit that staff have raised legitimate concerns around possible relationship difficulties with managers.

To date, there are no firm proposals for us to comment on.

There is no clear appeal procedure. UNISON's view is that this Scheme leaves itself wide open to the 'blue-eyed boy' syndrome where perceptions of favouritism and unfairness will emerge and which can only create bad feeling within workplaces with staff being singled out for special treatment, regardless of the hard work and commitment that is shown by all staff on a daily basis in order to deliver services amidst staff reductions and budget cuts.

The Scheme can only lead to a de-motivated and angry workforce. Those who do not benefit from a discretionary payment/award are likely to form a large percentage of the workforce given the likely budget available for such a Scheme – based on LBB's continual stance that savings must continue to be made and budgets continue to be cut.

Community Schools

There is no indication of how the voucher scheme may work in schools or how the voucher scheme would be funded ie; whether schools will have access to the budgeted 'pot' or whether schools will be expected to introduce the scheme but from their current budget allocation.

How can this be fair to schools staff?

It is difficult to comment on the effect on schools staff when no information is available on how the Scheme is to be implemented.

Unison is wholly opposed to the proposal.

FINANCIAL IMPLICATIONS

LBB currently incur a cost for the independent advice regarding market settlements/salaries elsewhere for the management grade pay award. LBB have confirmed that this cost will be higher as future information will need to relate to the whole workforce.

Although UNISON has asked for information on the current costs and likely future costs, this information has not been provided.

UNISON's position is that it does not accept that the financial implications are small or 'nil' due to withdrawing on an 'as is' basis as has been stated by LBB.

The cost of 'buying in' information, as with management grades currently – but for the whole workforce, will carry a higher cost in the future.

The complexity involved in a local authority considering and consulting on an annual pay award cannot be under-estimated and we are adamant that costs to the Council in staff time alone will be significant.

LEGAL AND PERSONNEL IMPLICATIONS

UNISON and the other trade unions have made it clear from the beginning of the process that we will not and cannot enter into a collective agreement to vary staff's terms & conditions.

The Council will have to vary each and every staff member's contract of employment.

We have collected hundreds of signatures from staff who are very clear that they will **not** sign a new contract of employment on a voluntary basis.

With well over 100 staff refusing to sign voluntarily, the Council will have to consult for a further 90 days and will have no choice but to seek to dismiss and re-engage the workforce and will undoubtedly be subject to adverse publicity if this course of action is followed.

CLOSING COMMENTS

The National Agreement provides a protection for staff that means they have a guarantee that their terms & conditions will not fall below a certain minimum standard. Withdrawing from the National Agreement will remove this minimum protection. This will only serve to make it more difficult for LBB to attract and retain a skilled and flexible workforce. Remaining in the National Agreement and providing enhanced pay, terms & conditions that are fairly applied to all is the only way LBB can achieve this.

LBB argue that they wish to 'innovate and flex' in ways that they cannot do whilst in the National Agreement. This is not the case and many options are available to LBB to be flexible within the National Agreement.

UNISON members are wholly opposed to LBB withdrawing from the National Agreement and to the introduction of a rewards scheme for 'exceptional performance'. The reasons for this have been set out in this document.

LBB have provided no guarantees to staff with regards to the protection of their current, minimum, pay terms & conditions once withdrawal has taken place.

The Local Government Association are currently looking to reform Local Government Pay, Conditions and Negotiation Machinery and it would therefore be wise for LBB to wait until

such discussions have taken place before making a decision to move to localised arrangements is made.

Helen Reynolds
Pro-temp Branch Secretary for Bromley UNISON
and UNISON Regional Organiser

STAFF SIDE SECRETARY REPORT

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August 2012

Proposed withdrawal From National Terms and Conditions

1. Introduction

This report is in response to the council's current consultation on the proposed setting up of local pay and conditions for all non teaching staff and removing staff from the National Joint council (NJC) terms and conditions and the Solbury terms and conditions.

The council have been (unsuccessfully) at pains to try and persuade staff that the proposals are not an attempt to attack the wages and conditions of staff.

Given that this exercise is being conducted in a climate of massive budget reductions, the biggest job cuts in Bromley's history with the promise of more to come, staff are rightly suspicious of the council's intentions.

This suspicion has further increased as detailed proposals have come forward and the failure of the council to offer any guaranteed assurances.

2. Overwhelming opposition from staff

The views of staff have been clearly demonstrated on a number of occasions to the council.

2.1 Council meeting 25th June 2012

The resolution moved by the Staff Side at the full council meeting on the 25th June required a minimum of 500 signatures from the staff this was easily exceeded.

2.2 Lobby of the Council 25th June

Over 120 staff attended the lobby called by just one trade union. This was the biggest lobby faced by the council since it started its cuts programme in the last two years.

2.3 Staff Side ballot

Despite a request from the Staff Side for the council to conduct a ballot the council refused. In light of this as the staff side secretary I have been conducting my own ballot of all affected staff. The question posed in the ballot is **“Do you support the council’s proposals to come out of national terms and conditions”**.

To date 726 staff have voted with just 7 staff supporting the council’s proposals and 719 voting to oppose the proposals.

It should be noted that the ballot has been conducted **after** the council has issued the details of the proposals to all staff **and** at the same time as the senior HR officers have been travelling the borough conducting “road shows” to sell the proposals to the staff, road shows which the staff side and trade unions were not allowed to participate in.

Given that I have also had the obstacle of having to conduct the ballot at peak holiday time and with school staff not at work, It is clear from the massive response to the ballot so far that there is no support for the proposals even from the council own management.

It is my intention to run the ballot up to the 26th September council meeting to allow as many staff as possible to vote.

3. Why we are opposed to the specific proposals

3.1 The Annual Pay award

At the moment if a cost of living pay award is awarded nationally the council is contractually bound to pay it to every worker from the 1st April each year.

The council tries to state that we have nothing to fear from this yet during the consultation it has refused to give any assurances with regards to the pay award.

They have not stated for instance that any local pay award would either at least match the national pay award or that it would be based on a formula that was “RPI plus a %” like the ones that exist in the rail industry.

3.1.2 ***Bad Past experience***

Frankly Staff do not trust the council as they have already had the experience of what the council has done at a local level on pay in the recent past.

When the government announced a £250 pay rise for all public sector workers earning under £21k a year, what did Bromley do? They refused to pay it!

Some councillors appear to be under the misapprehension that they were not allowed to pay this, ***this is a myth*** a number of councils **did** pay it whilst still remaining in the national agreement if they can do it why didn't Bromley?

We have also seen what they did when the managers were supposed to get a contractual 1% pay rise last year. The council said it was not fair to pay to managers and not staff. I then asked that they pay 1% to all staff and they refused and instead effectively stole their own manager's money.

3.1.3 ***Timing of Pay award***

It is being suggested that one of the reason the council wants to have local pay awards is to help plan for in year budgets. I do not accept this argument . The council sets a budget for all services in March and regularly has to vary them in year according to service needs. This is no different to pay the council makes a provisional estimate as to the award and then pays the award once agreed backdated to the 1st April. Only on one occasion in the last 25years has the council had to make an in year additional payment. In recent years the trend is fort the council to have to pay out less than it budgeted for. If this were the only real reason for local pay it is not beyond the whit of the council, staff side and unions to find a way of remaining in the National pay bargaining arrangements and getting budgeting certainty in April each year. For instance it could negotiate the award to be paid by March and then top it up and back date it, if the NJC award was subsequently greater without coming out of the NJC.

However the staff side feels that the budget timing issue is merely a smokescreen.

3.1.4 ***Imposition not negotiation***

Originally the council's indicated that ***all*** it intended to do was to replace the national negotiations over pay and replace them with local negotiations.

However as the details emerged it is clear what we are being asked to accept is local “consultation” and then ***imposition not negotiations***.

3.1.5 **Double jeopardy “poor performers”**

The second and key problem over the pay award is **if** a pay award is agreed locally by councillors in February each year then it will be paid to all staff in April, **BUT** management will be able to withhold the pay award from **“underperforming staff”**.

This would mean a pay award that is supposed to deal with the increase in cost of living is now to be used as a stick to beat staff with to work harder or face having paid rises denied to them.

The Staff Side believes that this is a recipe for staff to be picked on or used as an excuse to save money for a department or section particularly when managers are under pressure to come up with another £25m to save.

If staff were “underperforming” the council already has policies and procedures it can use, ultimately it can discipline staff for poor performance. This proposal could lead to double punishment for staff.

The HR negotiators have alleged that there is often a call from staff that “under performance is not being dealt with by management”, (despite the fact that I don’t believe that there is any evidence to back this up), even if this was the case then that is the fault of management in not dealing with it, not an excuse to hold back a workers pay rise.

3.1.6 **Performance related Pay rises - “a life sentence”**

The council have failed to see the long term effect of with holding a pay rise in any one year. It would mean that if in one year of a workers working life with the council they were deemed to have “underperformed” their pay would be held whilst others increased. The effect of this would be they would end up earning less than their colleagues doing the same job forever, no matter how good their future work was. This is legally questionable let alone morally.

3.2 **The New Bonus scheme – A Divisive Dangerous Gimmick**

The council have now come forward with their bonus scheme proposals called **“A scheme of discretionary non consolidated non pensionable rewards scheme for exceptional performance”** They are proposing to make a payment for those deemed to **“delivered exceptional performance which goes well beyond the normal expectation of the role”**.

However it is **not** to be a pay rise or a re-grading, it is in fact **not** even going to be paid in cash but will be a **“Non cashable voucher”**! This voucher will not count towards a worker’s on going pay or pension.

There has been no budget set aside for this scheme and no figure placed on the bonus.

During the negotiations it has been suggested that this will be set each year by the council. It has **not** been decided whether it's a fixed figure or to be done as a percentage of a workers wage.

Having a limited pot one way or another will either mean smaller payments made from year to year or less people get it from year to year which would defeat the alleged purpose of paying for "exceptional performance".

To qualify staff have to deliver exceptional performance but this **won't** be measured by how much "effort" you put in or "hours worked" but on the "outcomes" of your performance.

Even if a staff member meets this superman status they could still be denied it if their sickness level is deemed unsatisfactory, so if a member of staff ends up making themselves sick working too hard, they lose out!

In the council meeting in June the leader of the council and the portfolio holder said they believed that the majority of staff were "hard workers and performing very well". The effect of this sort of is it divisive and would act to demoralise the majority of hard working staff. It goes without saying that for every one person given the "bonus" hundreds more won't get it.

Given that no assurance have been given re the annual pay award the staff side believes that having the bonus scheme could be used to spell the end of pay rises altogether to be replaced by a non consolidated bonus scheme seeing our pay shrink further and further.

If the council is so wedded to the introduction of a bonus scheme it could introduce one without the need to opt out of the NJC or Solbury agreements as such I do not accept that this is a justification for the proposal.

3.2 Other terms and conditions not protected

Along side the Pay award, the proposal would mean placing all our other conditions (such as annual leave, sick pay, maternity and grading scheme) into a new Bromley set of terms and conditions.

Whilst the council has said that at the point of transfer to the new Bromley contract they would remain the same as they are now. However the consultation document states that they would be looked at on an "**as is basis**". The Staff Side believes that given the council has failed to give any assurances that all these terms and conditions would remain at least in line with the NJC agreement if not within the NJC then this proposal puts staff at risk of the council beginning to attack those terms and conditions as well.

3.3 Impact on Management Grade (MG) staff

At the time of writing whilst I am aware of the proposal to remove some professional based staff from the Management grades due to the fact that they don't manage staff. To date I have not been told which staff are to be removed from the MG grades and I have not been told what the proposed new grade for these staff is to be.

The management grade staff would of course be affected by the negative implications of removing them from the protection of the national agreements on annual leave, sick pay etc and will now also be affected by the new pay proposals and lose their current performance related pay agreement. As such all the above comments are equally applicable to these staff.

Glenn Kelly
Staff Side Secretary

DRAFT

16 OCT 2012

ASSISTANT CHIEF
EXECUTIVE (HR)

The Council's proposals to remove staff from National Terms & Conditions is a threat to our pay, terms and conditions some of which have been won for us by generations that have preceded us. Why else would Bromley Council choose now to bring out these proposals, given the climate of massive budget cuts, the biggest job cuts we have ever seen and a promise of more to come.

The Council say that this is not about cutting our pay, terms and conditions the questions that need to be answered then is why do it? NT&C give staff a safety net a bottom line for our pay T&C. If Bromley Council want to reward us with better pay, T&C they are free to do that under National T&C, they just can't pay us less.

Let's look at history. Bromley Council have always given us the absolute minimum they can, both with pay and terms & conditions. While other Councils have rewarded their staff with above the national minimum, in leave, sick pay etc Bromley have kept to the minimum.

When the Government announced a pay freeze for public sector workers they also announced a £250 pay increase for people earning less than £21k a year. Although a good number of London Boroughs honoured this commitment Bromley Council refused to pay their low paid members of staff.

The leader of the Council said at the full council, when we had the biggest lobby Bromley has seen, that his colleagues in Croydon had made a payment to their low paid employees and Bromley would have liked to have done the same, but couldn't because we are tied by N/T&C, it seems strange then that Croydon Council are in N/T&C so if Croydon could pay why didn't Bromley.

Bromley Council didn't because they choose not to. So why should we believe the Council now with promises that this is not about an attack on our pay and T&C?

Why would we believe that its not about making us pay for a crisis we had no hand in with the introduction of car parking charges for staff that have not had a pay rise for three years?

Why would staff trust the Council when they voted in, in all of five minuets with no discussion, the change of criteria for essential car users meaning some staff will lose £900 a year and have to pay the parking charges.

Why would staff trust the Council when rather than give staff the day off for their hard work and commitment in very difficult circumstances, when it wanted to close all non essential services on the 28th December, it decide to make staff use half a day of their annual leave. After all the Council would save money by closing down.

Be in no doubt it won't be words that will convince staff Bromley Council can be trusted it will be their actions.

Annual Pay Award

Under N/T&C if a cost of living pay award is made the Council is contractually bound to pay it to all employees from 1st April each year. That award is negotiated between the Representatives of Local Authorities and Trade Unions, at the end of that process union members are balloted if they want to accept the award or not.

Under Bromley's pay review there will be no negotiations just consultations in other words, like most of the consultations on reorganisations they listen to what staff have to say, they even write a report saying what we have said, then say thanks for that we are going to do what we proposed in the first place. That's what staff believe is exactly what will happen under consultation over pay, whatever the Council decides to pay, if anything, will be imposed on the 1st April each year.

It gets worse instead of deciding what its thought can be afforded and then paying that to all as a cost of living pay rise, the amount will be split into two pots. One pot for the cost of living award and one pot for the super employee award.

As yet, staff still don't know if there is a formula for splitting the amount between the two pots, the fear is that more money will be put into the non consolidated non pensionable pot with less in the Cost of Living award pot.

The questions around the super employee payment still have no answers - who will decide who is a super employee, is it local management or corporate? - No answer.

What would an employee have to do to be super, when Senior Management accept that the vast majority of their workforce are very good workers? - No answer. This really is a recipe for if your face fits.

Holding back the cost of living pay rise from poor performers.

Senior managers say they know that the percentage of people who are just poor performers is minuscule. Bromley has procedures to deal with people who just don't do their jobs. At one meeting when Unite asked why, if the percentage is so low, don't managers deal with poor performance, the reply was managers are not doing this as they don't like doing it. Well if that is the case how much harder and divisive will it be for managers to have to tell a member of their team they are recommending that they don't get the pay increase at all.

The next question is how much is all this going to cost and who will be doing all the work that is now done nationally?

The consultations will now be with managers - head teachers - outside bodies - trade unions - other stake holders and of course members. Who do you know that has that amount of extra time in their job? However, if as we suspect, it will not be meaningful consultation but us being told what we get and it being imposed every 1st April I suppose most Chief Officers could manage it.

Managers alongside having to manage most services with fewer and fewer staff will now have to alongside pads, decide who will not get a pay increase through poor performance, and who in their opinion is a super employee.

They will also have to deal with the division in their teams who have all worked really hard to provide their services only to find that maybe one of their number is deemed super to the rest. Most of our services rely on team work how divisive will this be.

Then there are the moderators who will decide if someone is or is not a super employee. Who are these going to be? - No answer

Appeals

Staff can appeal if deemed a poor performer. Staff can appeal if they are not chosen as a super employee. Staff can appeal if their manager puts them forward as a super employee but the moderator thinks their not.

So who will attend the appeals? Will there be Directors or Assistant Directors chairing appeal panels with H.R. Consultation advising them? We take it managers will have to bring the case for either recommending or not, somebody for a super voucher or recommending someone doesn't get the cost of living pay award. A trade union representative in the interests of natural justice.

The question has to be asked again how much is all this going to cost in staff time and who has the spare capacity to do the work.

Along side the pay award, the proposals mean putting all other terms and conditions (such as leave, sick pay, maternity, grading schemes, mileage payments etc) in the hands of Bromley Council. The consultation document on these proposals say staff will be transferred to Bromley contracts with all other terms & conditions remaining the same. However, as always the devil is in the detail the document also states that the other terms & conditions will be looked at on an "as is basis".

Unite believes that if the council really meant their rhetoric that this proposal has nothing to do with cuts in our pay terms and conditions as a minimum they would have agreed to write in every workers contract their commitment to keep pay and all terms and conditions at least in line with the NJC award.

The Staff Side Secretary has been holding a ballot of staff, as the employers refused to do so.

The result so far 726 staff have voted against with just 7 voting in favour. An indication of the mistrust of the workforce has towards our employer.

Unite requests that Councillors reject this proposal. Show your staff that at a time of the biggest cuts to services and jobs that most of us have ever seen, you value and take on board their fears and worries. Staff have clearly shown that they want the protection of National Terms and Conditions. The question Unite asks you is what do you want to do that you cannot do now except cut our pay and conditions?

Kathy Smith
Bromley LG Unite Branch Secretary

These proposals that if the council really meant these motions that this proposal has nothing to do with cuts in our pay terms and conditions as a minimum they would have agreed to write in every workers contract their commitment to keep pay and all terms and conditions at least in line with the LNU award.

The Staff Side Secretary has been holding a pot of staff as the employees refused to do so.

The result so far 138 staff have voted against with just 1 voting in favour. An indication of the mistrust of the workforce has towards our employer.

Units requests that Councilors read the proposal. Show your staff that at a time of the biggest cuts to services and jobs that most of us have ever seen, you value and take on board their fears and worries. Staff have clearly shown that they want the protection of National Terms and Conditions. The question Units asks you is what do you want to do that you cannot do now except cut our pay and conditions?

Kathy Smith
Bromley LD Unit Branch Secretary

Agenda Item 9

Report No.
RES12192

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 12 November 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: FOURTH REPORT OF CONSTITUTION IMPROVEMENT WORKING GROUP

Contact Officer: Lynn Hill, Democratic Services Officer
Tel: 0208 461 7700 E-mail: lynn.hill@bromley.gov.uk

Chief Officer: Director of Resources

Ward: N/A

1. Reason for report

The Constitution Working Group has produced its fourth report making recommendations on a number of issues including keeping the Council's current Leader and Executive form of governance, stream lining routine portfolio holder decisions and enhancing the role of full Council meetings. The report has been discussed by the General Purpose & Licensing Committee, the Executive and Resources PDS Committee and the Executive and is now referred to Council for consideration.

2. **RECOMMENDATION(S)**

(1) That the report of the Constitution Improvement Working Group and the comments of the Executive and Resources PDS Committee, the General Purposes and Licensing Committee and the Executive are noted.

(2) That recommendations 1 to 19 in the report are approved.

(3) That the formal amendments to the Constitution set out in appendix 2 be approved.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: An estimate of likely costs involved in respect of the various recommendations is set out in Appendix 3 to this report.
 2. Ongoing costs: This will depend on what is ultimately agreed by Council.
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £320,320
 5. Source of funding: 2012/13 revenue budget
-

Staff

1. Number of staff (current and additional): The Democratic Services Team has 8 posts (7.22 fte)
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Localism Act 2011
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

1. COMMENTARY

The Constitution Working Group has produced its fourth report (Appendix 1) dealing with the following seven areas and making nineteen recommendations for Member's consideration:

- A) Options for Governance
- B) Executive Decision Making
- C) Area Committees
- D) Enhancing the Role of Full Council Meetings
- E) Councillors' IT
- F) Freedom of Information Requests
- G) Councillor Numbers

The Report has been discussed by the General Purposes & Licensing Committee on 23rd October, the Executive & Resources PDS Committee when pre-scrutinising the Executive agenda on 18th October and the Executive at its meeting on 24th October 2012. Council is now asked to debate the proposed changes being recommended taking into consideration the views and comments set out below:

- i) General Purposes & Licensing Committee – recommended the report for decision by Council without additional comment. One member of the Committee expressed concern that a return to the Committee system was not being proposed and about the relaxation of the pre-decision scrutiny arrangements particularly in relation to Contracts. He did not support the proposal that major planning applications could be dealt with at full Council and also had concerns about reducing the number of Councillors.
- ii) The Executive & Resources PDS Committee - agreed that the recommendations should be supported with the exception of recommendation 6 which they felt should be amended. Various comments were made by individual Councillors on the proposals. However, in respect of recommendation 6 that major planning applications should be considered by full Council several members were of the view that this would be impractical and diminish the role of the Development Control Committee. The Committee agreed that the Executive be asked to support recommendation 6 being amended by the deletion of the words “or at the request of twenty Members of the Council”. A motion to support the deletion of recommendation 6 altogether was lost.
- ii) Executive – noted the comments received from the previous two meetings and took the view that the recommendations should be a matter for full debate by Council when all Members could express their opinion on what is being recommended.

Amendments to the Constitution

Set out in Appendix 2 are the formal amendments required to the Constitution arising from these recommendations.

3. FINANCIAL IMPLICATIONS

Since the publication of the Working Group's report an estimate of the costs involved has been drawn up where appropriate against each of the recommendations and is attached as Appendix 3.

4. LEGAL IMPLICATIONS

Changes to the Constitution are reserved to full Council .

Non-Applicable Sections:	Policy/Legal/Personnel
Background Documents: (Access via Contact Officer)	Minutes of the Executive & Resources PDS Committee – 18 th October 2012 Minutes of the General Purposes & Licensing Committee – 23 rd October 2012 Minutes of the Executive – 24 th October 2012



Constitution Improvement Working Group

Fourth Report



Foreword

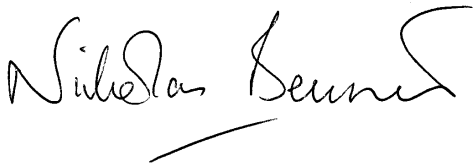
In our previous reports we examined the role of the full Council Meeting and suggested ways to make it more relevant to the interests and concerns of our residents. (*1st Report November 2008*). We recommended in our Second Report, reforms to the Portfolio Holder meeting process and as a result the need for more than 40 meetings was eliminated by improving the pre scrutiny arrangements in the PDS meetings. (*2nd Report January 2009*). Our Third Report made a number of proposals to ensure that the Council constitution was reformed with the changes required under the 2007 Local Government Act; these included greater powers and a four year term for the Leader. We also made a range of recommendations with regard to our scrutiny process particularly with regard to the Local Strategic Partnership and its boards. (*3rd Report October 2009*)

Much has happened in the past three years. The creation of a Coalition government, following the inconclusive General Election result in May 2010, has brought new legislation in the shape of the Localism Act which seeks to derogate powers to local communities from central and local government. There has been a welcome reduction in some of the burdens placed on local government and a loosening of the previous standards regime. We have already made recommendations in this area and these have been incorporated into the Council's new arrangements for maintaining and monitoring the conduct of members and officers.

This Report examines whether, in the light of the new dispensation to allow local councils to revert to the committee system, Bromley should discontinue the current governance arrangements. We also examine the case for area committees with regard to planning and environment matters. Although the majority of the working group were opposed to such committees we have left the matter for the full council to debate and decide. Although we have made it clear that we do not support a revision to the committee system we are mindful of the importance that the full council meeting played in that system in making key decisions and we therefore make a number of important recommendations aimed at widening the decision making role of the full council. We have also asked the Director of Resources and Legal Services to prepare detailed recommendations for the working group to consider early in the new year so that we can make further detailed recommendations for incorporation in a revised constitution at the Annual meeting in May 2013.

The other major set of recommendations relates to the use of new technology. The public sector has lagged behind commercial companies in seizing the opportunities for improved communications with customers and for reducing unnecessary costs. The New Technology Working Party, chaired by Cllr Will Harmer, reported nearly two years ago - we have built on a number of their recommendations insofar as they relate to the way members use new

technology. We have also asked the New IT working group to advise on the detailed changes towards the introduction of a relatively paperless system in 2014 through the use of tablets, taking account of the trialled use by some members in the present council.

A handwritten signature in black ink, appearing to read 'Nicholas Bennett', with a horizontal line underneath the name.

Councillor Nicholas Bennett JP
Chairman
Constitution Improvement Working Group
October 2012

Acknowledgements

The Working Group thanks Mark Bowen, Director of Resources, Sue Essler, Head of ICT and Graham Walton, Democratic Services Manager, for their assistance and support in preparing this report.

FOURTH REPORT OF THE CONSTITUTION IMPROVEMENT WORKING GROUP

General Purposes & Licensing Committee - 23rd October 2012
Executive - 24th October 2012
Council - 12th November 2012

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1. Executive Summary – Recommendations

- 1. That the present Leader and Cabinet system of governance be retained.**
- 2. That, where PDS Committees and Portfolio Holders are in agreement, Portfolio Holders may make decisions without formal pre-decision scrutiny in the following categories and circumstances -**
 - Appointments made by the Portfolio Holder where there is only one nominee;**
 - Local schemes costing less than £35k which affect only one Ward, e.g.: minor highways schemes, where all Ward Councillors are in support of the proposal;**
 - Contract extensions where there are no performance issues with the contractor and the contract includes a provision to extend;**
 - Contract awards where there has been a gateway review and the award is proposed to be made to the most economically advantageous tenderer;**
 - Contract waivers where the Portfolio Holder is required to agree single tender action;**
 - Matters considered by the Executive where further action can appropriately be delegated to a Portfolio Holder;**
 - Any other matter that the Portfolio Holder can decide under the Scheme of Delegation where there has been no objection from any Member of the relevant PDS Committee.**

All these categories of decision will be subject to the Portfolio Holder circulating his proposed decision to all Members in advance by email as a “minded to” decision; any Member may request that a matter be referred to the relevant PDS Committee before a decision is taken.
- 3. The Working Group reports that there are mixed views on the issue of Area Planning Committees and makes no recommendation.**
- 4. That either the Leader or 9 Members of one recognised political group, or 5 Members across two political groups, be permitted to initiate a debate on any matter of local importance before full Council, prior to an Executive decision being taken.**
- 5. That the Director of Resources and Finance Director be instructed to undertake work to review the policy framework and financial thresholds for Council decision making, so that any changes may be implemented after the Annual Meeting in 2013.**

- 6. That Council should be the appropriate authority to consider major planning applications on the recommendation of the Development Control Committee or at the request of twenty Members of the Council.**
- 7. The Council's e-petition facility be removed but the Petition Scheme otherwise continue un-amended.**
- 8. The scheme of public and Member questions be amended to allow supplementary questions on replies from members of the Council. The timing should remain at 30 minutes, subject to the Mayor's discretion to extend the time.**
- 9. The prohibition on recording of meetings by members of the public be removed, subject to suitable disclaimers and a right for the meeting to demand that recording be stopped.**
- 10. Video cameras should be provided in the Council Chamber to allow the provision of vision as well as sound for overflow rooms.**
- 11. Master recordings be made of full Council meetings.**
- 12. Further work should be undertaken by the New Technology Working Group to examine how Councillors can use new technology more effectively to achieve economies and efficiency as part of a wider assessment of Member support, examples being:
 - (12.1) Encouraging a move from Council-financed fixed line phones and broadband across to mobile phones and use of Councillors' own broadband;**
 - (12.2) Trialling hand held/tablet devices as an alternative to hard-copy deliveries and extending the use of team sites (similar to that used to support this review) to make background portfolio information available on an on-going basis to Councillors rather than providing this only in "for information" agenda reports; and**
 - (12.3) Enhanced presentation facilities to support public access to Council meetings, such as better hearing loops in Civic Centre rooms.****
- 13. Members elected before 2010 should be encouraged to switch away from Council provided landlines to mobile phones.**
- 14. Members should be allowed a monthly allowance for using their personal mobile phones rather than Council supplied equipment for Council business.**

- 15. Tablet computers should be provided to all Members from 2014 and paper delivery stopped.**
- 16. Tablet computers should be provided on request for those members prepared to forgo printed agenda papers.**
- 17. Teleconferencing, skype and similar new technology approaches are endorsed for use at informal meetings wherever practical for those Members who are unable to be present and investigations be made into the legal issues for their use for more formal meetings.**
- 18. All Freedom of Information questions and answers should be made available via the Council's website.**
- 19. Work be initiated to secure a review of Councillor numbers in time for the 2018 election.**

2. Background

2.1 At its meeting on 14th December 2011 the Executive decided to re-constitute the Constitution Improvement Working Group to carry out a short piece of work considering the issues for the Council's Constitution arising from the Localism Act 2011. Ten members of the Council were appointed to the Working Group as follows –

Councillor Nicholas Bennett JP, (Chairman)
Councillor Reg Adams, Liberal Democrat Group
Councillor Graham Arthur, Resources Portfolio Holder
Councillor Julian Benington, Conservative Group
Councillor Eric Bosshard, Chairman, Executive & Resources PDS Committee
Councillor Stephen Carr, Leader of the Council
Councillor Peter Dean, Chairman, Development Control Committee
Councillor Robert Evans, Conservative Group
Councillor Peter Fookes, Labour Group
Councillor Tony Owen, Chairman, General Purposes & Licensing Committee

2.2 Although the Working Group was set up primarily to consider the impact of the Localism Act in relation to issues such as the standards system and options for returning to a committee system, it also considered a number of related issues such as Members' IT, full Council meetings and executive decision making. The Working Group met on five occasions as follows –

- 8th February 2012
- 29th May 2012
- 30th July 2012
- 6th September 2012
- 27th September 2012

2.3 Recommendations on the standards system were reported to the Executive on 20th June 2012, Standards Committee on 19th June 2012 and then to full Council on 25th June 2012 in order that the new system could be approved to start as required on 1st July 2012. Council agreed (i) to endorse the adoption of the Model Code of Conduct produced by the Department for Communities and Local Government as adapted to retain the need to register all interests currently registered including maintaining a register of gifts and hospitality with the existing £25 threshold, (ii) to retain a Standards Committee (comprising the existing Councillor representatives), and (iii) agreed that requests for dispensation should be dealt with by the Urgency Committee.

2.4 The Council decision on 25th June 2012 was supported by means of an officer report based on the Working Group's deliberations. This current report picks up all the other issues considered by the Working Group since its re-establishment in February 2012.

3. Issues considered by the Working Group

(A) Options for Governance

3.1 The Localism Act 2011 set out four possible governance arrangements –

- Leader and Executive (as currently operating in Bromley)
- Executive Mayor and cabinet
- Committee System
- Other arrangements prescribed by the Secretary of State, including a hybrid system. (Any alternative arrangement would need to demonstrate that it would improve local governance and be of benefit if applied in other authorities.)

3.2 We worked to two criteria for selecting the most appropriate governance arrangements for Bromley –

- democratic oversight and involvement;
- efficient, effective, economic and corporate decisions which reach the right conclusions.

3.3 Arguments raised in support of a committee system included -

- committees led to better quality decisions and more challenge of officer recommendations;
- committees allowed all members to have a say;
- committees allowed members to consider matters in more detail;
- scrutiny could still happen under a committee system;
- the policy development role of PDS Committees has not been as effective as hoped;

3.4 Arguments advanced for keeping the existing leader and cabinet model included –

- greater member involvement in decisions;
- greater in-depth knowledge of leading members, especially portfolio holders, executive assistants and PDS chairmen, with more members working almost full-time as councillors;
- many committee decisions were, effectively, taken in group meetings;
- decision making is more member-led than under the committee system;
- pre-decision scrutiny works well and call-ins are rarely needed;
- the system allows for a clear decision-maker to be held responsible but also allows all members to be involved in a strong advisory role;
- the current system is efficient and does not lead to “rogue committees”

3.5 There were a variety of views in the Working Group, but most Members considered that the current system worked well and should be maintained.

There was some support for a committee system, but very little for a hybrid system as it was difficult to see how such a system could operate in accordance with the principles set out in 3.2.

Recommendation 1:

That the present Leader and Cabinet system of governance be retained.

(B) Executive Decision Making

3.6 The Working Group considered whether the current pre-decision scrutiny arrangements for individual portfolio holder decisions could be relaxed to allow the more routine decisions to be made without scrutiny at a Policy Development and Scrutiny (PDS) Committee meeting. These would be issues such as straightforward appointments, local schemes where there was no opposition from ward councillors and the like. Safeguards could include issuing a “minded to” report at least five working days before the decision was taken and allowing such decisions to be “called in” for scrutiny at a PDS Committee. Proposed decisions would have to be emailed to all Councillors, and any Member would be able to ask for a matter to go to the relevant PDS Committee.

3.7 The Working Group agreed to recommend that the system for Portfolio Holder decisions should be streamlined where the PDS Committee and the Portfolio Holder were in agreement.

3.8 The Working Group also noted that new rules on executive decision making came into effect on 10th September 2012. These removed the Forward Plan of Key Decisions in its current form but imposed a requirement for key decisions and decisions made in private by the Executive or a committee of the Executive to be publicised 28 days in advance (unless there were grounds of urgency.) The rules did not apply to individual Portfolio Holder decisions, but did appear to cover all executive decisions made by officers – this was potentially a massive increase in bureaucracy and clarification was being sought on this issue.

Recommendation 2:

That, where PDS Committees and Portfolio Holders are in agreement, Portfolio Holders may make decisions without formal pre-decision scrutiny in the following categories and circumstances -

- **Appointments made by the Portfolio Holder where there is only one nominee;**
- **Local schemes costing less than £35k which affect only one Ward, e.g.: minor highways schemes, where all Ward Councillors are in support of the proposal;**
- **Contract extensions where there are no performance issues with the contractor and the contract includes a provision to extend;**

- **Contract awards where there has been a gateway review and the award is proposed to be made to the most economically advantageous tenderer;**
- **Contract waivers where the Portfolio Holder is required to agree single tender action;**
- **Matters considered by the Executive where further action can appropriately be delegated to a Portfolio Holder;**
- **Any other matter that the Portfolio Holder can decide under the Scheme of Delegation where there has been no objection from any Member of the relevant PDS Committee.**

All these categories of decision will be subject to the Portfolio Holder circulating his proposed decision to all Members in advance by email as a “minded to” decision; any Member may request that a matter be referred to the relevant PDS Committee before a decision is taken.

(C) Area Committees

3.9 Different types of area committee were considered. Members did not support a large scale devolution to area committees as had been tried in Tower Hamlets, but they did consider that allowing some more local decision making at ward level on certain issues, such as local environmental schemes, and possibly local budgets, might be useful.

3.10 Area committees for planning were proposed, as these were common elsewhere and could allow the local differences, for example urban and rural, to be recognised. Some Members felt that there were advantages in terms of better local knowledge and making it easier for committee members to visit application sites as they would be local, rather than borough-wide.

3.11 However, most Members felt that area planning committees could lead to more subjective and inconsistent planning decisions, and could potentially lead to delays in determining applications. There was concern that Members should not determine applications in their own wards and that area committees would be more parochial and self-interested. However, it was also suggested that committees could still be local, but with members not being allowed to determine cases in their own wards.

**Recommendation 3:
The Working Group reports that there are mixed views on the issue of Area Planning Committees and makes no recommendation.**

(D) Enhancing the Role of Full Council Meetings

3.12 Most Members were in favour of enhancing the role of full Council meetings, although one member suggested that it was a mistake to try and make any meeting more interesting. Various suggestions were made, and the Working Group proposed a number of changes set out in recommendations 4 to 11.

3.13 The Working Group supported encouraging more themed debates at full Council with a duty for the Executive to respond to policy proposals. The referral by the Executive to full Council of the Biggin Hill application was cited as an example of a Council meeting which produced real debate and involvement by all Members of the Council. The Executive should also be able to refer major matters to full Council before taking important decisions.

Recommendation 4:

That either the Leader or 9 Members of one recognised political group, or 5 Members across two political groups, be permitted to initiate a debate on any matter of local importance before full Council, prior to an Executive decision being taken.

3.14 The Working Group supported a proposal that the policy framework and financial thresholds be reviewed. One possibility was a cap on the monetary value of decisions taken by the Executive at, possibly, £5m (although full Council currently had to decide on supplementary estimates above £1m, there was no cap on Executive decisions taken within existing budgets.) This needed to be considered in more detail so the Working Group proposes that officers report back in the spring of 2013 so that any changes can be implemented in time for the next Council year.

Recommendation 5:

That the Director of Resources and Finance Director be instructed to undertake work to review the policy framework and financial thresholds for Council decision making, so that any changes may be implemented after the Annual Meeting in 2013.

3.15 The Working Group agreed that major planning applications should be decided by full Council on the recommendation of Development Control Committee – it was suggested in addition that 20 Members could request an application to go to Council.

Recommendation 6:

That Council should be the appropriate authority to consider major planning applications on the recommendation of the Development Control Committee or at the request of twenty Members of the Council.

3.16 The Council had established a Petition Scheme as required by the Local Democracy, Economic Development and Construction Act 2009. Section 46 of the Localism Act removed the duty to have a petition scheme. An annual

report on the operation of the Petition Scheme had been considered by the General Purposes and Licensing Committee, which had referred a number of issues to this Working Group for consideration, including thresholds, timescales and requirements for receiving e-petitions. The Working Group considered that it was important to keep ward Members informed about petitions, but did not see any particular need to change the scheme except to withdraw the Council's own e-petition facility, which had only been used once in two years and was no longer a statutory requirement.

Recommendation 7:

The Council's e-petition facility be removed but the Petition Scheme otherwise continue un-amended.

3.17 The Working Group considered that allowing supplementary questions from Members on replies to public or other members' questions would be useful. It was recognised that this could cause time pressure on occasion, but it was considered that an extension of the time available could be allowed at the discretion of the chairman if necessary.

Recommendation 8:

The scheme of public and Member questions be amended to allow supplementary questions on replies from members of the Council. The timing should remain at 30 minutes, subject to the Mayor's discretion to extend the time.

3.18 The Council's standing orders did permit recording of meetings, but only with the specific consent of the meeting. Although some Members were happy to allow recordings to be made of meetings, other Members commented that there was a danger that debates would be less open, it was difficult to know who was speaking from a recording, and that the public were free to attend most meetings if they were interested. It was suggested that the Resources Portfolio Holder should investigate whether better technology could be provided in the committee rooms to allow transmission of pictures as well as sound to overflow rooms.

3.19 Under the new Executive regulations local authorities were obliged to provide reasonable facilities for the public, as well as journalists, to report on meetings, and a Government press release suggested that this would assist new social media reporting including blogging, tweeting and hyper-local news forums. However, there was an apparent contradiction in that there was also no requirement to allow the taking of pictures or the recording of meetings.

3.20 The reasons for Members not wanting to allow recordings were concerned with fears about inhibiting free and open debate and particular statements being taken out of context or misused against the Council or particular Councillors. Members accepted that it was now harder to prevent discreet recording by members of the public and this was an issue now being addressed in the courts system. Most Members of the Working Group were prepared to allow recordings, including video, to be made by the public, provided that the meeting could require them to be stopped if necessary and

that there were notices to make it clear that recordings should not be misused.

3.21 Members discussed whether the Council should be providing video recordings of meetings. The current pa/microphone system could be extended to allow video recording and internet streaming, and camera technology had advanced with fixed point cameras able to follow individual speakers. The exact costs had not been established, but most Members felt that the Council could not justify expenditure on this, except for conveying pictures to accompany sound to overflow rooms when the Council Chamber was full.

Recommendation 9:

The prohibition on recording of meetings by members of the public be removed, subject to suitable disclaimers and a right for the meeting to demand that recording be stopped.

Recommendation 10:

Video cameras should be provided in the Council Chamber to allow the provision of vision as well as sound for overflow rooms.

Recommendation 11:

Master recordings be made of full Council meetings.

(E) Councillors' IT

3.22 Wi-fi had been installed for all the committee rooms, allowing tablet devices to be used at meetings, and was now in use. A pilot was already being carried out with certain Members using i-pads for meetings with a view to providing all members with tablets in 2014. This would enable provision of paper agendas to cease. The Working Group felt that tablets should be provided now to those Members who were prepared to forgo paper agendas. It was also intended that all Members should move towards having a Council mobile phone rather than a fixed line for Council business. However, some Councillors experienced problems with mobile reception in their areas.

3.23 Other uses of technology were discussed. Members were interested in the use of teleconferencing and skype for meetings (it was suggested that skype worked well for 1:1 meetings, but pictures could prove a distraction in larger meetings.) These facilities were already available. It was noted that wi-fi was good for business, and there were opportunities for developing income from wireless equipment being installed on street lights and other street furniture. It was also suggested that pictures of application sites could be projected during planning meetings.

Recommendation 12:

Further work should be undertaken by the New Technology Working Group to examine how Councillors can use new technology more effectively to achieve economies and efficiency

as part of a wider assessment of Member support, examples being:

(12.1) Encouraging a move from Council-financed fixed line phones and broadband across to mobile phones and use of Councillors' own broadband;

(12.2) Trialling hand held/tablet devices as an alternative to hard-copy deliveries and extending the use of team sites (similar to that used to support this review) to make background portfolio information available on an on-going basis to Councillors rather than providing this only in "for information" agenda reports; and

(12.3) Enhanced presentation facilities to support public access to Council meetings, such as better hearing loops in Civic Centre rooms.

Recommendation 13:

Members elected before 2010 should be encouraged to switch away from Council provided landlines to mobile phones.

Recommendation 14:

Members should be allowed a monthly allowance for using their personal mobile phones rather than Council supplied equipment for Council business.

Recommendation 15:

Tablet computers should be provided to all Members from 2014 and paper delivery stopped.

Recommendation 16:

Tablet computers should be provided on request for those Members prepared to forgo printed agenda papers.

Recommendation 17:

Teleconferencing, skype and similar new technology approaches are endorsed for use at informal meetings wherever practical for those Members who are unable to be present and investigations be made into the legal issues for their use for more formal meetings.

(F) Freedom of Information Requests

3.24 The Working Group discussed the increasing numbers of Freedom of Information (Fol) requests being received. An e-form had now been introduced to channel requests to the right departments and officers were working on frequently asked questions (FAQ's.) The Council could only charge for providing answers when it would take 18 hours or more to provide an answer – this was up to about £750 in staff time and therefore opportunity cost. Members suggested publishing all answers so that people could be directed to answers that had already been published

Recommendation 18:

All Freedom of Information questions and answers should be made available via the Council's website.

(G) Councillor Numbers

3.25 The Working Group considered the process for reducing Councillor numbers through a review by the Boundary Commission for England. Any changes would have to be made at election time, and it was accepted that it was now too late to be seeking changes for 2014. Members felt that it was worth carrying out further work with a view to securing changes for 2018.

Recommendation 19:

Work be initiated to secure a review of Councillor numbers in time for the 2018 election.

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Changes Required to the Constitution

The additional wording required in the Constitution to give effect to the recommendations of the Working Group is set out in bold below -

Recommendation 2:

Executive Procedure Rules

1.8 How are decisions taken by the Executive?

(d) For the classes of decision set out in appendix 3, where there is agreement between a portfolio holder and the relevant PDS Committee, proposed decisions will be published five clear working days before the decision is to be taken, but it will not be necessary for pre-decision scrutiny to be carried out at a meeting. Any member may request that a matter be referred to the relevant PDS Committee meeting before a decision is taken.

Appendix 1 – see amended version below

Add Appendix 3 -

2. **Where PDS Committees and Portfolio Holders are in agreement, Portfolio Holders may make decisions without formal pre-decision scrutiny in the following categories and circumstances -**
- **Appointments made by the Portfolio Holder where there is only one nominee;**
 - **Local schemes costing less than £35k which affect only one Ward, e.g.: minor highways schemes, where all Ward Councillors are in support of the proposal;**
 - **Contract extensions where there are no performance issues with the contractor and the contract includes a provision to extend;**
 - **Contract awards where there has been a gateway review and the award is proposed to be made to the most economically advantageous tenderer;**
 - **Contract waivers where the Portfolio Holder is required to agree single tender action;**
 - **Matters considered by the Executive where further action can appropriately be delegated to a Portfolio Holder;**
 - **Any other matter that the Portfolio Holder can decide under the Scheme of Delegation where there has been no objection from any Member of the relevant PDS Committee.**

All these categories of decision will be subject to the Portfolio Holder circulating his proposed decision to all Members in advance by email as a “minded to” decision; any Member may request that a matter be referred to the relevant PDS Committee before a decision is taken.

Recommendation 4:

Council Procedure Rules

2. ORDINARY MEETINGS

Ordinary meetings of the Council will take place in accordance with a programme and normally commence at 7.00pm. Ordinary meetings will –

(xii) debate any matter on which the Executive is to make a decision where a request has been received from the leader, 9 members of one political group or 5 members across two political groups.

Executive Procedure Rules

2.2 What business?

Where a debate at full Council has been requested under rule 2 (xii) of the Council Procedure Rules on an executive matter, the Executive may not make a decision until that debate has taken place unless the Council would be in breach of a legal obligation by delaying the decision.

Recommendation 6:

2. ORDINARY MEETINGS

Ordinary meetings of the Council will take place in accordance with a programme and normally commence at 7.00pm. Ordinary meetings will –

(xiii) determine major planning applications as defined by the Town and Country Planning (Development Management Procedure) (England) Order 2010, on the request of Development Control Committee or of twenty members of the Council.

Recommendation 8:

Council Procedure Rules

9.7 Supplementary Questions – Add

After a reply to a supplementary question has been given, the Mayor may having regard to the time available and other matters on the agenda allow further supplementary questions to be asked by Members.

10.6 Supplementary Questions – Add

After a reply to a supplementary question has been given, the Mayor may having regard to the time available and other matters on the agenda allow further supplementary questions to be asked by other Members.

Recommendation 9:

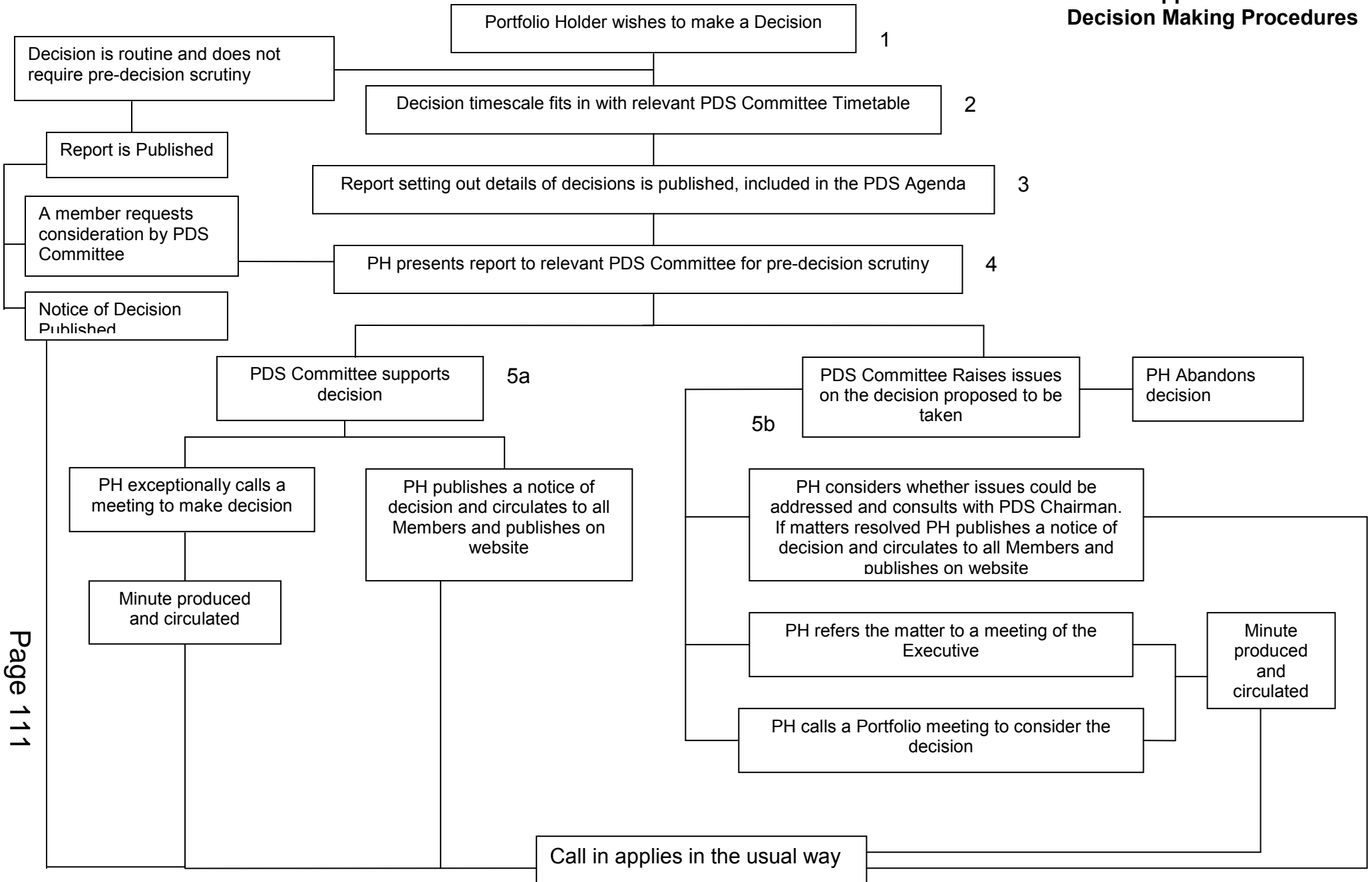
Constitution Appendix 2: Standing Orders

6. Audio or Visual Recording

The Chairman may permit recording of a meeting by mobile phone or other devices. Anyone wishing to record a meeting must agree not to use any material to the detriment of the Council or any particular member or officer and sign an undertaking to this effect. The Chairman may at his or her absolute discretion order the recording to be stopped at any point whether or not it is causing disruption.

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Appendix 1 – Decision Making Procedures



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Report No.
RES12182

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 12 November 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: REVIEW OF FINANCIAL REGULATIONS

Contact Officer: Lynn Hill, Democratic Services Officer
Tel: 020 8461 7700 E-mail: lynn.hill@bromley.gov.uk

Chief Officer: Director of Resources

Ward: N/A

1. Reason for report

The Council's current Financial Regulations were last approved in 2009 and the Audit Sub-Committee has recently reviewed them, removing duplication and making sure that terminology and designations are correct. The General Purposes and Licensing Committee subsequently agreed the updated version and has recommended Council to adopt the revised version of Financial Regulations.

2. **RECOMMENDATION(S)**

The Council is recommended to adopt the revised Financial Regulations as circulated.

Corporate Policy

1. Policy Status: Existing Policy: The proposed new Financial Regulations are an update of the current document.
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £320,320
 5. Source of funding: 2012/13 revenue budget
-

Staff

1. Number of staff (current and additional): The Democratic Services Team has 8 posts (7.22 fte)
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Section 151, Local Government Act 1972
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

The Audit Sub-Committee at its meeting on 6th June 2012 considered and approved an updated version of the Council's Financial Regulations. Its recommendation to approve the revised regulations for submission to full Council was subsequently agreed by the General Purposes and Licensing Committee on 11th July 2012.

Set out below is an extract from the Audit Sub-Committee report explaining the approach taken to revise Financial Regulations and make them easier to understand as well as cutting down on duplication.

3.1 Financial Regulations

The Financial Regulations for this authority were last updated in April 2009. They needed to be updated given the feedback received from officers that the document was too long (160 pages) and not user friendly and confusing in relation to limits for authorising payments and orders.

The Contract Procedure Rules sit outside of financial regulations and are accessed separately. As a result of the investigations various best practice notes, aides and guidance have been produced by Procurement to assist officers. These include a quick guide to the procedures, and guidance on the use of consultants, waivers and variations and exemptions.

The main changes are:

- Deletion of Financial Procedures – Part one. This document detailed 50 pages of responsibilities for Chief Officers across financial management, financial planning, risk management, system and procedures and external arrangements. Apart from this being a long, text book lifted and unwieldy part of Financial Regulations, a lot of this was already covered by the financial regulations strategic responsibilities section. As part of our review process of procedures part one, we incorporated some elements of relevance within the top level strategic part of the Financial Regulations.
- A new document covering authorisation of limits for orders and payments (section 5 of the financial procedures) is included. This has been approved by the Finance Director, Deputy Finance Director and Heads of Finance. The limits proposed are in line with I-proc limits and contract procedure rules. The document also contains listed exemptions that could be covered by a department's scheme of delegation.
- The Financial Regulations have been amended to include changes in the organisation.
- This leaves just two parts to the Financial Regulations that have been revised as indicated above – Financial Regulations (strategic) aimed at members and chief officers and Financial Procedures which is the document that most officers would need to make reference to. This contains procedures to be followed across a number of key areas of control such as budgetary control, salaries and payroll, ordering for goods and services, payment of accounts etc as well as appendices sitting at the bottom of the Financial Regulations covering fraud and corruption, gifts and hospitality and retention of documents.

Arrangements are underway to load the Financial Regulations on the web as part of a video training package that officers can access that will take about 30 minutes to complete. This will contain two modules to include the Contract Procedure Rules. It is intended that officers will be required to have completed the two modules to authorise future payments.

Non-Applicable Sections:	Finance/Policy/Legal/Personnel
Background Documents: (Access via Contact Officer)	Report and Minutes Audit Sub-Committee – 6 th June 2012 Report and Minutes General Purposes & Licensing Committee – 11 th July 2012

LONDON BOROUGH OF BROMLEY

FINANCIAL REGULATIONS AND PROCEDURES JULY 2012

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FINANCIAL REGULATIONS 2012

1. STATUS OF FINANCIAL REGULATIONS

- 1.1 Financial Regulations provide the framework for managing the London Borough of Bromley's financial affairs and are deemed to be part of its constitution. They apply to every member and officer of the Authority and anyone acting on its behalf.**
- 1.2 The summary Regulations identify the financial responsibilities of the Full Council, Executive and Policy Development and Scrutiny Committee members, the Chief Executive, the Monitoring Officer who is the Director of Resources, Finance Director and other Chief Officers. Executive Members and Chief Officers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, references to the Chief Officer in the Regulations should be read as referring to them.**
- 1.3 More detailed responsibilities of the Finance Director and the Chief Officers are included in Financial Procedures. These set out how the Regulations should be implemented and provide further guidance. The procedures contain both Regulations that must be adhered to and more general guidelines as well as examples to facilitate good financial control. All members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.**
- 1.4 The Regulations shall not override any statutory provisions that apply. However, subject to the above, and with the agreement of the Director of Resources and Finance Director, the General Purposes and Licensing Committee may waive compliance with any of these Regulations in a particular case or in any particular class of case where applicable.**

- 1.5 Each Chief Officer is responsible for ensuring that these Regulations are strictly adhered to, throughout the department under their control. Except where otherwise stated, all references in these Regulations to “Chief Officer” should be read as meaning heads of department but this includes all officers that are carrying out duties on behalf of a Chief Officer. Such delegation by Chief Officers should be formally approved and documented.**
- 1.6 Where applicable consultants or agencies acting for the Council will be bound by these procedures and it should be a condition of their employment or engagement that they do so. The provisions of these procedures shall also apply to services carried out under agency arrangements for any other Authority or Organisation, except where otherwise required by that Authority.**
- 1.7 Substantial breaches of Financial Regulations shall be reported to the Finance Director and the Portfolio Holder by the relevant Chief Officer and may be treated as disciplinary offences. Where the Finance Director considers it appropriate he will report to the next meeting of the Audit Sub-Committee any substantial breach of these Regulations that is identified.**
The Finance Director shall be responsible for ensuring the Council’s continuing compliance with the Accounts and Audit Regulations 2011 and all relevant Accounting Codes of Practice and Auditing Standards.
- 1.8 As such, no report having financial implications shall be submitted to Members without adequately timed prior consultation with the Finance Director. Any such report that has financial implications shall be drafted in accordance with the “Code of Practice on Drafting Financial Implications in Committee Reports”.**
- 1.9 These procedures shall be reviewed regularly by the Finance Director but at least every 3 years. The General Purposes and Licensing Committee should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds (e.g. write-offs, petty cash payments) should additionally be reviewed against inflation on an annual basis wherever possible.**

- 1.10 As suggested good practice it is recommended that these Regulations be applied to transactions relating to any Amenity or Voluntary Funds handled by staff in the course of their duties.**
- 1.11 The Finance Director is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to full Council for approval. The Finance Director is also responsible for reporting, where appropriate, breaches of Financial Regulations to the Council and/or to the Executive.**
- 1.12 Chief Officers are responsible for ensuring that all staff in their departments are made aware of the existence and content of the Authority's Financial Regulations and other internal regulatory documents, and that they comply with them. They must also ensure that either hard or electronic copies are available for reference within their departments.**
- 1.13 Members, officers and others acting on behalf of the Authority are required to follow Financial Regulations including the Contract Procedure Rules. The Finance Director is responsible for issuing advice and guidance to underpin this and members, officers and others acting on behalf of the Authority must have regard to such advice.**

2. STRATEGIC RESPONSIBILITIES

2.1 Financial Management

2.1.1 Section 151 of the Local Government Act 1972 states that each Local Authority “shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. Full Council approves those arrangements taking into account the views of the General Purposes and Licensing Committee who will also, along with the Audit Sub-Committee, carry a monitoring brief to ensure the arrangements remain effective and are applied appropriately. The said “arrangements” include the Council’s Financial Regulations, Contract Procedure Rules and the Scheme of Delegation (so far as it relates to financial matters). In approving those arrangements, Members are bound by the general principles of administrative law. The Council’s appointed officer under Section 151 is the Finance Director. In performing his functions as the appointed officer, he shall seek to ensure that the management of the Council’s financial affairs accord with the arrangements approved by Council subject to his overarching statutory duties including those referred to at paragraphs 2.5.7-10 below. The Section 151 officer can be held accountable by the electorate to whom he owes a fiduciary duty to carry out those duties effectively and these cannot be overridden by the Council.

2.1.2. Financial management covers all financial accountabilities in relation to the running of the Authority, including the budget and policy framework.

2.2 The Full Council

2.2.1 The full Council is responsible for adopting the Authority's constitution and members' code of conduct and for approving the budget and policy framework within which the Executive operates.

2.3 The Executive

2.3.1 The Executive is responsible for proposing the budget and policy framework to the full council, and for discharging Executive functions in accordance with the policy framework and budget.

2.3.2 Executive decisions can be delegated to a committee of the Executive, an individual Executive member or an officer. Executive members must consult with relevant officers before taking a decision within his or her delegation, the member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

2.4 Committees

2.4.1 Policy Development and Scrutiny Committees: There are six Policy Development and Scrutiny (PDS) Committees who have a major role in policy development and scrutinising the decisions of the Executive. They have no decision making powers but make reports and recommendations which advise the Executive and the Council as a whole on its policies, budget and service delivery. PDS Committees also monitor the decisions of the Executive and can challenge or 'call-in' a decision that has been made by the Executive.

2.4.2 General Purposes and Licensing Committee: Legislation prevents all the Council's powers being exercised by the Executive so the General Purposes and Licensing Committee deals with Non Executive functions, quasi-legal issues such as licensing and with staffing and audit matters. In particular the Audit Sub Committee deals with Financial Regulations as well as Internal and External Audit.

2.4.3 The Standards Committee promotes and maintains a high standard of conduct by Bromley councillors and co-opted members. It has a membership of seven, four of whom are persons independent of the Council. It is responsible for advising the Council on the adoption and revision of the members' code of conduct, and for monitoring the operation of the code.

2.5 The Statutory Officers

2.5.1 Chief Executive:

The Chief Executive is responsible for the corporate and overall strategic management of the Authority as a whole. He or she must report to and provide information for the Executive, the full Council, the Overview and Scrutiny committees and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the Authority.

2.5.2 The Director of Resources as:

The Monitoring Officer

The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. The Monitoring Officer is responsible for compliance with the Constitution

2.5.3 The Monitoring Officer must ensure that Executive decisions and the reasons for them are made public. He or she must also ensure that members are aware of decisions made by the Executive and of those made by officers who have delegated Executive responsibility.

2.5.4 The Monitoring Officer is responsible for advising all members and officers about who has authority to take a particular decision.

2.5.5 The Monitoring Officer is responsible for advising the Executive and/or full Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the Authority's budget and policy framework.

2.5.6 The Monitoring Officer, together with the Finance Director, is responsible for advising the Executive or full Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with the budget. Actions that may be contrary to the budget include:

- **Initiating a new policy, which has budgetary implications.**
- **Committing expenditure in future years above the approved budget level.**
- **Interdepartmental transfers above virement limits.**
- **Causing total net expenditure to increase beyond the approved budget.**

2.5.7 Finance Director:

The statutory duties arise from (inter alia):

- **Section 151 of the Local Government Act 1972.**
- **The Local Government Finance Act 1988.**
- **The Local Government and Housing Act 1989.**
- **The Local Government Acts 2000 and 2003.**
- **The Accounts and Audit Regulations 2011.**
- **The Local Government Pension Scheme Regulations**

2.5.8 The Finance Director is responsible for:

- **The proper administration of the Authority's financial affairs.**
- **Setting and monitoring compliance with financial management standards.**
- **Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.**
- **Providing financial information.**
- **Preparing the revenue budget and capital programme.**
- **Treasury management and banking.**

2.5.9 Section 114 of the Local Government Finance Act 1988 requires the Finance Director to report to the full Council, Executive and External Audit, if the Authority or one of its officers:

- **Has made, or is about to make, a decision which involves incurring unlawful expenditure.**
- **Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority.**
- **Is about to make an unlawful entry in the Authority's accounts.**

2.5.10 Section 114 of the 1988 Act also requires:

- **The Finance Director to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally.**
- **The Authority to provide the Finance Director with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114.**

2.6 Chief Officers

2.6.1 Chief Officers are responsible for ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Finance Director.

2.6.2 It is the responsibility of Chief Officers to consult with the Finance Director and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

2.7 Other Financial Accountabilities

2.7.1 Virement:

The full Council is responsible for agreeing procedures for virement of expenditure between budget headings.

2.7.2 Chief Officers are responsible for agreeing in-year virements within delegated limits, in consultation with the Finance Director where required. They must notify the Finance Director of all virements over £50,000. (The Scheme of Virement sets out the rules and the levels of delegation.)

2.7.3 Treatment of year-end balances:

The full Council is responsible for agreeing guidelines for the carrying forward of under and overspendings on budget headings.

2.7.4 Accounting policies:

The Finance Director is responsible for setting accounting policies and ensuring that they are applied consistently.

2.7.5 Accounting records and returns:

The Finance Director is responsible for determining the accounting procedures and records for the Authority.

2.7.6 Annual statement of accounts:

The Finance Director is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A statement of Recommended Practice (CIPFA/LASAAC).

2.7.7 The General Purposes and Licensing Committee is responsible for approving the annual statement of accounts.

2.7.8 Further details are contained in the detailed budget book.

3. FINANCIAL PLANNING

3.1 Introduction

3.1.1 The full Council is responsible for approving the Authority's budget and policy framework proposed by the Executive. In terms of financial planning, the key elements are:

Corporate plans

The budget

Capital programme.

3.2 Policy Framework

3.2.1 The full Council is responsible for approving the budget and policy framework. The policy framework comprises the plans and strategies set out in Article 4 of Para 4.02 of the constitution.

3.2.2 The full Council is responsible for setting the level at which the Executive may reallocate budget funds from one service to another. The Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

3.2.3 Preparation of Corporate Plans:

The Chief Executive is responsible for proposing corporate plans to the Executive for consideration before their submission to the full Council for approval.

3.2.4 Preparation of the Council's Performance Plan:

The Chief Executive is responsible for proposing the overall performance plan to the Executive for consideration before its submission to the full council for approval.

3.3 Revenue and Capital Budgeting

3.3.1 Budget Format:

The general format of the budget will be approved by the full Council and proposed by the Executive on the advice of the Director of Resources. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

3.3.2 Budget Preparation:

The Finance Director is responsible for ensuring that a revenue budget is prepared on an annual basis and a financial forecast on a four yearly basis for consideration by the Executive, before submission to the full Council. The full Council may amend the budget or ask the Executive to reconsider it before approving it.

3.3.3 The Executive is responsible for issuing guidance on the general content of the budget in consultation with the Finance Director as soon as possible following approval by the full Council.

3.3.4 It is the responsibility of Chief Officers to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the Executive and the Finance Director.

3.3.5 Budget Monitoring and Control:

The Finance Director is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control overall expenditure and income against budget allocations and report to the Executive on the Council's overall position on a regular basis.

3.3.6 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Finance Director. They should report on variances within their own areas and take necessary action to avoid exceeding their budget allocation and alert the Finance Director to any problems.

3.3.7 Resource Allocation:

The Finance Director is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full Council's policy framework.

3.3.8 Preparation of the Capital Programme

The Finance Director is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the full Council.

3.3.9 Guidelines

Guidelines on budget preparation are issued to members and Chief Officers by the Executive following agreement with the Finance Director. The guidelines will take account of:

- Legal requirements**
- Medium-term planning prospects**
- Corporate plans**
- Available resources**
- Spending pressures**
- Best value and other relevant government guidelines**
- Other internal policy documents**
- Cross-cutting issues (where relevant).**

3.3.10 Maintenance of Reserves:

It is the responsibility of the Finance Director to advise the Executive and/or the full Council on prudent levels of reserves for the Authority.

4 RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 Introduction

4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

4.2 Risk Management

4.2.1 The Executive is responsible for approving the Authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Executive is responsible for ensuring that proper insurance exists where appropriate.

4.2.2 The Director of Resources is responsible for preparing the Authority's risk management policy statement, for promoting it throughout the Authority and for advising the Executive on proper insurance cover where appropriate.

4.3 Internal Control

4.3.1 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.

4.3.2 The Finance Director is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and Regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other provisions that govern their use.

4.3.3 It is the responsibility of Chief Officers to establish sound arrangement, for planning, appraising, authorising and controlling

their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

4.4 Audit Requirements

4.4.1 The Accounts and Audit Regulations 2011 require every local Authority to maintain an adequate and effective Internal Audit.

4.4.2 The responsible body currently the Audit Commission is responsible for appointing External Auditors to each local Authority. The basic duties of the External Auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

4.4.3 The Authority may, from time to time, be subject to audit, inspection or investigation by other external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

4.5 Preventing Fraud and Corruption

4.5.1 The Head of Audit is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

4.6 Assets

4.6.1 Chief Officers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

4.7 Treasury Management and Banking

4.7.1 The Authority has adopted CIPFA's Code of Practice for Treasury Management in the Public Services.

4.7.2 The full Council is responsible for approving the Treasury Management Policy Statement. The Executive proposes the policy statement to the full Council. The Finance Director has delegated responsibility for implementing and monitoring the policy statement.

4.7.3 All money in the hands of the Authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Finance Director.

4.7.4 The Finance Director is responsible for reporting to the Executive a proposed treasury management strategy for the coming financial year at or before the start of each financial year.

4.7.5 All Executive decisions on borrowing, investment or financing shall be delegated to the Finance Director, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.

4.7.6 The Finance Director is responsible for reporting to the Executive not less than four times in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

4.8 Staffing

4.8.1 The full Council is responsible for determining how officer support for Executive and Non-Executive roles within the Authority will be organised.

4.8.2 The Chief Executive is responsible for providing overall management to staff. He or she will also be responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

4.8.3 Chief Officers are responsible for controlling total staff numbers by:

- Advising the Executive on the budget necessary in any given year to cover estimated staffing levels.**
- Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.**

5 SYSTEMS AND PROCEDURES

5.1 Introduction

5.1.1 Sound systems and procedures are essential to an effective framework of financial accountability and control.

5.2 General

5.2.1 The Finance Director is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved by the Finance Director. However, Chief Officers are responsible for the proper operation of financial processes in their own departments.

5.2.2 Any changes to agreed procedures made by Chief Officers to meet their own specific service needs should be agreed with the Finance Director in advance.

5.2.3 Chief Officers should ensure that their staff receive relevant financial training.

5.2.4 Chief Officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Chief Officers must ensure that staff are aware of their responsibilities under freedom of information legislation.

5.3 Income and Expenditure / Scheme of Delegation

5.3.1 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Executive, in respect of payments, income collection and placing orders, together with the limits of their authority. The Executive is responsible for approving procedures for writing-off debts as part of the overall control framework of accountability and control.

5.4 Payments to Employees and Members

5.4.1 The Finance Director is responsible for the payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members. - see Salaries, Wages and Pensions.

5.5 Taxation

5.5.1 The Finance Director is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.

5.5.2 The Finance Director is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

5.6 Trading Accounts/Business Units

5.6.1 It is the responsibility of the Finance Director to advise on the establishment and operation of trading accounts and business units.

6 EXTERNAL ARRANGEMENTS

6.1 Introduction

6.1.1 The Finance Director provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well being of its area.

6.2 Partnerships

6.2.1 The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

6.2.2 The Executive can delegate functions, including those relating to partnerships, to Chief Officers. These are set out in the scheme of delegation that forms part of the Authority's constitution. Where functions are delegated, the Executive remains accountable for them to the full Council.

6.2.3 Representation of the Authority on partnership and external bodies will be decided in accordance with the scheme of delegation.

6.2.4 The Finance Director must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she in conjunction with the appropriate Chief Officer must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

6.2.5 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

6.3 External funding

6.3.1 The Finance Director is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

6.4 Work for third parties

6.4.1 The Executive is responsible for approving the contractual arrangements for any work for third parties or external bodies unless this is delegated to Chief Officers.

SCHEME OF VIREMENT

(Not applicable to schools and colleges, who have separate Regulations)

- 1. The scheme of virement is intended to enable the Executive, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall budget and policy framework determined by the full Council, and therefore to optimise the use of resources.**

- 2. The overall revenue budget is drawn up by the Executive and approved by the full Council. Chief Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved heads of expenditure. For the purpose of this scheme, a budget head is considered to be a cost centre and a division of service is a mandatory division of service as defined by CIPFA's Best Value Accounting Code of Practice service expenditure analysis.**

- 3. Virement does not create additional overall budget liability. Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not support recurring expenditure from one-off sources of savings or additional income, or create future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Chief Officers must plan to fund such commitments from within their own budgets.**

4. Definition of Terms

“Main Account” - refers to the total budget for employees, running expenses, individual special schemes, financing charges, recharges or income within a single service heading (main code).

“Contingent Budget” - refers to those provisions designated by the Finance Director which are mainly outside the direct control of the Authority.

5. Virement Arrangements

a) No virement is allowed from or to any of the following budgets without approval of the Executive

Financing charges

Rates and other taxes

Recharges

Insurances

Contingent budgets (as determined by the Finance Director in consultation with the appropriate Chief Officer).

b) Portfolio Holder agreement will be required for proposals which:

- transfer funds for the creation of new staff posts**

c) Executive approval will be required for proposals which:

would cause the total budget head to be exceeded in the current year or increase the commitment in future years are to be financed from savings arising from competitive tendering.

d) Virement will be allowed within one year between other main accounts as follows:

I. on the approval of the appropriate Chief Officer for sums up to £50,000

II. on the approval of the appropriate Portfolio Holder for sums in excess of £50,000 and up to £250,000

III. on the approval of the full Executive for sums in excess of £250,000 and up to £1,000,000

**IV. on the approval of the full Council for sums above
£1,000,000.**

- e) Virements actioned by a Chief Officer shall be included on the next quarterly monitoring report to the appropriate Executive meeting and notified to the Finance Director.**

6. Maintenance of Buildings

Building Maintenance funding is now split between “landlord and tenant” responsibilities.

7. Notification to Finance Director

Please ensure that your Head of Finance is informed of all virement approvals granted.

Supplementary Estimates

The Executive can agree a supplementary estimate for an individual item up to £1m as long as the full year effect does not exceed £1m. All larger items are to be approved by Full Council. The Executive cannot agree a supplementary estimate if this has the effect of reducing General Fund “Not Earmarked” Reserves below £10m (based upon the latest projections of expenditure).

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1. GENERAL

Contact: Internal Audit

- 1.1 These procedures outline the approved system of corporate financial control to secure the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972 and must be adhered to by all.
- 1.2 The Finance Director will add, amend or delete these procedures to reflect the overall needs of Departments and changing circumstances such as, price increases affecting financial thresholds.
- 1.3 Each Chief Officer is responsible for ensuring that these procedures are strictly adhered to, throughout the department under their control.

Except where otherwise stated, all references in these Regulations to "Chief Officer" should be read as meaning heads of department but this includes all officers that are carrying out duties on behalf of a Chief Officer. Such delegation by Chief Officers should be formally approved and documented.
- 1.4 Each Chief Officer should ensure that all staff in their department are made aware of and fully understand the requirements and implications of Financial Procedures as far as they relate to their professional duties and responsibilities. However, this does not remove the requirement for all staff to make themselves conversant with these procedures and comply with their requirements.
- 1.5 Consultants or agencies acting for the Council will be bound by these procedures and it should be a condition of their employment or engagement that they do so. The provisions of these procedures shall also apply to services carried out under agency arrangements for and other Authority or organisation, except where otherwise required by that Authority.
- 1.6 The Finance Director is ultimately responsible for interpreting these Procedures and determining what is considered "substantial",

“significant”, “adequate”, “prompt” etc. as required by these Procedures. Contact details are given at the start of each procedure to facilitate the provision of advice from Finance Director’s Department. However, in the majority of day-to-day cases it is envisaged that officers will seek advice from their Departmental Head of Finance.

- 1.7 Substantial breaches of the procedures shall be reported to the Finance Director and the Portfolio Holder by the relevant Chief Officer and may be treated as disciplinary offences. Where the Finance Director considers it appropriate he will report to the next meeting of the Audit Sub-Committee any substantial breach of these Regulations that is identified.
- 1.8 The Finance Director shall be responsible for ensuring the Council’s continuing compliance with the Accounts and Audit Regulations 2011 and all relevant Accounting Codes of Practice and Auditing Standards.
- 1.9 As such, no report having financial implications shall be submitted to Members without adequately timed prior consultation with the Finance Director. Any such report that has financial implications shall be drafted in accordance with the “Code of Practice on Drafting Financial Implications in Committee Reports”.
- 1.10 These procedures shall be reviewed regularly by the Finance Director but at least every 3 years. The General Purposes and Licensing Committee should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds (e.g. write-offs, petty cash payments) should additionally be reviewed against inflation on a regular basis.
- 1.11 As suggested good practice it is recommended that these Procedures be applied to transactions relating to any Amenity or Voluntary Funds handled by staff in the course of their duties.
- 1.12 The accounting policies are set out in the statement of accounts, which is prepared at 31st March each year, and covers such items as:
 - Separate accounts for capital and revenue transactions

- The basis on which debtors and creditors at year end are included in the accounts
- Details on substantial provisions and reserves
- Fixed assets
- Depreciation
- Capital charges
- Work in progress
- Stocks and stores
- Deferred charges
- Accounting for value added tax
- Government grants
- Leasing
- Pensions

1.13 Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources. The Authority has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to External Audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency

2. PREPARATION OF BUDGETS

Contacts: Heads of Finance, Technical (Capital Programme)

Revenue Budget

- 2.1 Prior to the start of the revenue budget process, Chief Officers will submit to the Finance Director, in accordance with a timetable laid down by the Finance Director, projections of anticipated real changes (including statutory and demographic factors) over a predetermined period for the services that they manage, this will be for at least three years. Chief Officers will also submit to the Finance Director appropriate supporting information and documentation as specified by him or her. The Finance Director will use this information to compile a forecast of the Council's revenue expenditure and income for consideration by the Executive.
- 2.2 Prior to each financial year, in accordance with a timetable laid down by the Finance Director, draft estimates of income and expenditure for the ensuing year will be prepared jointly by each Chief Officer for the Service(s) they manage and the Finance Director, for presentation to the Executive.
- 2.3 The Finance Director shall then ensure that the summarised budgets for all Departments are presented, together with an estimate of the sums necessary to meet anticipated inflation and other specific items for the following financial year to the Executive to allow them to recommend a levy to the Council before the end of the preceding February.

Capital Programme

- 2.4 Capital programme procedures must be followed in accordance with the manual of Capital Programme Procedures.
- 2.5 The Finance Director is responsible for ensuring that the programme is prepared on an annual basis. This programme will be considered by the Executive before submission to the Full Council.

3. **BUDGETARY CONTROL**

Contact: Heads of Finance

- 3.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits, and sets the level at which funds may be reallocated within budgets
- 3.2 Budget management ensures that once the budget has been approved by Full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also calls to account managers responsible for defined elements of the budget.
- 3.3 By continuously identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- 3.4 Chief Officers are responsible for the control of their department's expenditure and income in accordance with the Council's approved "Principles and Budgetary Control Procedures" (see Procedures).
- 3.5 No officer shall incur expenditure outside the limits of the annual revenue budget or the approved capital programme, as amended from time to time by the Executive, except as provided for by the "Principles and Budgetary Control Procedures."
- 3.6 Even if there is insufficient budgetary provision a Chief Officer may incur expenditure that is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done immediately. When such an occasion arises, the Chief Officer shall advise the Finance Director and report to the Executive. In the event of a major environmental disaster or a full scale emergency this can be done retrospectively.
- 3.7 The relevant Chief Officer must consult the Finance Director on any matter within their control that could materially affect the financial

position of the Council.

- 3.8 The Authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Authority's plans and policies.
- 3.9 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Full Council. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an Authority to budget for a deficit.
- 3.10 Medium-term planning (or a three to five year planning system) involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium term plan. This ensures that the Authority is always preparing for events in advance.
- 3.11 A report on the final accounts will be submitted by the Finance Director to the General Purposes and Licensing Committee as soon as practical after the end of each financial year. The final accounts will need to be approved by the Council annually.
- 3.12 The Local Authority must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.
- 3.13 Capital expenditure (including use of capital grants and PFI/PPP projects) involves acquiring or enhancing fixed assets with a long term value to the Authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

- 3.14 The Government places strict controls on the financing capacity of the Authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.
- 3.15 Chief Officers must comply with guidance concerning capital schemes and controls issued by the Finance Director.

4. ACCOUNTING ARRANGEMENTS

Contact: Heads of Finance/ Internal Audit

- 4.1 Chief Officers and Heads of Finance are responsible for maintaining all accounting and financial records for systems under their control, including automated or computerised systems, in a form approved by the Finance Director.
- 4.2 The Accounts & Audit Regulations 2011 require that the Authority's accounting system and the form of their accounts and supporting accounting records shall be determined by the responsible financial officer.
- 4.3 Where new financial systems are proposed or significant amendments are planned to existing financial systems, the Finance Director's advice shall be sought. No changes to any accounting procedures or form of accounts shall be made without the approval of the Finance Director.
- 4.4 Each Chief Officer shall, in consultation with the Finance Director, prepare such financial instructions as are considered necessary for the proper financial management, operation and control of the services for which they are responsible, in accordance with Financial Regulations and procedures.
- 4.5 Such financial instructions shall, in accordance with the Accounts & Audit Regulations 2011, contain measures to:
 - Ensure that the financial transactions of the Authority are recorded as soon as reasonably practical and as accurately as reasonably possible;
 - Enable the prevention and detection of inaccuracies and fraud; and
 - Facilitate the ability to reconstitute any lost records.

Separation of Duties

4.6 Each Chief Officer is responsible for ensuring, so far as is reasonably practicable, that there is adequate internal separation of duties in their department in relation to significant financial transactions. For example:

- staff responsible for calculating, checking and recording monies due to or due to be paid by the Council shall not receive or make such payments;
- staff examining and checking the accounts of cash transactions shall not carry out (i.e. process) such transactions;
- Staff who sign authorise orders, confirm receipt of goods or services, and certify payments shall not perform more than one function for the same transaction.

Authorised Officers

4.7 Each Chief Officer, in consultation with the Departmental Head of Finance, shall determine which officers in their department are Authorising Officers for all main financial transactions on their behalf. These should as a minimum include:

- orders for goods, works or services;
- payment of accounts;
- travel, subsistence and special assistance claims;
- payroll documents (e.g. overtime claims, timesheets)
- recommendations for write-off

4.8 The appropriate Chief Officer shall supply up to date details of all authorised officers together with copies of their specimen signatures or authorisation evidence, and any financial limits that apply to Accounts Payable. Additionally, copies of these lists and specimen signatures or evidence of authorisation shall be provided to the Finance Director where prime documents are processed under procedures within his or her control (e.g. recommendations to the Finance Director to write off bad debts).

i-Procurement

4.9 All orders for Goods, works and services should be placed via the i-Procurement system unless the following apply:

- The Order originates from an established finance element of a service specific system (e.g. Confirm, Care First), Or
- Where agreed by the Finance Director

4.10 The following role definitions will apply when orders are raised and paid on the i-proc system:-

a) *Requisitioning Officer Role:* an officer authorised by their Chief Officer to raise order requisitions on the i-Proc system on behalf of the Council. They would identify the potential supplier, check budget provision is available and best value is obtained, either by using the “Lead Officer” recommendation or their own knowledge and experience, and in accordance with section 6 and Contract Procedures.

b) *Receipting of goods Role:* an officer who confirms on the i-Proc system that goods/services have been received. The officer fulfilling this role must have first hand knowledge that the goods have been received and will be held accountable for funds subsequently released where the corresponding goods have not been received. This role can be completed by the requisitioning officer or an individual other than the approving officer.

c) *Approving Officer Role:* an officer other than a) designated by their Chief Officer to authorise individual orders in accordance with the approval hierarchy. In approving an order the approving officer is confirming that all relevant Financial Regulations and procedures have been complied with and that there is adequate budgetary provision to cover the resulting expenditure.

Where the received invoice legitimately exceeds the order amount by more than 2% by value*, an approving officer must approve an amendment to the order (submitted by the requisitioning officer of the original order) which must also meet the above requirements.

*The Tolerance for print orders is 10% by price or quantity.

4.11 The following role definitions will normally apply for non i-Proc processes (notwithstanding that different terms may be in common day to day use within departments):

A) *Initiating Officer Role:* an officer authorised by their Chief Officer to authorise official orders on behalf of the Council. They would normally identify the potential supplier, ensure budget provision is available and best value is obtained, either by using the “Lead Officer” recommendation or their own knowledge and experience, and in accordance with Contract Procedures.

Departments may of course prefer that one officer completes an order requisition form for authorisation by a manager but this is not a requirement of Financial Procedures (see Section 6). In such cases, it may be that the manager takes responsibility for checking budget provision and demonstrating best value. However, the manager who authorises the order is deemed the Initiating Officer and he/she therefore cannot then receive the goods, or authorise or certify the invoice.

B) *Authorising Officer Role:* an officer, other than (a) or (c), who passes an invoice for certification, having confirmed receipt of goods or services and checked arithmetical accuracy, quantities, prices etc. to the original order. This officer may in practice be the person who requested the goods / services as they will often be best placed to confirm the order has been delivered accurately.

C) *Certifying Officer Role:* an officer other than (a) or (b), designated by their Chief Officer to certify individual invoices for payment. In certifying an invoice for payment the Certifying Officer is indicating that all relevant Financial Regulations and procedures have been complied with and evidenced in paying the invoice, prior to input and certification onto Accounts Payable.

Write-Offs

- 4.12 No uncollectable amounts, including bad debts, should be written off except with the approval of the Finance Director, whether exercised personally or properly delegated by him to a member of his staff for this purpose.
- 4.13 Further guidance in this area is given in Income Collection and Write off procedures in Section 12 and the main Financial Procedures.

Retention of Documents

- 4.14 Chief Officers shall be responsible for ensuring that the accounts and supporting records of the Authority are maintained securely in accordance with proper practices and for the safe custody and proper use of controlled stationery (i.e. having an implicit monetary value) within their department.
- 4.15 Chief Officers shall also ensure that accounting records are retained in safe custody for such period as shall be determined by the Finance Director and no voucher or other document shall be destroyed before the specified period has elapsed. Details of the minimum periods for which certain records are to be retained (usually six years), and guidance as to how and when document imaging is permissible (usually once the Council's accounts have been certified by the External Auditor), are provided in the retention of documents procedures.
- 4.16 The ultimate disposal of financial records should be arranged by each Chief Officer as "confidential waste" and on no account should sensitive information be disposed of through the normal waste collection process.

External Arrangements

Partnerships

- 4.17 The Finance Director must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and must also consider the overall corporate governance arrangements in respect of financial issues when arranging contracts

with external bodies. The Finance Director must also ensure that the financial risks have been fully appraised before agreements are entered into with external bodies.

4.18 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

4.19 The Relevant Portfolio Holder is responsible for approving the contractual arrangements for any work for third parties or external bodies where the contract value exceeds £500,000 and is within the Council budget.

External funding

4.20 The Finance Director is responsible for identifying all the financial implications, including long term issues, resulting from entering into agreements with external bodies. He/she is also responsible for ensuring that all funding notified by external bodies is received and properly recorded.

5. AUTHORISATION LIMITS

Contact Finance Director / Internal Audit

5.1 Authorisation Limits for placing of orders and payments

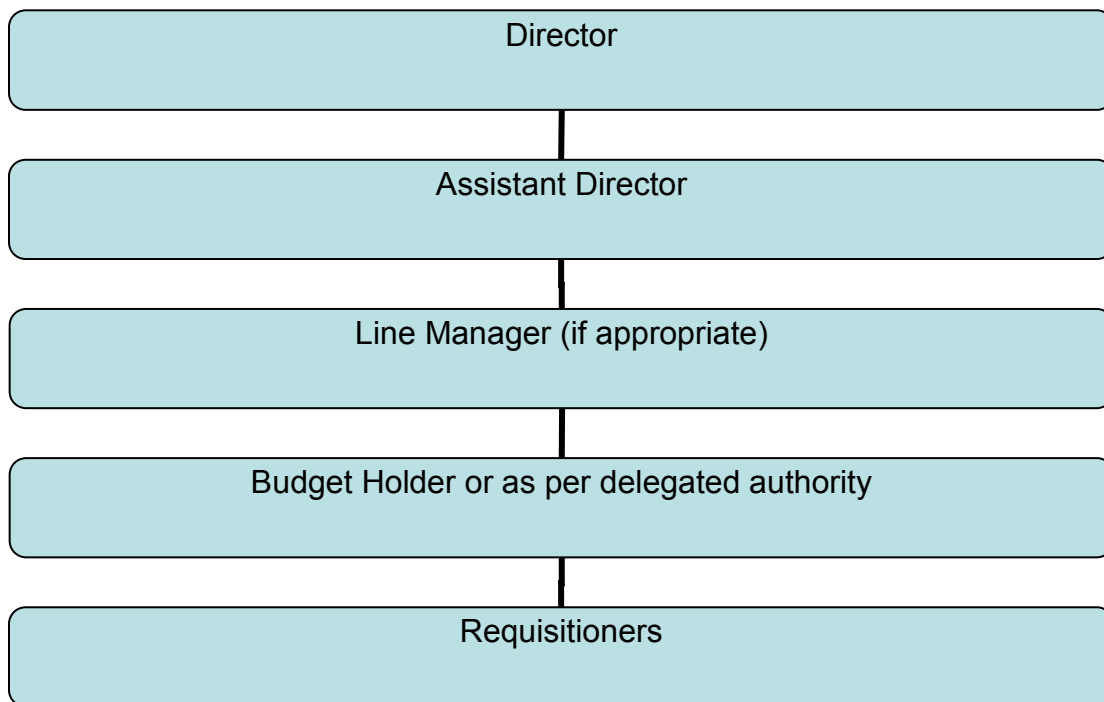
5.2 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively.

5.3 The scheme of delegation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Executive in respect of payments, placing orders, together with the limits of their authority.

5.4 Any delegated authority under the scheme of delegation authorised by a Chief Officer must be in accordance with the Council's Contract Procedure Rules.

5.5 The approval limits (other than listed exemptions) are shown below and these apply to any orders placed via i-proc and any certification through AP1 or 2 after Contract Procedures have been complied with.

Amount of order or payment	Procurement Requirements	Director	Assistant Director	Line Manager (if appropriate)	Budget Holder or as per delegated authority
£1m and above	EU process and Executive approval	✓			
£50,000 up to £999,999	EU process and Portfolio Holder approval	✓			
£250,000 up to £499,999	EU process	✓			
£100,000 up to £249,999	Tendering Process - EU process for EU limit and above	✓	✓		
£50,000 up to £99,999	Tendering Process	✓	✓	✓	✓
£5,000 up to £49,999	3 written quotes	✓	✓	✓	✓
Up to £4,999	1 oral quote (confirmed in writing if exceeds £1,000)	✓	✓	✓	✓



5.6 A requisitioner will be able to raise requisitions on i-proc but they will not be able to approve orders. If the value of the requisition is less than £5,000 the requisition will be automatically routed for approval and order generation subject to the departments scheme of delegation. If the requisition value exceeds an approver's limit the requisition will be routed straight to the 1st appropriate management level above for approval.

5.7 Listed Exemptions

5.8 However there are other payments / actions that require authorisation which Chief Officers should include within their Scheme of Delegation. A list of the exceptions from i-proc and AP1/2 certification limits are detailed below:-

1. Travel Expenses and Petty Cash (inc signature on cheque book) – *Budget Holder, Line Manager, Assistant Director or Director*
2. Timesheets Agency - *Staff Budget Holder, Line Manager, Assistant Director or Director*
3. Overtime Claim and Car Mileage - *Director or Assistant Director*

4. Special Leave, Ex-gratia Payments, Season Ticket loans, Interview Expenses -*Budget Holder, Line Manager, Assistant Director or Director*
5. Income write offs - *Assistant Director or Director /plus Head of Finance as per Financial Regulations 24*
6. Panel Decisions - *ECS department only. Chief Officers scheme of delegation list.*
7. Hexagon Authorisation – *Finance officers only.*
8. Cheques over £50k and BACS - *Finance officers only*
9. Investment Payments - *Technical Group only (senior accountant and above)*
- 5.9 The authorisation for the above should be locally managed by the Chief Officer for their Department. The completed authorised signatory form should be forwarded to Accounts payable (Resources Department) for them to hold in their records. Any changes should be notified immediately that they occur and not as a result of an update requested by Accounts Payable Department.

6. **ORDERS AND CONTRACTS FOR GOODS, WORKS AND SERVICES**

CONTACT: Legal/ Internal Audit

- 6.1 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. Local Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's contract and procurement rules.
- 6.2 Every officer and member of the Authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with appropriate codes of conduct.
- 6.3 Apart from petty cash and other payments from advance accounts, the normal method of payment from the Authority shall be by cheque or through the banks' automated clearing system (BACS) or other electronic transfers of funds drawn on the Authority's bank accounts by
- 6.4 All orders should be raised on the i-Procurement system. Where this is not possible unique pre-numbered official hard copy orders should be raised, any exceptions should be agreed by the Finance Director.
- 6.5 Chief Officers are responsible for the control of all orders held and issued by their department. They should determine which officers in their department should be allowed to be Initiating Officers and raise and authorise orders on their behalf.
- 6.6 It shall be the responsibility of an officer issuing an order to ensure, as far as is reasonable and practicable, that value for money is obtained in respect of each transaction. All arrangements for using Electronic Ordering, (other than through the Councils corporate - Procurement system) needs the approval of the Procurement Section. Permission will be subject to proper audit trails and safeguards being in place.
- 6.7 An official order, or its equivalent, must be raised for all goods, works and services except where one or more of the following apply:

- (i) Where a specific formal contract exists which does not incorporate any facility for the regular draw-down of services;
- (ii) Rents, business rates, council tax and utility services as supplies of a continuous and obligatory nature;
- (iii) Petty cash payments

Where hard copy official orders, are used they shall as a minimum:

- (iv) be clearly identifiable as an order from the London Borough of Bromley, including invoice address, officer contact etc.;
- (v) be serially numbered;
- (vi) be physically authorised by an authorised signatory;

6.8 Provided that the Finance Director is fully satisfied, the method by which an official order is issued shall be at the discretion of the Initiating Officer, having regard to the requirements of this procedure, and the supplier e.g. by post, fax, or (with the Finance Director' initial approval) by internet e-mail or via the supplier's web site. A carbon copy or photocopy or electronic copy (as appropriate) of all authorised orders should be retained in the form issued.

6.9 In exceptional cases only, an oral order may be made. In such cases a confirmation order must be issued. The confirmation iProc order should be despatched the same day where possible and certainly no later than within two working days and should be clearly marked "confirmation only".

6.10 All goods, works and services ordered shall be for the exclusive use of the Council or an organisation which has established arrangements to make purchases through the Council's accounts.

6.11 All leasing arrangements must have the Finance Director's prior approval.

Orders and Authority

6.12 No order shall be raised unless there is uncommitted budgetary provision to meet the estimated cost unless it relates to works necessary within Section 3.3 of these procedures.

Minimum Requirements

6.13 Before placing an order the Initiating Officer shall estimate the probable cost of the goods works or services required. This estimated cost will determine the normal procedures to be followed in obtaining quotations or tenders. These procedures are outlined below:

- a) Up to £5,000 one oral quotation (confirmed in writing where the estimated cost or value exceeds £1,000) using the appropriate approved list
- b) Between £5,000 and £50,000 obtain at least three written quotes-
- c) Over £50,000 follow Contract Procedures

7. **CONTRACT PROCEDURE RULES**

These are now contained in the Procurement part of the Managers Toolkit.

7.1 Contract Procedures must be complied with as applicable

[Contract Procedure Rules](#)

8. PAYMENT OF ACCOUNTS

Contacts: Internal Audit (Certification Controls) /Accounts Payable
Accountancy (FIS Accounts Payable)

PAYMENTS REVISED

- 8.1 The Finance Director is responsible for making safe and efficient arrangements for all payment of accounts. All payments on behalf of the Council shall therefore be made by the Finance Director or under arrangements approved by him. All payments should be made through one of the Council's E payment systems (i-Proc; Carefirst; Confirm) wherever possible and unless otherwise agreed with Internal Audit. Where this is not possible an agreed manual process system may be used.
- 8.2 Payments should be made against official invoices (or their equivalent e.g. Contractor Certificate of Payment) received from suppliers, and not against statements, delivery notes etc. The Finance Director must specifically approve exceptions to this requirement, taking account of the risk and any compensating controls in place (e.g. Residential Care payments are currently exempted from this specific requirement).
- 8.3 Payment against copy invoices (i.e. duplicates / photocopies) should only be made where detailed checking has confirmed that no payment has been made against an original and the Certifying Officer should endorse the copy invoice to that effect. Faxed invoices are acceptable with the approval of the Finance Director, or his delegated representative.
- 8.4 The Finance Director shall be responsible for deciding the most appropriate method of payment for categories of invoice. Payments will normally be made via electronic transfer (e.g. BACS); computer cheques or where appropriate controls are in place. Except where there is no practical alternative (e.g. remittance advice required), cheques should normally be despatched independently of Certifying Officers and other ordering or payments staff. Payments via BACS should only be made where the bank details have been confirmed by the supplier and checked by the Accounts Payable team.

- 8.5 Payments in advance should only be made where there is no practical alternative, and the reasons should be recorded. Any invoice subsequently obtained should be filed with the original payment documentation, and endorsed appropriately to prevent duplicate payments.
- 8.6 Payments must be made under the Council's normal payment procedures unless there is good reason to make payments as urgent (e.g. to obtain a discount). In exceptional circumstances the Finance Director will prepare manual cheques for urgent payments (i.e. where required immediately) but two Authorised signatories will be required.
- 8.7 The following checks should be conducted for all invoices received:
- Establish whether the invoice relates to an i-Proc order, a Confirm order, a Carefirst order or a purchase card payment.
 - The invoice is correctly due and has not already been paid.
 - The invoice matches or part matches the order.
 - The goods or services billed for have been received.
 - The invoice is arithmetically correct.
 - Where VAT is charged the invoice is a valid VAT invoice.
- 8.8 Where an invoice is received with a corresponding purchasing card slip, this indicates that payment has already been made through use of a purchasing card. The invoice should be sent to the Cardholder (if shown on the invoice) or otherwise sent to Corporate Procurement.
- 8.9 Where the invoice relates to an i-Proc order the following additional checks should be undertaken:
- The i-Proc order number has been included.
 - The value of the invoice does not cause the total amount and/or quantity allocated against an order to be exceeded by more than the tolerance set within i-Proc.

- 8.10 Where the above are satisfied the invoice should be passed for payment promptly.
- 8.11 If the value of an invoice relating to an i-Proc order causes the value of the i-Proc order to be exceeded by more than the tolerance then approval to change the value of the i-Proc order must be obtained.
- 8.12 Other anomalies should be referred to the supplier and a correct invoice supplied for payment.
- 8.13 Where on some occasions the invoice is correctly due, has not been paid previously and should have had an i-Proc order raised at the time the decision to purchase was made then the checks at FP8.7 should be conducted, an i-Proc order raised retrospectively, authorised and the invoice paid against it.
- 8.14 An i-Proc order is not required where one or more of the following apply:
- (a) i-Proc is unavailable
 - (b) The invoice is a utility bill
 - (c) The payment relates to an AP2
 - (d) The payment has been approved via a feeder system, e.g. CONFIRM
- 8.15 An AP1 should be completed in all cases matching 8.14 a) or 8.14b). Utility Bills received from Laser are exempt from the above authorisation controls.
- 8.16 Each Chief Officer shall arrange a suitable division of staff duties within their departments so that the officer who certifies an individual AP1/AP2 for payment shall not be the person who either approved the order or requisition, or has confirmed the receipt of goods or completion of the work concerned.
- 8.17 Chief Officers should ensure that all invoices input onto Accounts Payable for payment have been properly authorised and certified, with evidence of at least three designated officers having been involved in the whole process (ordering / receipt of goods or services / payment). The Finance Director must specifically approve exceptions to this requirement e.g. where authorisation / certification is performed electronically or where less than three officers are involved in the process.

- 8.18 Chief Officers may delegate the authority to certify invoices to designated officers within their department, including, Departmental Heads of Finance and the locally placed central department staff. Chief Officers must supply to Accounts Payable up to date details of such officers together with specimen signatures or evidence of authorisation and any financial limits that apply.

Checking Required

- 8.19 The overriding principle to be adhered to is that authorisation and certification checks should be meaningful. To this end, they should be carried out and evidenced by those officers who are in a position to judge, for instance, whether goods / services have actually been received or whether invoice prices are correct. The evidence should also be unambiguous e.g. an isolated signature on an invoice does not make it clear what has been checked or what is being authorised or certified and is therefore not acceptable.
- 8.20 The certifying of individual invoices that do not relate to i-Proc orders shall only be made in writing on the AP1/2 form (or its equivalent).
- 8.21 No invoice shall be passed for payment unless it either relates to an i-Proc order (or other approved electronic ordering method, e.g. Confirm/Carefirst) or the Certification "section" of AP1/AP2 is completed.
- 8.22 No alterations should be made to AP2 forms once they have been certified for payment. If an error is subsequently highlighted the form should be returned to the officer who certified the payment for correction. In situations where the AP2 form can not be returned to the certifying officer, another authorised officer should certify the amendment on the AP2 form.
- 8.23 Certifying Officers are responsible for ensuring that adequate checks are performed and evidenced prior to the payment of an invoice to satisfy themselves that the payment is accurate and due to be paid.
- 8.24 The following checks are regarded by the Finance Director to be good practice.

For all invoices, that:

- (a) Where appropriate, a match is made with the official order, agreement, Council resolution or other document authorising the expenditure (this is done automatically by the i-Proc system);
- (b) Prices are in accordance with quotations or are otherwise reasonable (this is done automatically by the i-Proc system);
- (c) That the invoice arithmetic is correct;
- (d) Goods have been received, examined and approved with regard to quantity and quality and / or that work done or services rendered have been satisfactorily carried out or provided (except in those cases approved by the Finance Director at FP 8.25 -8.29 e.g. maintenance works where no adverse comments have been received);
- (e) Where VAT is charged that the invoice carries the VAT registration number of the supplier;
- (f) The invoice has not been previously passed for payment;
- (g) The invoice is a proper liability of the Council, has been duly authorised (either via a corresponding i-Proc order (or other approved electronic ordering method, e.g. Confirm/Carefirst) or an AP1/AP2 where an i-Proc order is not appropriate) and is, to the best of the Certifying Officer's belief, legal expenditure.

For a sample of invoices, additional pre or post payment checks as follows, that:

- (a) Expenditure codings are correct. This must be one of the cost centre codes included in the budget holder's area of responsibility and must correspond with the type of goods, works or services described on the invoice;
- (b) VAT issues have been complied with where they apply and any VAT has been properly accounted for (NB VAT invoices should never be amended by officers and attention is drawn to the Finance Director);
- (c) Where appropriate, that any assets have been entered into the relevant departmental inventory or stores record (see Section 17).

8.25 The Finance Director recommends the following as the appropriate sample for these additional checks:

<u>Value of Invoice</u>	<u>% to be checked</u>
Under £2,500	5
£2,500 - £10,000	20
Over £10,000	100

8.26 Officers certifying batches of invoices onto the Accounts Payable system should carry out sufficient checks to ensure that corresponding i-Proc orders exist, or AP1's or their equivalents are appropriately signed off and that the amounts and supplier details on the invoice match the certification document.

Verification of Goods / Services Received

8.27 In recognising the practical difficulties associated with verifying the supply of goods or services received in certain circumstances the following approved exceptions will apply to the requirements at paragraph 8.24(d) above. In these circumstances for non i-Proc related expenditure the Goods / Services box on the relevant AP1 may be marked by the Authorising or Certifying officer as "not applicable" or "n/a".

8.28 However, officers responsible for such systems should ensure, in liaison with Internal Audit, that they design and implement sample checks on goods / services received which are appropriate to the level of risk and available resources. In particular, the Director of Education & Care Services should make proper arrangements for the linkage of service visits and inspections to the systems in place for the checking of goods and services received.

Maintenance

8.29 Invoices relating to building maintenance works or personal care aids and adaptations for which there is no corresponding i-Proc order may be certified on the basis of "no adverse comments received". Site inspections must still be performed wherever practicable, using either the sample sizes recommended by the Finance Director at FP8.25 or in Education & Care Services by inspecting as part of pre-arranged visits from care managers.

Placements

8.30 Education & Care Services placements e.g. in temporary accommodation, children's day care or with permanent and temporary residential placements, may be certified without prior physical inspection provided that: (a) the invoice is independently matched to the approved official order (or its equivalent) and (b) certifying officers promptly take account of information received from care providers and any relevant compensating controls already in place within the system e.g. visits to clients by care managers, temporary accommodation registration signing sheets, adverse comments received from clients when making financial contributions.

Direct Care

8.31 As with placements, invoices relating to homecare services (e.g. personal and domestic care) may be certified without prior physical inspection provided that: (a) the invoice is independently matched to the approved official order (or its equivalent) and (b) certifying officers promptly take account of information received from care providers and any relevant compensating controls already in place within the system e.g. visits to clients by care managers, adverse comments received from clients when making financial contributions.

Creditors Provision

8.32 As soon as is practicable after the end of each financial year Chief Officers at the request of the Finance Director must provide details of the outstanding payments relating to that year for which creditors provision should be made in the final accounts.

Late Payment of Debts

8.33 Guidance on Late Payment of Debts legislation is set out in the Payments Financial Procedure.

Purchasing Cards

8.34 Purchasing Cardholder Procedures must be complied with as applicable

[Purchasing Card Procedures](#)

9. IMPREST ACCOUNTS & PETTY CASH

Contact: Corporate Finance, Internal Audit (Internal Controls)

- 9.1 The Finance Director may, at his discretion and at the request of Chief Officers, make available imprest accounts to facilitate the cost-effective payment of minor items of expenditure on behalf of the Council.
- 9.2 Where appropriate, the Finance Director shall open an account or personally approve arrangements for the opening of an account with the Council's bankers for use by a named and responsible officer nominated by the relevant Chief Officer who will be the imprest holder. Under no circumstances is such an account to be allowed to become overdrawn.
- 9.3 Any officer to whom an imprest has been made available shall be responsible for the control and operation of the imprest account. In particular, each such officer shall:
- (a) Ensure that vouchers are obtained and retained to substantiate payments made;
 - (b) Ensure that receipts, where possible, relating to expenditure from an imprest are attached to the relevant voucher;
 - (c) Ensure the safe custody of imprest monies and cheques in their possession;
 - (d) Restrict the amount of any individual payment to £250 (including VAT), unless prior approval has been obtained from the Finance Director. (This approval will normally be delegated to the relevant Head of Finance). Imprest holders must not sub-divide payments to a single recipient;
 - (e) Properly account for VAT on all imprest account transactions (see Section 10), and ensure that HMRC requirements in respect of amounts greater than £100 are fully complied with.

NB a till receipt for items > £250 is not sufficient for VAT return purposes;

- (f) Account to the appropriate Chief Officer for the amount advanced on leaving the employment of the Council or otherwise ceasing to be responsible for holding the imprest.
 - (g) Ensure that the account is reconciled regularly, that regular reimbursement is sought and that the adequacy of the imprest amount / continuing need for the imprest is regularly reviewed;
 - (h) Sign a statement at the end of each financial year confirming the amount of the imprest held. This should also be counter-signed by a senior officer.
- 9.4 No sums received on behalf of the Council may be paid into an imprest account but shall be banked separately.
- 9.5 Every transfer of an imprest account from one member of staff to another shall be evidenced in the records of the department concerned by the signatures of the officers concerned.
- 9.6 The general principle of imprest accounting is that at any time the cash and bank balance, together with the aggregate value of any receipts on hand, unreimbursed claims and cheques not credited should total the approved imprest account balance. At no stage should the cash balance be allowed to fall below zero.
- 9.7 If it becomes apparent that the current level of imprest is insufficient, the items on which the imprest is expended should be reviewed. If it is clear that there is no reasonable alternative to expenditure through the imprest, a formal request in writing to have it increased should be made to the Finance Director. (This approval will normally be delegated to the relevant Departmental Head of Finance).
- 9.8 No officer shall authorise their own claims from an imprest account. Certification by or under delegation from a Chief Officer shall be taken to mean that the certifying officer is satisfied that the expenses and allowances claimed are properly and necessarily incurred and are properly payable.
- 9.9 Expenditure which should form part of the payroll system, e.g. car allowances, shall not be processed through imprest accounts.
- 9.10 The encashment of personal cheques and the advancing of loans from an imprest is strictly forbidden.

Petty Cash

- 9.11 All relevant Financial Procedures above, and specifically paragraph 9.3, shall also apply to petty cash floats.
- 9.12 All departments holding petty cash should ensure that, at all times, cash is adequately secured. As a minimum this should be in a cash box within a lockable drawer where the insurance limit is £350 (for the cupboard overall). Amounts in excess of £350 should be kept overnight in a safe with restricted access (See Section 15).

10. VAT

Contact: Corporate Finance

- 10.1 Chief Officers must ensure that VAT is identified and correctly accounted for in respect of all income and expenditure (including imprests) in accordance with current VAT Regulations. Failure to do so can lead to loss of income and/or imposition of penalties by Her Majesty's Revenue and Customs.
- 10.2. VAT should not be paid unless the supplier's VAT registration number is shown on the invoice. Certifying officers (as defined in Section 8 of these Regulations) shall satisfy themselves that all suppliers' invoices for goods, works or services have complied with relevant VAT legislation.
- 10.3 Officers responsible for instigating income collection for the Council shall satisfy themselves that the Council has complied with the relevant VAT legislation with regard to the supply of its services.
- 10.4 VAT should only be accounted for on imprest payments where the supplier's VAT registration number is shown on the receipt.
- 10.5 All limits shown in these Regulations exclude VAT.
- 10.6 Further guidance and advice on VAT matters is contained in Financial Procedures and is also available from the Principle Accountancy Assistant.

11. SALARIES, WAGES & PENSIONS

Contact: Exchequer Client Unit

- 11.1 Staff costs are the largest item of expenditure for most local Authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that member' allowances are authorised in accordance with the scheme adopted by the Full Council.
- 11.2 All payments of salaries, wages, pensions, compensation and other emoluments to all employees and pensioners of the organisation shall be made by the Finance Director or under arrangements approved by him/her. Salaries and wages must not be paid through the creditors system.
- 11.3 All payments, including travel, subsistence and other allowances shall be made in accordance with current legislation HMRC Regulations and relevant decisions of the Council.
- 11.4 Each Chief Officer should nominate those officers within their department who will be authorised to certify timesheets, overtime claims and claims for travelling and subsistence. This can include the relevant Departmental Head of Finance or the locally placed central department staff. A list of such officers, together with specimen signatures, shall be maintained by the Chief Officer with copies being provided to the Finance Director and the departmental personnel function. Changes shall be notified promptly as they occur.
- 11.5 Each Chief Officer, or their nominated representative, shall notify the Finance Director as soon as is practicable of all matters affecting the payment of emoluments by the Finance Director, and in particular:
- appointments, resignations, retirements, dismissals, suspensions, secondments, transfers and deaths, and for pensions, changes in marital status, dependants and deaths;

- amounts to be recovered from pay e.g. repayment of training expenses on leaving;
- absences from duty for sickness or other reason (e.g. jury service), apart from approved paid leave;
- changes in remuneration (either permanent or temporary), other than normal increments, pay awards and agreements of general application;
- Information necessary to maintain records of service for pensions, income tax, national insurance etc. This will include information on benefits in kind necessary to complete HMRC forms P11D for employees e.g. Council leased cars;
- All time records affecting payments due.

Notification may be by on-line entry into systems where appropriate.

11.6 All salaries, wages and pension records, including those relating to 11.4 will be in a form approved by the Finance Director and shall be certified by an officer authorised in accordance with 11.3. All such records should be submitted to the Finance Director in accordance with the timetables and deadlines determined by him.

Self-Employed Status

11.7 All payments to individuals, who consider themselves to be self-employed in respect of services provided to the Council, shall still be processed through the payroll system unless the status of the individual has been confirmed as self-employed in accordance with the latest HMRC Guidelines. All casual and part-time employees will nevertheless be included on the payroll.

Pension Life Certificates

11.8 The Finance Director shall ensure that life certificates are obtained in respect of pension beneficiaries at least every two years, with at least half the beneficiaries being checked each year, unless satisfactory alternative automated mechanisms are in place e.g. National Fraud Initiative (NFI)

- 11.9 The data matching of pension payrolls to official national records of deceased persons as part of the NFI project has provided the first automated, cost-effective and reliable alternative to life certificates. This is significant because if a fraud is being committed, a life certificate sent out by the Council will almost certainly be returned with a false signature.
- 11.10 Records of deceased persons are now provided by the Contributions Agency and are matched, using National Insurance numbers, to pension payrolls. NFI therefore recommends that pension schemes also ask for the National Insurance number of dependants of all their new pensioners.

Travel, Subsistence & Other Allowances

- 11.11 All claims for the payment of car allowances, subsistence allowances, travelling and incidental expenses in relation to the performance of official duties shall be completed in a form approved by the Finance Director, and paid in accordance with approved Council procedures as currently in force.
- 11.12 Below Chief Officer level, claims by officers must be certified by an appropriate line manager, authorised to do so by their Chief Officer. The certification by said officer shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

12. INCOME

Contact: Audit

- 12.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cash flow and also avoids the time and cost of administering debts.
- 12.2 The identification of all moneys due to the Council is the responsibility of the relevant Chief Officer.
- 12.3 Chief Officers will take prompt action to either:
- Collect the income due within arrangements approved by the Finance Director and Section 5 of these Regulations; or
 - Raise an account for inclusion in the Council's debtors system, to enable the Finance Director to ensure that appropriate recovery procedures are undertaken where necessary.
- 12.4 Every remittance or sum of money received by a cashier or other officer employed by the Council or received by a contractor on behalf of the Council, shall immediately be acknowledged by the issue of an official receipt, ticket or voucher except where special arrangements have been agreed by the Finance Director.
- 12.5 If a payer by cheque does not require a receipt, the amount should still be recorded with the receipt being retained. The form of all receipts, tickets vouchers or other official documents in use should be approved by the Finance Director. Receipt books should be serially numbered and a register should be kept of all receipts and issues of such documents to officers, which shall be acknowledged by the signature of the recipient.
- 12.6 All moneys received on behalf of the Council should be paid forthwith at the Finance Director's instructions either to his appointed contractor or be banked direct to the credit of the Council. Every employee who receives moneys shall maintain a record, in a form approved by the Finance Director, of all amounts received and deposited.

- 12.7 Every transfer of official money from one member of staff to another will be evidenced in the records of the department concerned by the signature of the receiving officer.
- 12.8 All bankings must be made promptly and intact i.e. personal cheques should not be cashed out of money received on behalf of the Council and official expenditure should not be incurred (i.e. deducted) from moneys collected and due to be banked.
- 12.9 All officers responsible for banking monies should ensure that individual cheques are listed clearly on the reverse of the bank paying-in slip or comprehensive listing. Each officer who so banks should also enter on the paying-in slip a reference to the related debt (such as the receipt number or the name of the debtor) or otherwise indicates the origin of the cheque. On the reverse of each cheque, the officer should enter the name of the relevant department or division.
- 12.10 Responsibility for the safe keeping of all Council monies must be designated by Chief Officers to specified officers within their departments; this can include the relevant Departmental Head of Finance.
- 12.11 Where moneys are held overnight, secure arrangements must exist for their safekeeping. Keys to safes and other secure containers should be carried on the person of the key-holder or kept under secure conditions. Care should be taken to ensure that the moneys held do not exceed the insurance value of the secure facilities provided (see Section 15).
- 12.12 All charges determined by the Council shall be reviewed at least annually by the Executive or by officers under delegated arrangements. Such reviews should consider the possibility of introducing charges where none are currently made.
- 12.13 Any decision to write-off an amount must be taken with the authority of the Finance Director, whether exercised personally or properly delegated by him to a member of his staff. The amounts involved, and approval granted, should be recorded in the accounting records. Write-off procedures are covered in the scheme.

As soon as is practicable after the end of each financial year Chief Officers at the request of the Finance Director must provide details of the outstanding debts relating to that year, for which debtors provision should be made in the final accounts.

13. **BANKING ARRANGEMENTS**

Contact: Technical

- 13.1 All banking arrangements should be made through or by the Finance Director, who is responsible for liaising with the Council's bankers in relation to the Council's bank accounts and the issue of cheques.
- 13.2 The Finance Director shall be authorised to operate such subsidiary bank accounts as he deems necessary. Only the Finance Director may open or close a bank account for dealing with the Council's funds. All bank accounts shall be in the name of the Council and never an individual.
- 13.3 An overdraft on the Council's main bank account shall be permitted only to the extent approved by the Finance Director. Subsidiary bank accounts shall not be permitted to become overdrawn. In the event that this does happen, the appropriate Chief Officer shall ensure that corrective action is taken immediately.
- 13.4 The Finance Director shall ensure that the Council's main bank account is reconciled at least once a month and subject to independent review, with large or unusual items investigated as appropriate.
- 13.5 The appropriate Chief Officer shall ensure that all subsidiary accounts under their control (including those operated by contractors on the Council's behalf) are reconciled at least once a month, as above.
- 13.6 Cheque stationery (other than standard cheque books for subsidiary accounts) shall be ordered only on the authority of the Finance Director who shall ensure that adequate cheque registers are maintained and regularly reconciled to records of cheques issued by the Council.
- 13.7 Adequate security arrangements shall be maintained by the appropriate Chief Officer for all unused cheques for accounts under their control.
- 13.8 Except for cheque stationery pre-printed with a facsimile signature of the Finance Director, cheques should only be signed by an approved signatory after the cheque (including its counterfoil) has been completed in full. They should not be pre-signed under any circumstances.
- 13.9 Every crossed cheque for an amount of £50,000 or more and any uncrossed cheque for an amount of £1,000 or more and any manual cheque shall be countersigned by an authorised signatory empowered by the Finance Director.

14. **TREASURY MANAGEMENT**

Contact: Technical

- 14.1 Treasury Management comprises all the borrowing and investment activities of the Authority except those relating to the Pension Fund. Specifically it includes the formulation and monitoring of strategy, cash management, debt management and banking arrangements.
- 14.2 A Treasury Policy Statement and an Annual Treasury Strategy setting out the Authority's strategy and policies for cash management, investments and borrowings (short term and long term) shall be adopted by the Council and thereafter its implementation, monitoring and review shall be delegated to the Resources Portfolio Holder. The Council shall adopt Prudential Indicators, designed to monitor and control treasury management activities, which will thereafter be monitored by the Executive.
- 14.3 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Finance Director.
- 14.4 All Executive decisions on borrowing, investment or financing (within policy parameters) shall be delegated to the Finance Director or through him to staff designated by him, who shall be required to act in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Local Authorities. (See below).
- 14.5 All borrowing and investments shall be in the name of the Council and shall conform to any relevant regulatory requirements. The Finance Director and his staff are required to act in accordance with the Council's treasury management policy statement as approved by the Council.
- 14.6 The Finance Director shall report to the Resources Portfolio Holder not less than four times in each financial year on the activities of the Treasury Management operation and on the exercise of the treasury management powers delegated to him or her including monitoring compliance. One such report shall comprise the Annual Report for presentation by 30th September of the succeeding financial year.

15. **INSURANCE AND SECURITY**

Contact: Insurance

- 15.1 It is the overall responsibility of the Executive to approve the Council's Risk Management strategy and to promote a culture of risk management awareness throughout the Council. The Finance Director shall be responsible for effecting or approving the arrangements for instituting all insurance cover on behalf of the Council, and for negotiating claims, after consultation where necessary with other officers. The Finance Director will also make arrangements to ensure that appropriate records are kept of all property and risks covered.
- 15.2** This responsibility is delegated on a day-to-day basis to the Insurance and Risk Manager in the Finance Director's Department, and covers all of the organisation's assets, as well as claims which may arise in connection with the provision of the Council's services, or from its legal liabilities as an employer, or to third parties.
- 15.3 Separate arrangements exist for Schools and Colleges under the School Standards & Framework Act 1998, but the Local Authority (LA) will require the School to demonstrate that cover relevant to the LA's insurable assets, under a policy arranged by the Governing body, is at least as good as the relevant minimum cover determined by the LA if the LA makes such arrangements.
- 15.4 Every Chief Officer shall notify the Finance Director promptly in writing of any proposals that will change cash storage or alter significantly the value of stocks or stores held within their department. Any additions, deletions or alterations in the functions of the department, that could increase or decrease insurable risk should also be notified in writing. The Finance Director will give advice as appropriate.
- 15.5 Every Chief Officer shall immediately notify the Insurance Section and, where appropriate, the Police upon the occurrence of any loss, damage, liability or potential liability in connection with their department except that notification is not required if the value is less than £500. Initial notification may be by telephone. Evidence supporting the claim should be provided in such form as may be required by the Insurance Section. Notification in writing of every claim must be made in any event within 30 calendar days of the date of the loss or damage.
- 15.6 The Finance Director will advise Chief Officers of maximum levels of cash holdings for insurance purposes. Chief Officers are responsible

for ensuring that these insurance limits are not exceeded in their departments.

The limits for cash in transit for insurance purposes are as follow:-

- Up to £1,500.00 – no restriction
- Between £1,500.01 and £4,000.00 – requires 2 able bodied persons and a specialist carrier (this is a cash box that emits dye if tampered with)
- Between £4,000.01 and £7,500.00 – requires 3 able bodied persons and a specialist carrier.
- Over £7,500 – requires use of a specialist secure collection organisation.
- In the event of an insured loss, an excess of £500.00 applies to each incident.

- 15.7 Each Chief Officer is responsible for maintaining adequate security at all times for all assets under their control. All monies must be locked away when unattended and lockable cupboards should be used in the absence of a safe and have an insurance limit of £350 (for the cupboard overall).
- 15.8 Each Chief Officer is responsible for ensuring adequate reference checks are carried out for positions with financial responsibility to ensure the Council complies with its fidelity guarantee insurance arrangements.
- 15.9 Keys to safes and similar receptacles shall be in the safekeeping of those responsible at all times. The loss of any such keys shall be reported to the relevant line manager immediately.
- 15.10 Chief Officers must ensure that the Finance Director is kept informed of any changes to the official departmental safe inventory, whether new safes or replacements.
- 15.11 All overnight cash holdings in safes must in practice be agreed with the Insurance Manager to effect Money Insurance cover, as this is covered internally as a risk rather than with external insurers. A safe schedule will then be maintained containing relevant details e.g. location, type, permitted maximum holding (as determined by the insurance market) and the agreed amount for the particular location. The overnight limit includes pure cash, postal orders, stamps etc. and anything negotiable as money, but not cheques.

- 15.12 The Finance Director is responsible for ensuring that all appropriate employees of the Council shall be included in suitable fidelity insurance.
- 15.13 No employee shall admit liability, take any action or enter into any correspondence admitting liability on behalf of the Council without first consulting with the Finance Director.
- 15.14 Any officer of the Council who is authorised to make use of their own vehicle in the execution of the Council's business shall be responsible for effecting adequate insurance cover for such use and shall produce to their Chief Officer or the Finance Director on request evidence of the adequacy of such cover.
- 15.15 The Finance Director shall be responsible for insuring leased cars.

16. STOCKS AND STORES

Contacts: Head of Finance/ Internal Audit

- 16.1 Chief Officers are responsible for establishing adequate arrangements for the receipt, checking, care, safe custody and issue of stocks and stores held by their department.
- 16.2 Each Chief Officer shall ensure that stocks and stores holdings shall not be in excess of the reasonable requirements of their department. In determining reasonable requirements, due regard shall be paid to the value, usage, and reorder periods of the items concerned as well as perishability and obsolescence.
- 16.3 Each Chief Officer shall ensure that records are maintained of stores received; stores issued and balance in respect of their department. The systems used for stores accounting in departments must have approval of the Finance Director.
- 16.4 Each Chief Officer shall arrange for regular stock taking of significant stores held by their department, preferably involving examination by officers other than the storekeeper(s). This shall include an annual stocktaking following which a certificate of stock held shall be completed, a copy of which will be forwarded promptly to the Finance Director

17. PLANT AND EQUIPMENT

Contact: - Internal Audit

- 17.1 The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a prerequisite for proper fixed asset accounting and sound asset management
- 17.2 Chief Officers are responsible for the safe custody of the plant, machinery, vehicles, furniture, equipment and other non-consumable property held within their department.
- 17.3 Each Chief Officer shall maintain inventories listing all moveable equipment (but not furniture, filing cabinets etc) in the custody of their department which:
- Cost or is valued in its current condition at more than £1,000: or
 - Is attractive and portable: and
 - Is not in store
- 17.4 The inventory should where applicable record details of make, model number etc of equipment held and wherever possible a serial number, and at least one copy should be held separately from the assets that it lists.
- 17.5 Each Chief Officer shall arrange for physical verification of the items on their inventory records to be undertaken at least annually. This verification should be evidenced in writing, signed by the officer(s) concerned and retained for audit purposes.
- 17.6 The Council's property shall not be removed except in the normal course of the Council's business or used otherwise than for the Council's purposes unless specifically authorised by the Chief Officer concerned. Where a Chief Officer authorises temporary removal of property, a formal record shall be maintained indicating where the property can be located and shall be signed by the officer responsible for its safekeeping.
- 17.7 So far as is practical, all items should be effectively marked (using current security techniques e.g. invisible ink) as Council property.

18. **LAND AND PROPERTY**

Contact: - Property

- 18.1 The Finance Director shall maintain a comprehensive register of all land and properties held by the Council.
- 18.2 Each Chief Officer is responsible for making adequate arrangements for the maintenance of buildings under their control in accordance with the approved landlord/tenant split of responsibilities.
- 18.3 The Director of Resources shall have the custody of all the title deeds in the possession of the Council under secure arrangements.
- 18.4 The Finance Director shall be responsible so far as land and property under his or her control is concerned for obtaining the best economic return possible consistent with Council policy to which end he or she shall insure that all rents etc. are reviewed regularly.
- 18.5 Each Chief Officer shall be responsible for secure arrangement for the custody of private property of residents in Council establishments (excluding housing) and property held under Trust Fund/Receivership arrangements etc.
- 18.6 For disposal procedures see section 19.

19. DISPOSAL OF ASSETS

Contact: Internal Audit

- 19.1 Each Chief Officer is responsible for ensuring that the best possible price is obtained from the disposal of assets under their control.
- 19.2 Where the estimated current value of the asset exceeds £1,000 but is less than £50,000 the following should be considered:
- Offer the item(s) to all Council Departments - the Purchasing Working Group is the appropriate forum;
 - Sealed tenders or offers;
 - Advertising;
 - Sale by public auction;
 - Sales to staff (this method of disposal should be used only where there are good reasons for not pursuing other alternatives and should always be by sealed offers unless otherwise agreed by the Finance Director).
- 19.3 Where the estimated value of the asset(s) is over £50,000, the tendering procedures in Contract Procedures shall be followed. Subject to 19.4 where the estimated value of the asset is up to £50,000 at least three tenders should be sought and at least two should be obtained and where the asset is estimated to exceed £50,000 in value, at least four competitive tenders should be sought and at least three obtained. All tenders should be received in plain sealed envelopes bearing the word "Tender" and the subject matter to which it relates. It shall not bear any name or mark which would identify the sender. Tenders should be opened at the same time by the Initiating Officer. Where the estimated value of the asset exceeds £150,000, another officer other than the one responsible for the acceptance of the highest bid shall be present.
- 19.4 Where the assets to be disposed of consists of land or premises the Council must (other than the grant of a Lease or assignment of the remainder of a Lease for seven years or less) seek to secure the best consideration that can reasonably be obtained save with the consent of the Secretary of State. The disposal may be effected by a single estate agent or land agent subject to the Finance Director approving the use of such agent. The Finance Director shall certify that he or she considers the use of additional agents or means of advertising or

marketing is unnecessary to secure compliance with the aforesaid statutory duty. Where appropriate, the Finance Director may require the agent to accept offers by way of sealed bids or by way of public auction.

20. INTERNAL & EXTERNAL AUDIT

Contact: Internal Audit

Internal Audit

- 20.1 The Authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 20.2 The Authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 20.3 The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 20.4 The system of internal controls is established in order to provide measurable achievement of:
- Efficient and effective operations
 - Reliable financial information and reporting
 - Compliance with laws and Regulations
 - Risk management.
- 20.5 The key controls and control objectives for internal control systems are:
- Key controls should be reviewed on a regular basis and the Authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
 - Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
 - Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems

- An effective Internal Audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, and CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, and with any other statutory obligations and Regulations
- 20.6 An adequate and effective system of Internal Audit of the accounting records and control systems of the Authority will be maintained by the Finance Director, under delegated authority from the Council.
- 20.7 Internal Audit is an assurance function that provides an independent and objective opinion to the Organisation on the control environment, by evaluating its effectiveness in achieving the Organisation's objectives. It objectively examines evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 20.8 The Accounts and Audit Regulations require the Authority ("relevant body") to maintain responsibility for Internal Audit, rather than the Responsible Financial Officer (RFO) designated under section 151 of the Local Government Act 1972. However, Bromley, like many other Local Authorities, has delegated this responsibility to the Finance Director.
- 20.9 Upon production of proof of identity and authority, the Head of Audit or his representative shall have the right to enter, without prior notice, every establishment or department of the Council and require any officer, member, teacher or governor:
- To make available all documents of the Council which relate to their accounting and other records as appear to the Auditor to be necessary for the purpose of the audit, including any information of a confidential nature;
 - To supply such explanations and information as are considered necessary for the purpose of the audit;
 - To produce cash, stores or any property of the Council in their custody.
- 20.10 The Accounts and Audit Regulations 2011 provide for Internal Auditors to have access to any information from the Authority, which they require in order to carry out their duties. Previously, their right of access was confined to the Authority's accounting records.

20.11 Internal Auditors comply with the Auditing Practices Board's guideline Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom

External Audit

20.12 The Local Government Finance Act 1982 set up the Audit Commission, which is currently responsible for appointing External Auditors to each Local Authority in England and Wales. The External Auditor has rights of access to all documents and information necessary for audit purposes.

20.13 The basic duties of the External Auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which External Auditors follow when carrying out their duties. The code of audit practice sets out the auditor's objectives to review and report upon:

- the financial aspects of the audited body's corporate governance arrangements
- the audited body's financial statements
- Aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified performance information and compliance in respect of the preparation and publication of the Best Value Performance Plan.

20.14 The Authority's accounts are scrutinised by the External Auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.

21. FRAUD & CORRUPTION

Contact: Internal Audit

- 21.1 The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority.
- 21.2 The Authority's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 21.3 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.
- 21.4 Chief Officers and nominated officers under the Raising Concerns (“whistle blowing”) procedure shall inform the Finance Director immediately of any suspected irregularity affecting income, expenditure, cash, stores or other resource of the Council so that the Finance Director may, if he or she considers it appropriate, conduct an independent investigation thereof.
- 21.5 All employees have a responsibility for the security of the Council’s assets. Any employee who becomes aware of non-compliance with these Regulations or suspects any irregularity in respect of the Council’s systems and procedures should immediately notify their Chief Officer, normally through their line manager. If for any reason an employee feels unable to raise their concern through line management, they should do so through a nominated officer under the Council’s Raising Concerns Procedure.
- 21.6 Further guidance is contained in the Anti Fraud & Corruption Strategy

22. INFORMATION SYSTEMS

Contact: IS / Internal Audit

- 22.1 Departments have many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. Departments are reliant on computers for their financial management, service and other information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 22.2 The Finance Director has a professional responsibility to ensure that the Authority's financial and computer systems are sound and must be notified, in advance, of any new developments or changes.
- 22.3 All Council transactions must be processed through the corporate information systems of the Authority or its approved contractors. To ensure satisfactory standards and control, these systems may only be used with the approval of the Finance Director.
- 22.4 The Director of Resources shall ensure that adequate procedures exist to ensure compliance with the Principles of the Data Protection Act 1998 and other relevant legislation including Freedom of Information and Human Rights Acts in respect of personal data held in computerised and manual information systems.
- 22.5 All employees have a responsibility to ensure that they do not cause the loss, unauthorised destruction or disclosure of personal data in contravention of such Principles.
- 22.6 The Director of Resources or their nominated representative is the Council's Data Protection Officer and will be responsible for maintaining a central database, recording all systems to be included in notifications to the Data Protection Commissioner. He or she will be responsible for making such notifications as and when required by the Commissioner.
- 22.7 Each Chief Officer shall nominate a supporting Data Protection Officer responsible for:
- Ensuring that the information for his or her department held on the central database is complete, accurate and up to date;

- Collating and providing documentation requested by a Data Subject, in accordance with the Principles of the Data Protection Act 1998.
- 22.8 Each Chief Officer shall be responsible for ensuring that access to computer systems under their responsibility is properly controlled (e.g. appropriate use of, and regular changing of, confidential passwords) and that information is safeguarded by back up copies being taken and kept securely.
- 22.9 All Officers and Members should comply with the Authority's published Code of Conduct on Use of E-Mail & Internet.

23. GIFTS & HOSPITALITY

Contact: Director of Resources

- 23.1 All employees and Members of the Council shall be governed by the Council's Codes of Conduct for the acceptance of Gifts and Hospitality.
- 23.2 Material gifts or hospitality offered by an individual or company that does or could provide services to the Council should be refused where they are offered as an inducement to secure favour.
- 23.3 Each Chief Officer shall maintain a register of all gifts and hospitality received by individual members of staff in their department. Any hospitality or gifts accepted must be recorded in the relevant register. The Director of Resources holds a separate register for Members for this purpose.

24. PROCEDURES FOR WRITE-OFFS

Background

1. However, circumstances may arise in which amounts due must, for all practical purposes, be deemed uncollectable.
2. The Accounts & Audit Regulations 2011 require that in such circumstances a decision to write-off an amount must be taken with the authority of the “Section 151 Officer” (i.e. Finance Director), whether exercised personally or properly delegated by him to a member of his staff. The amounts involved, and approval granted, should be recorded in the accounting records.
3. No such provisions apply where debts are “cancelled” i.e. because they were incorrectly raised (e.g. wrong amount, wrong debtor) or “waived” i.e. because an authorised policy decision was taken not to charge or to reduce the charge of an amount otherwise properly payable by a debtor.

Bad Debts / Loss of Income

4. The Finance Director may approve the write-off of any amounts properly charged, but deemed uncollectable, in the following cases:
 - (i) bankruptcy or liquidation (where every effort should be made to minimise the loss);
 - (ii) the company having ceased trading and there being no assets;
 - (iii) the debtor being untraceable or having moved abroad;
 - (iv) court decisions;
5. Other individual bad debts or loss of income, not falling into these categories, may be written off as follows:
 - (i) by the Finance Director, if it does not exceed £5,000;
 - (ii) by the Finance Director with the approval of the relevant Portfolio Holder if over £5,000 not exceeding £25,000;
 - (iii) by the Finance Director with the approval of the Executive if exceeding £25,000.

6. For those items falling within (4) and (5) (i) above, the Finance Director has nominated the following to approve write-offs on his behalf:*

Deputy Director of Finance

Departmental Heads of Finance

Named School Governors up to £1,000 for Secondary Schools

Named School Governors up to £500 for Primary Schools

Head of Revenues and Benefits

Chief Accountant

* This is subject to amendment by the Finance Director and reported annually to Members of the Audit Sub Committee

7. Departments should, for this purpose, regularly notify the above Finance Director's staff of those officers properly delegated responsibility from their Chief Officer to recommend write-offs to the Finance Director and include specimen signatures.

Stocks and Stores

8. Stocks and Stores may be written off as follows:

- (i) If not exceeding £5,000 for one set of adjustments, the balances on stock records may be adjusted by the appropriate Chief Officer to reflect actual stock levels, following such investigations as he deems necessary. If cumulative adjustments in any one year exceed £10,000 the Finance Director must be informed;
- (ii) If exceeding £5,000 but not exceeding £10,000 the appropriate Chief Officer must obtain the approval of the Finance Director prior to adjusting stock records to reflect actual stock records. The Chief Officer and Finance Director will jointly determine what investigations may be necessary for all adjustments in excess of £5,000.
- (iii) Approval of the relevant Portfolio Holder is required for adjustments exceeding £10,000.

9. Details of all write-offs must be provided to the Finance Director.

Plant and Equipment

10. Chief Officers may authorise items to be deleted from an inventory of their department where:
 - (i) the item has become obsolete and / or is no longer adequate for the purpose intended;
 - (ii) the item is broken or worn and of no further useful purpose;
 - (iii) the item has become surplus to requirements;
 - (iv) has been lost or stolen, in which case the Finance Director should be informed.

PROTOCOLS AND SUPPLEMENTARY INFORMATION FRAUD AND CORRUPTION PROTOCOL

Part of Financial Regulations and Procedures

Introduction

This protocol specifies how the Finance Director and other Chief Officers should manage alleged cases of fraud or corruption. It clarifies responsibilities for carrying out investigations and advises on action to be taken.

Fraud for these purposes is defined as:

“The intentional distortion of financial statements or other records by persons Internal or External to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain”

Corruption for these purposes is defined as:

“The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”

All employees have a responsibility for the security of both the Council’s assets and for clients’ assets where Council employees may have some involvement. Any employee who suspects any irregularity should immediately inform their Chief Officer, normally through their line manager. If for any reason an employee feels unable to raise their concern through line management, then they should go through a nominated officer under the Council’s Raising Concerns Procedure also known as the confidential reporting code (Financial Procedure 21.2).

Chief Officers and nominated officers, under the Raising Concerns Procedure, have a responsibility to inform the Finance Director immediately of any suspected irregularity affecting income, expenditure, cash, stores or other resource of the Council. The Finance Director may, if he or she then considers it appropriate, conduct an independent investigation. (Financial Procedure 21.1)

The Council will take legal and/or disciplinary action in all cases of fraud or irregularity where it is considered appropriate.

Initial Allegation or Suspicion

Internal Audit and the appropriate Chief Officer should be promptly informed of any allegations or suspicions of fraud or irregularity. To facilitate a speedy and appropriate response to any concerns expressed, initial information provided should, where possible, outline the following:

The nature of the potential or actual loss to the Council, or Council's client. When and how the matter came to light Officers and /or other parties alleged to be implicated (names and designations where appropriate) "Organisation" structure showing the position and responsibility of the person(s) allegedly involved identify those who are aware of the potential fraud/irregularity.

Care needs to be taken to ensure that officers or members who may be involved in the suspected irregularity do not become aware of the situation. Staff should not carry out their own investigation prior to notifying Internal Audit as this can affect any subsequent investigation.

Internal Audit will advise if the circumstances demand immediate action to safeguard evidence or to avoid further loss to the Authority. This may include removing documentation from the site and /or the suspension of employees.

Internal Audit will also advise on whether, and if so when, the Police should be informed. The Council has nominated contacts in the Metropolitan Police who can provide advice and, where appropriate, carry out their own investigations. Initial contact with them should be made by Internal Audit. As a general rule the Council can carry out its own investigations regardless of any police involvement.

(Note: there may be instances where it is not possible to contact Internal Audit promptly e.g. weekends or evenings. At such times, for cases of identified theft rather than suspected fraud or irregularity, it is more appropriate for the matter to be reported immediately to the local police station and a crime reference obtained. In these instances Internal Audit, line management and the Insurance Manager should be informed of the details the next working day.)

Investigation

Responsibility for carrying out independent investigations lies with Internal Audit. In some cases, however, it may be more appropriate for staff in the relevant Department to carry out the investigation with

Internal Audit acting in an advisory capacity. In such cases, staff undertaking the investigation will liaise with Internal Audit at intervals agreed at the point of referral, to ensure that evidential requirements continue to be met and that the Local Authority is kept fully informed at all stages.

The most appropriate approach will be decided by Internal Audit following the initial contact and may be revised during the investigation.

Any investigation should be carried out promptly and thoroughly. To do this staff may need to be interviewed and documentation reviewed. All stages of the investigation should be thoroughly documented. The investigation should involve, as a minimum, the following:

- A clear understanding of the allegation/suspicion
- A review of all relevant documentation. Note that documents may need to be retained during the investigation
- Identification and interviews with all appropriate staff/individuals to determine such things as relevant procedures and practices
- Consideration of alternative explanations for the situation
- An evaluation of all the evidence
- A conclusion based on the findings

The findings of the investigation could be used during disciplinary or legal action. Consequently care needs to be taken to ensure that evidence is safeguarded and that the investigation is thorough and the conclusions reached are valid. The findings of the investigation should be treated as confidential.

During the investigation it may be necessary for individuals to be interviewed under caution. In such instances the rules laid down in the Police and Criminal Evidence Act and Criminal Justice and Public Order Act 1994 must be adhered to. Advice on this is available from Internal Audit. There will be instances where documentation is taken away by Internal Audit or the investigating officer for safeguarding during the investigation. The originals should be removed rather than copies. These should be kept secure and a statement prepared stating how, when and who removed the documents and where they will be stored. A decision on the removal of documents needs to be made early on in the investigation to avoid the risk of removal or tampering.

The appropriate Chief Officer and Head of Audit should be kept informed of progress during the investigation. This can be done verbally and/or by preparing written progress reports. At the end of the

investigation a report should be prepared for the appropriate Chief Officer and Head of Audit. This should include all the issues listed above together with any other relevant information. This should form the basis of a decision for any further action to be taken.

Action

It is for the appropriate Chief Officer to take appropriate action where there is evidence to support instances of fraud or irregularity. The Head of Audit should be kept informed of action taken and relevant outcomes.

These could include referral to the police, disciplinary action and/or recovery of any amounts involved.

The Chief Officer is also responsible for ensuring that any system weaknesses identified during the investigation are addressed.

RETENTION OF DOCUMENTS

Background

1. Government requirements for Local Authorities to retain financial and accounting documents are not as prescriptive as those, say, in the NHS which are governed by tailored legislation. However, all officers need to ensure that other legislative requirements, relevant to Local Authorities, are observed, in particular those laid down by the HMRC, in respect of:
 - Minimum periods for which the Council must retain records; and
 - The form in which documents may be retained.
2. The Public Records Office produces standards for the management of government records, and although these are aimed at central government, many of the standards and good practice outlined can be applied equally to local government.
3. The Association of Chief Archivists also produced guidance in 1999 through the DETR/LGA on records management within local government, in accordance with Section 224 of the Local Government Act 1972. This covers the retention of more permanent documents such as deeds, and registers of births, deaths and marriages.
4. The following paper highlights key legislation relevant to Local Authority records and presents guidance for officers on retention periods for common documents. However, clarity in this area is achieved in part by separating the timing issue (i.e. how long to retain documents) from the format issue (i.e. how to retain documents). They are actually separate, but related questions, because there is no specific legislation covering the format in which local government records are to be retained, except for those prescribed by the HMRC.
5. The following therefore sets out the key legislative requirements and best practice in both these areas and then includes at Annexes various recommended retention periods together with suggested formats.

The Audit Commission Act 1998

6. Section 6 of the Audit Commission Act 1998 provides External Auditors with a right of access to every document relating to a body that

appears necessary for the purpose of carrying out the Auditor's function under the Act.

7. The Council therefore needs to retain documents in order to be able to satisfy External Auditors' rights of access. Any policy on retention of documents therefore needs to be guided by an assessment of the likelihood that an External Auditor may request certain documents. This assessment needs to ensure that the Council avoids circumstances whereby it could have reasonably foreseen a request for a document, but the document has subsequently been destroyed.

Other Legislation

8. There is very little specific legislation that covers the periods of retention of documents for Local Authorities. The main consideration is the Limitations Act 1980 and this is discussed below.
9. In addition, Part VA of the Local Government Act 1972 deals with Access to Information. Section 100(c) refers to public inspection of minutes and other documents after meetings. This specifies that certain documents, which form part of the public part of the agenda, are required to be available for inspection by members of the public for a period of 6 years from the date of the meeting. These documents are:
 - Minutes, or copies of minutes of the meeting (except exempt items)
 - and related minutes;
 - A copy of the agenda of the meeting; and
 - A copy of any reports discussed (except exempt items).
10. From 1996/97 Local Authorities were required to have their accounts approved by a full committee or the council meeting as a whole. This requirement means that the statement of accounts would have been one of the agenda items and would therefore be one of the records that the Authority would need to retain for 6 years and have available for public inspection.
11. However, the responsible body currently the Audit Commission recommends Authorities to consider whether longer periods of retention are appropriate and although nothing is prescribed, key financial records may merit permanent preservation. As a minimum, the following is considered to be in this category:
One set of annual financial accounts and statements approved by Full

Council or Committee.

Minimum Retention Periods

12. As noted above, legislation that could be applied generally to local government records is the Limitations Act 1980, which specifies the statutes of limitation. A statute of limitation is one which provides that no Court shall entertain proceedings for the enforcement of certain rights if such proceedings were set on foot after the lapse of a definite period of time, reckoned as a rule from the date of the violation of the right. The Act provides, amongst other things:
 - That actions founded on simple contract and tort should not be brought after the end of 6 years from the date on which the cause of action accrued;
 - That an action on a specialty (which is an obligation contracted by matter of record, or by bond or other instrument under seal) may not be brought after the end of 12 years; and
 - That, in general, no action may be brought to recover land after the end of 12 years from the date when the right of action accrued.
13. Under the 1980 Act documents are therefore normally required to be retained for a period of between 6 and 12 years. For financial and accounting records the period would start from the beginning of the financial year after that to which it relates.
14. The responsible body currently the Audit Commission recommends however, that pay and pension records should be retained for a substantial period to safeguard the pension rights of staff e.g. officers may wish to retain records until the employee reaches benefit age. However, where pensions are being paid after retirement, it would seem appropriate to retain records until such time as pension is not required to be paid to any benefactor.
15. For External Audit purposes, the responsible body currently the Audit Commission recommends that original records such as invoices, payroll documents etc. should be retained for at least 18 months after the end of the financial year to which they relate and longer if possible. However, where audits remain "open" (i.e. incomplete) due to queries, objections or outstanding litigation, then it would be appropriate to retain the records for the financial years in question. Items such as general ledger, journals, loan records and interest payments may merit

retention for longer periods.

Format of Preservation

16. There is no specific legislation covering the format in which Local Government records are retained except for those prescribed by the Her Majesty's Revenue and Customs (HMRC):
17. The responsible body currently the Audit Commission recommends that Local Authorities consider the benefits of retaining the original documents for the financial year for which the audit is still open and the related costs of storage space and staffing involved in keeping original documents and weigh these against the cost of microfilming (which may include the cost of buying, borrowing or sharing the equipment).
18. Where Local Authorities do decide to microfilm records, the responsible body currently the Audit Commission states that they need to ensure that the Finance Director has certified the accuracy and completeness of microfilmed records and that this certification accompanies the records.
19. Where a decision is taken to microfilm or maintain documents in some form of electronic format, the responsible body currently the Audit Commission also recommends that officers should consider the Code of Practice for Legal Admissibility of Information Stored on Electronic Document Management Systems and its related compliance workbook, which are published by the British Standards Institution.
20. These publications are designed to assist in the evaluation of document management systems and provide a clear audit trail. Officers may also wish to consider the Code of Practice for Information Security Management, which provides guidance and recommendations on information security and IT systems and networks.

Value Added Tax (VAT)

21. Under the VAT Act 1994 (Schedule 11 paragraph 6(1)), Local Authorities must keep records as required by the Commissioners of Customs & Excise. The requirements are set out in the VAT Regulations 1995. A public body's records generally reflect the size and complexity of its activities, which may range from simple manual records to a sophisticated computerised system. The records do not have to be in any set format, but should be up to date and in sufficient detail to allow:

- Calculation of the correct amount of VAT to be paid or reclaimed;`
and
 - Customs & Excise to readily check the figures on the VAT return.
22. VAT records are normally required to be kept for 6 years. Annexes show the type of records that are required to be kept.
23. The VAT Act 1994 Schedule 11 paragraph 6(3) requires every taxable person to preserve records for a period not exceeding 6 years.
24. Records can be preserved by any means approved by the local HMRC office. Under Schedule 11 paragraphs 6(4) and 6(5) of the VAT Act 1994, records may be kept on microfilm or by computer storage media e.g. scanned images, magnetic tape, optical storage disks.
25. When the local VAT office considers an application to use such systems, the applicant's compliance history and reliability is taken into account. Approval is subject to the following conditions:
- A satisfactory audit trail;
 - Satisfactory and legible copies can be easily produced from the system on request;
 - Adequate facilities exist for viewing the system;
 - HMRC staff have access to the system on request in order to check its operation and the information stored on it;
 - HMRC staff will be given training on the system or its software; and
 - All records on the system are retained for the statutory period or such lesser time as may be allowed.
26. When any of these facilities are denied, the applicant is required to be warned in writing by the local HMRC office that unless they are provided immediately, approval to keep such records on microfilm, computer storage media etc. will be refused or withdrawn.

National Insurance Contributions (NIC)

27. Under the Social Security Contributions and Benefits Act 1992 Schedule 6(1) and SI 1979/591 and subsequent amendments, an employer must keep records of any Class 1 NIC payable in a tax year.
28. Records need to be maintained to support year-end returns, which summarise details of each employee's earnings and deductions. Other information that may be included are Class 1A contributions on the use

of company cars, details of statutory maternity pay (SMP) and statutory sickness pay (SSP).

29. All of this information is required to be retained for 3 years after the tax year to which it relates. It can be stored and provided electronically.

Pay As You Earn (PAYE)

30. Details of the records to be maintained are set out in the IT (Employment) Regulations 1993 and its subsequent amendments. Regulation 38 highlights that employers must maintain deductions working sheets for each employee receiving emoluments during the tax year.
31. Year-end returns which summarise details of employees' emoluments and deductions are required to be sent to the HMRC. P11Ds and P9Ds which record details of expenses and benefits not covered by dispensations are required to be sent to the HMRC. Records must be maintained which support the entries on all these returns.
32. All supporting records must be retained for not less than 3 years after the end of the tax year to which they relate. This information may be provided electronically. Where the data is stored electronically, paragraph 55(7) of the Regulations requires that the employer provide suitable facilities to enable an inspector to examine these records.

Payments made under deduction of tax

33. Records are required to be retained of any interest paid on stock issued by Local Authorities under deduction of tax and of returns made to the HMRC. Any rent paid under deduction of tax e.g. to a non-resident landlord must be recorded and returned to the HMRC.

Construction Industry Scheme (CIS)

34. Under the scheme contractors, including Local Authorities, must deduct and pay over to the HMRC tax at the basic rate on payments made to subcontractors (net of the cost of materials).
35. Paragraph 5 of SI 1993/743 advises that contractors are required to maintain records of all payments made and tax deducted from subcontractors who do not hold a valid exemption certificate. Records are also required to be maintained for payments that have been made without deduction of tax. These should include evidence that determines why no tax should be deducted.

36. All these records are required to be retained for 3 years after the end of the tax year to which they relate and must be available for inspection.
37. There follows a list of certain records and documents indicating what may be regarded as minimum retention periods taking account of the legislation in the preceding paragraphs and best recommended practice, whichever is the longer. Where documents are required for the purpose of actual or contemplated legal action officers should take advice before destroying documents.
38. It is stressed that where possible it may be preferable to keep certain records (e.g. general ledgers) for longer periods, and title deeds, share certificates etc. or any other documents evidencing title to or ownership of assets should, for obvious reasons, be retained until disposal of the assets.
39. It is suggested that good practice for actual invoices to be retained for the current financial year and the previous financial year (until the Accounts have been signed off by the External Audit). The previous year could then be discarded with the microfilmed copy retained.

ACCOUNTING RECORDS	PERIOD AFTER WHICH DOCUMENTS MAY BE DESTROYED	BASIS OF RETENTION	FORMAT OF PRESERVATION
Published Annual Report & Statutory Statement of Accounts (with certificates signed by Director of Resources & District Audit)	Permanent	Responsible Body recommendation Local Government Act 1972 Accounts & Audit Regulations 2003	Hard copy
All records relating to VAT (as per Annex C attached)	6 years after the end of the financial year to which they relate	VAT Act 1994	Subject to conditions, may be kept on microfilm or by computer storage media where local VAT office has approved.
Salaries, Wages & Pensions (as per paras 27 – 32 above)	6 years after the end of the financial year to which they relate, or (Pensions only) on the date on which the officer reaches the age of 70, whichever is the later.	Pension rights of staff Responsible Body recommendation Social Security Contributions & Benefits Act 1992 IT (Employment) Regulations 1993	No specific requirements, except that where stored electronically the Inland Revenue would require the employer to provide suitable facilities to

	Where pensions are being paid after retirement, records should be retained until such time as pension is not required to be paid to any benefactor.		enable an inspector to examine these records
Principal ledger records including cash books, general ledgers and journals	6 years after the end of the financial year to which they relate	Limitation Act 1980 VAT Act 1994	No specific requirements other than those relating to VAT

<p>Other major accounting records: e.g. paid invoices, receipts, cleared cheques, bank statements, insurance policies, investment holdings, loan records</p>	<p>6 years after the end of the financial year to which they relate</p>	<p>Limitation Act 1980 VAT Act 1994 SI 1993/743 (CIS)</p>	<p>Actual invoices should be retained for the current financial year and the previous financial year (until the Accounts have been signed off by the External Auditor). The previous year can then be discarded with the microfilmed copy retained.</p>
<p>Fixed asset registers, year end statements of stock and supporting statements of stocktaking</p>	<p>6 years after the end of the financial year to which they relate</p>	<p>Limitation Act 1980</p>	<p>No specific requirements other than those relating to VAT</p>
<p>Major establishment records including personal files, letters of appointment, employment contracts, references and related correspondence and</p>	<p>6 years after the officer leaves the service of the Council</p>	<p>Limitation Act 1980</p>	<p>No specific requirements</p>

records of leave			
Internal Audit files and draft and final reports	3 years after formal clearance by the relevant auditor but final reports: 6 years	NHS Internal Audit Standard	Soft copy

<p>Minor accounting records: pass-books, deposit slips, cheque counterfoils and cancelled and discharged cheques; petty cash expenditure accounts, travel & subsistence records, minor vouchers, duplicate receipt books etc.</p>	<p>Unless the external audit is still “open” (i.e. incomplete) - 18 months after the end of the financial year to which they relate</p> <p>BUT</p> <p>6 years if relates to VAT</p>	<p>Responsible Body recommendation VAT Act 1994</p>	<p>No specific requirements other than those relating to VAT</p>
<p>Debtors records</p>	<p>Unless the external audit is still “open” (i.e. incomplete) - 18 months after the end of the financial year in which they are paid or are written off, but at least 6 years in respect of any unpaid account which has not yet been written off</p> <p>BUT</p> <p>6 years if relates to VAT</p>	<p>Limitations Act 1980 Responsible Body recommendation VAT Act 1994</p>	<p>No specific requirements other than those relating to VAT</p>

Housing & Council Tax Benefits, Council Tax etc.	6 years	Limitations Act 1980	No specific requirements
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RETENTION OF CONTRACT DOCUMENTS

Type of Records	Detail
Documentation bearing signature of witnesses (e.g. contracts); documents relating to successful tender; tender opening summary, envelopes etc.	Must be retained in <u>original form</u> for 6 years (or 12 years for contracts under seal), or the project life plus 2 years, whichever is greater
Unsuccessful tenders tender evaluations; interim valuations.	Must be retained in <u>original form</u> for current year Life off contract
Supporting documents e.g. correspondence and drawings	May be microfilmed

Some records may merit consideration for permanent preservation e.g. key records relating to major building and engineering works such as surveys, site plans, drawings, bill of quantities, contract documents, including those relating to major projects which have been abandoned or deferred, deeds, lease documents, insurance policies, inventories, valuations

Contracts with consultants should include a clause which requires the consultant either to retain documents in accordance with the above, and allow reasonable access to them by the Council's authorised officers, or to return the documents to the Council for retention.

Where Private Finance Initiative contracts are entered into, it would be advisable to retain the contract documents in their original format for at least the life of the contract, and longer if possible.

VAT RECORD REQUIREMENTS

Type of Records	Detail
Business and accounting records	Orders and delivery notes Relevant business correspondence Appointment and job books Purchase and sales books Cash and other accounts books Purchase invoices and copy sales invoices Records of daily takings e.g. till rolls Annual accounts Import and export documents Bank statements and paying-in slips A VAT account Any credit or debit notes issued or received
A VAT Account (prescribed in Regulation 32 VAT Regulations 1994)	An account summarising the totals of the output tax and input tax for each tax period
Copies of all VAT invoices issued (Regulation 31(1) (c))	A copy of all VAT invoices must be retained either on paper, computer or other media and should be readily available for inspection
All VAT invoices received	
Documentation relating to acquisition of goods from other EU countries	
Copy documentation relating to the transfer, dispatch or transportation of goods to or from EU countries	

Documentation relating to imports and exports	
All credit notes, debit notes or other documents which evidence an increase or decrease in consideration that are received and copies of all such documents that are issued	
Additional records as required by Customs and Excise	

CODE OF PRACTICE ON DRAFTING FINANCIAL IMPLICATIONS IN COMMITTEE REPORTS

1. Employee costs should include National Insurance and Pension contributions, leased car costs and overtime pay where appropriate. Gross salaries should normally be calculated on the midpoints of the appropriate pay scales. The Finance Director will circulate updated “ready reckoners” of employee costs within four weeks of a pay award being settled.
2. Departments should have regard to staff turnover savings assumed in the revenue budget when determining the additional savings which are likely to arise from the deletion of posts.
3. All reports should identify clearly:
 - a) recurring and non-recurring expenditure and income
 - b) part-year and full year effects.
4. Appendices should be used when it is necessary to present large volumes of financial information in a report.
5. Avoid quoting figures to the nearest penny or pound. The nearest £’000 will suffice in most instances.
6. Where additional costs are identified:
 - a) virement should be actioned in accordance with Financial Regulations. (The report should identify the specific budgets that are to be vired and seek Member approval where necessary).

OR

- b) there should be a formally recommendation to seek a supplementary estimate from the Executive
7. Reports should cost all proposals even where expenditure can be “met from existing budgets”.
 8. All areas of financial uncertainty or risk should be highlighted. In this respect a paragraph on the risks should be clearly stated so that all risks are clear and transparent and that where relevant a full risk assessment has been carried out in line with the Risk management policy.
 9. Heads of Finance Officers should clear all draft financial reports before being passed to the Committee services.
 10. Every effort should be made to allow the Finance Director’s Department two full working days to comment on a draft report, although it is acknowledged that there will be some instances when a more urgent response is required.
 11. The Chief Accountant should clear all draft reports with financial considerations that impact on the Capital Programme before they are passed to the Committee services.

CODE OF CONDUCT FOR GIFTS AND HOSPITALITY

- i) The main reasons for having Guidelines on Conduct is to ensure that Council Officers maintain the traditional high standards of the Council. These high standards are expected of Local Government generally and their maintenance is necessary to uphold the integrity and reputation of the Council.

These standards are in some areas more rigorous than those applying to the private sector - all of us have to recognise and accept this. The fact that Local Authorities generally and the Council in particular are moving towards more business-like methods of providing services does not mean that the standards have been relaxed.

- ii) All Officers are subject to the provisions of this Code of Conduct, and to the provisions of their conditions of service relating to such matter. One of the purposes of the Code of Conduct is to provide practical guidance on how to deal with matters related to gifts and hospitality.
- iii) The third and perhaps most important reason for this Code of Conduct is that failure to follow the rules puts individual officers at personal risk of disciplinary action and, in certain circumstances, of criminal prosecution. Failure to comply with the Code of Conduct could give rise to disciplinary action, including dismissal. Criminal proceedings can arise from failure to declare pecuniary interests in accordance with the Local Government Act 1972 and under the Prevention of Corruption Acts. Any such criminal action resulting in conviction could give rise to imprisonment and would give rise to disciplinary action, including dismissal.

B. Potential Conflict between Personal and Job Roles

It is sometimes difficult to distinguish between personal and job roles. On some occasions an offer of hospitality will clearly be personal in that there is no connection whatsoever with the job of the officer to

whom it is made. On other occasions an offer of hospitality will be clearly made directly because of the officer's job role. However, there is an area in which the two roles merge, particularly with Chief and Senior Officers. It is difficult to give guidance which would cover all circumstances, but the following are examples:-

- i) If an offer of hospitality purports to be personal, officers should ask themselves whether it would have been made if they did not hold their office with the Council. If not, it should be treated as job related.
- ii) Does the person or organisation making the offer have any connection or potential connection with the Council? If so treat it as job related.

If there is any doubt the only safe course is to treat an offer as job related. At the very least, officers should seek advice. If an offer of hospitality is job related this Code of Conduct should be applied to it, together with any provisions in the conditions of service.

C. Acceptance of Gifts

Gifts should not be accepted (other than items of very small intrinsic value such as business diaries and calendars, which should be used in the work place). There are few permissible exceptions to this general rule but there are occasionally special circumstances such as:

i) Civic Occasions

From time to time there are civic occasions on which personal gifts may be given to officers. For example, an officer may be given a personal gift by a delegation from abroad which is here as part of a twinning arrangement. To refuse it would cause unnecessary offence. Therefore in such circumstances it is permissible for the officer to accept the gift provided that its value is not excessive. If it is a gift which is not personal it should be treated as belonging to the Council and dealt with accordingly. The important point is that such matters should be dealt with openly and, if need be, advice sought.

ii) **Unsolicited Gifts of Value**

Unsolicited gifts may be made which are more than small but still of modest value, e.g. bottles of spirits at Christmas. In such circumstances officers should consider whether they should be immediately returned, if need be with a note explaining why they cannot be accepted. If this is impracticable or would cause unnecessary offence, the gift may be presented to the Mayor for charitable purposes, or similar appropriate action taken. In such circumstances, it is appropriate to tell the donor what has been done and why. In any event, valuable gifts must be returned.

D. Acceptance of Hospitality

Reasonable hospitality may be accepted where it is related to a specific working arrangement (e.g. a working lunch). Caution should be exercised where the invitation is predominantly of a social nature, unless it falls into one of the exceptions mentioned later in this Code of Conduct.

A test which officers should apply in considering any offers of hospitality is that of public scrutiny. Would the acceptance of such hospitality, if made public, be open to misrepresentation, or raise doubts as to the integrity and motives of the provider and the recipient?

i) **Lunches, Dinners and Drinks**

They must only be of a reasonable value. Extravagance must be avoided.

ii) **Civic Hospitality**

It is permissible to accept civic hospitality provided by other Local Authorities, and similar hospitality provided by other public organisations. On such occasions officers will receive formal invitations and any such hospitality is open and above board. Similarly, it is acceptable where officers are invited in an official capacity to represent the Authority at a function or event unless

it falls into one of the excluded categories in this Code of Conduct.

iii) **Commercial Organisations**

Although modest hospitality is an accepted courtesy of a business relationship, this is an area which requires the utmost care. It can conveniently be divided into two parts:

1. Hospitality provided by commercial organisations with whom the Council has an existing business relationship.

This is likely to fall into two categories:-

- (a) The kind which is related to specific Council business.
- (b) The kind which is not specifically business-related but which is provided for representatives of the Council as a client. It is reasonable to accept this kind of hospitality as long as it is not extravagant unless:
 - the renewal of the firm's contract with the Council is imminent;
 - the firm is or is likely to be seeking other contracts with the Council in the immediate future; or,
 - It closely follows the award of a contract.

However, as a general rule business relationships should not become too cosy or too close - a proper distance should be kept.

2. Hospitality provided by commercial organisations with whom the Council does not have an existing business relationship.

The general rule must be to refuse. There may be possible exceptions, e.g. a local connection such as a firm with its headquarters based in Bromley having a Centenary Dinner to which it invites leading Members and Chief Officers of the

Council. However, any exceptions should be carefully considered and, if need be, advice sought.

E. Conferences/Seminars

It is the practice at some Conferences/Seminars for the Sponsors or interested organisations to provide hospitality or entertainment for those participating. Generally it is permissible for officers to accept this kind of hospitality but a distinction needs to be drawn between such hospitality which is generally provided (i.e. all the participants or a large group of them are invited) and individual hospitality (i.e. directed solely to one officer). The former is acceptable but the latter would be unlikely to be acceptable.

F. Study Trips

If these are promoted by, or involve, commercial organisations, they should be dealt with under E. Conference/Seminars. Generally, officers should participate only if the invitation is general and not confined to an individual or a select few.

G. Exhibitions/Demonstrations

Care should be exercised before accepting offers to visit exhibitions and demonstrations at the expense of other organisations. If there is a good reason to inspect equipment, etc. which the Council is considering purchasing then it may be acceptable. Even in such circumstances consideration should be given to the Council meeting any costs. An invitation which is made to a wide range of people is more likely to be acceptable than one which is made to an individual. Hospitality provided in such cases must not be extravagant.

H. Entertainment and Sporting Events

Generally the guidance given above relating to the acceptance of hospitality also applies to the acceptance of invitations coming under the heading of Entertainment, such as invitations at someone else's expense to sporting occasions, theatre trips etc. Generally such invitations should not be accepted unless they can be justified under

one of the various headings in this Code of Conduct. An exception may be where the entertainment or sporting event is of modest value and forms a part of the life of the community where the Council would normally expect to be represented. Invitations to premium events must be declined.

I. Trips Abroad

Trips abroad for business reasons (e.g. study trips or conferences) fall into two categories:

(i) To European Union (EU) Countries

The relevant Chief Officer has delegated authority to approve suitable trips but must report to the relevant service committee subsequently.

(ii) To Non-EU Countries

All trips to non-EU countries require prior approval from the relevant service committee. There is no delegation to officers.

These requirements apply whether the trip is at the Council's expense or is paid for by someone else. However, in the latter case, the same criteria of propriety should be applied, in deciding whether to accept in the first place, as apply to other types of gifts or hospitality.

J. Personal Inducements

Officers should beware of personal inducements being offered by companies in order to achieve orders for goods. The acceptance of such a personal inducement would lay staff open to criminal prosecution and disciplinary action including dismissal. Staff should report any such offer to their Chief Officer who, in appropriate cases, will alert the Finance Director and other relevant Chief Officers. Care needs to be taken if the Council still wishes to purchase the goods from the firm concerned notwithstanding that the personal inducement has been refused and reported. It would be appropriate for written representations to be made to the firm concerned to make them aware that the practice was unacceptable and should cease.

K. Register

Each Chief Officer maintains a Register to record:

- (i) Hospitality received - this should cover hospitality whenever and wherever it is received. It is not confined only to hospitality received during working hours.
- (ii) Gifts received (other than items of very low value such as business diaries, pens, pencils, calendars etc.)
- (iii) Entertainment, study trips, visits to exhibitions or demonstrations at the expense of others.
- (iv) Conferences and seminars - any hospitality, entertainment etc., during the course of conferences and seminars should be recorded in the Register.

The register entry should contain the name of the officer, the date of receipt, the name of the person or organisation providing the gift or hospitality, and a brief description of the gift or hospitality.

Officers must understand that making an entry in the Register does not legitimise the receipt of the hospitality or gift where it is questionable on the grounds of propriety. In other words the first decision is whether the hospitality or gift should be accepted taking into account this Code of Conduct - if so, it must be registered, if not the question of registration does arise.

L. Seek Advice/Be Open/Apply Common Sense

There will be occasions when hospitality is offered which is not covered by this Code of Conduct but which nevertheless is acceptable. Similarly, there will be occasions when hospitality offered appears to come within it but nevertheless should be refused. It is a fundamental principle that in considering any offer of a gift or hospitality, officers should use judgement and common-sense.

Finally, if in doubt officers should seek advice and always be open about such matters. They should understand that if they are not prepared to seek advice or be open, it is highly likely that, whatever it is, they should not be doing it.

Report No.
RES12184

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 12 November 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: TREASURY MANAGEMENT

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Resources

Ward: N/A

1. Reason for report

- 1.1 Under the CIPFA Code of Practice on Treasury Management the full Council is required to receive regular reports on treasury management, including an annual strategy in advance of the year, a mid-year review and an annual review following the year. This report brings together the annual review for 2011/12 and the mid-year report for 2012/13, which have both been considered by the Executive and Resources PDS Committee and the Resources Portfolio Holder, and recommends changes to the eligible investment vehicles and the prudential indicators.

2. **RECOMMENDATION(S)**

Council is asked to

(1) Note the Treasury Management Annual Report 2011/12 and approve the actual prudential indicators in the report.

(2) Note the Mid-Year report 2012/13 and approve -

(a) the inclusion of corporate bonds and the Payden Sterling Reserve Fund as eligible investment vehicles in the Council's Investment Strategy; and

(b) changes to the prudential indicators, as set out in Annex B1 to the October report.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £2.691m (net) in 2012/13; currently forecast on target
 5. Source of funding: Net Investment Income
-

Staff

1. Number of staff (current and additional): 0.4fte
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable: Call-in does not apply to decisions by full Council.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 At its meeting on 18th July 2012, the Executive and Resources PDS Committee considered the Treasury Management Annual Report 2011/12. The Committee supported the Resources Portfolio Holder's proposed decision to refer the report to full Council.
- 3.2 On 18th October 2012, the Executive and Resources PDS Committee considered the Treasury Management Mid-Year Review report, 2012/13. This report included proposals to approve the inclusion of corporate bonds and the Payden Sterling Reserve Fund as eligible investment vehicles in the Council's Investment Strategy and to make changes to the prudential indicators. The Committee supported the Resources Portfolio Holder's proposed decision to refer the recommendations to full Council.
- 3.3 Copies of the 18th July and 18th October reports are appended to this report in full.

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	See attached reports.

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Decision Maker: Executive & Resources PDS Committee and Resources
Portfolio Holder
Full Council

Date: 18th July 2012 (E&R PDS)
12th November 2012 (Council)

Decision Type: Non-Urgent Non-Executive Non-Key

Title: TREASURY MANAGEMENT – ANNUAL REPORT 2011/12

Contact Officer: Martin Reeves, Principal Accountant (Technical & Control)
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

Chief Officer: Finance Director

Ward: All

1. Reason for report

This report summarises treasury management activity during the March quarter and includes the Treasury Management Annual Report for 2011/12, which is required to be reported to full Council. The report also includes an update on the Council's investment with Heritable Bank (paragraph 3.11). Investments as at 31st March 2012 totalled £173.9m (excluding the balance of the Heritable investment) and there was no outstanding external borrowing.

2. **RECOMMENDATION(S)**

The PDS Committee, the Portfolio Holder and full Council are asked to:

2.1 Note the Treasury Management Annual Report for 2011/12;

2.2 Approve the actual prudential indicators within the report.

Corporate Policy

1. Policy Status: Existing Policy: To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rate of return on investments.
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £2.691m (net) in both 2011/12 and 2012/13; surplus of £455k achieved in 2011/12 plus £730k from part-reversal of Icelandic Bank impairment
 5. Source of funding: Net investment income
-

Staff

1. Number of staff (current and additional): 0.4 fte
 2. If from existing staff resources, number of staff hours: 14 hours per week
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): n/a
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

General

- 3.1 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year describing the activity compared to the strategy. In practice, the Finance Director has reported quarterly on treasury management activity for many years, as well as reporting the annual strategy before the year and the annual report after the year-end. The mid-year review for 2011/12 was considered by the PDS Committee on 14th November 2011 and was approved by the Council on 20th February. This report includes details of treasury management activity during the quarter ended 31st March 2012 and the year 1st April 2011 to 31st March 2012. The 2012/13 annual strategy, including the MRP (Minimum Revenue Provision) Policy Statement and prudential indicators, was also approved by the Council in February 2012.
- 3.2 Recent changes in the regulatory environment place a much greater onus on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members. The Finance Director confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Executive and Resources PDS Committee before they were reported to the full Council.

Treasury Performance in the quarter and year ended 31st March 2012

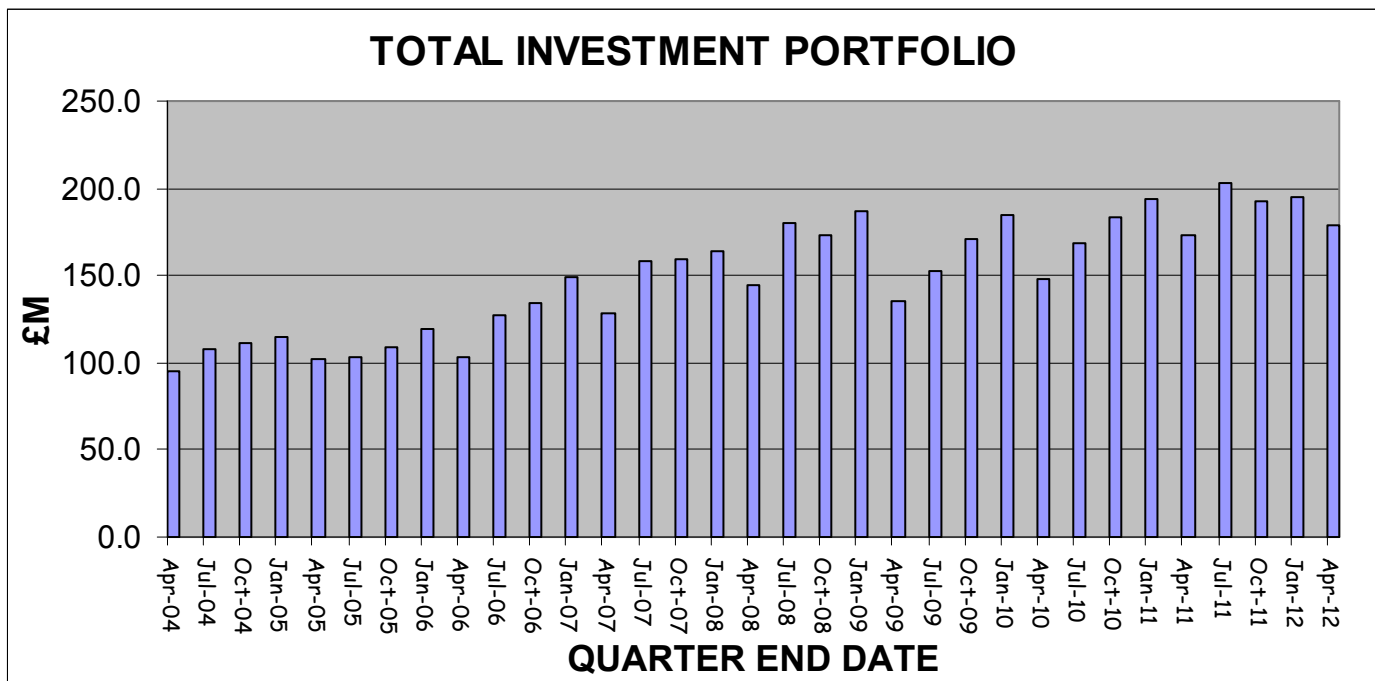
- 3.3 **Borrowing:** The Council's healthy cashflow position has continued into 2011/12, as a result of which no borrowing was required at all during the year. In 2009/10, only four loans were taken out to cover short-term cashflow shortages and, in 2010/11, only one small overnight loan (for £800k) was taken out (in March 2011).
- 3.4 **Investments:** The following table sets out details of investment activity during the March quarter and over the whole year:-

Main investment portfolio	March Qtr		Year 2011/12	
	Deposits	Ave. Rate	Deposits	Ave. Rate
	£m	%	£m	%
Core investments b/fwd	162.5	2.00	161.5	1.86
Investments made in period	66.5	1.15	162.5	1.59
Investments redeemed in period	-76.5	1.65	-171.5	1.60
Total "Core" Investments 31/03/12	152.5	2.23	152.5	2.23
Money Market Funds/Instant Access	21.4	0.86	21.4	0.86
Total Investments as at 31/03/12	173.9	2.06	173.9	2.06

- 3.5 Details of the outstanding investments at 31st March 2012 are shown in maturity date order in Appendix 1 and by individual counterparty in Appendix 2. The average return on all new "core" investments during the March quarter was 1.15% which may be compared with the average 3 month LIBID rate of 0.94% and the average 7 day rate of 0.48%. The average return on new investments placed in the year 1st April to 31st March 2012 was 1.59% compared to the average 3 month rate of 0.82% and the average 7 day rate of 0.48%.
- 3.6 Base rate has now been 0.5% since March 2009 and the latest forecast by Sector is for it to remain at that level until late in 2013, although this forecast continues to slip and is by no means

certain. The report in January highlighted the fact that recent ratings downgrades had resulted in a number of our eligible UK bank counterparties, Barclays, Santander, Nationwide and Clydesdale, either having their limits, both monetary and time, being reduced or, in the case of Clydesdale, being removed from the list completely. As a result, our options with regard to the reinvestment of maturing deposits had become seriously limited and, as recommended by the Director of Resources, changes to the counterparty eligibility criteria were approved by the Council in February to enable us to retain some options and a degree of flexibility with regard to future investments. This helped to some extent in February and March, but we are now back in the position of not having many investment options other than placing money with instant access accounts at relatively low interest rates. Further recent downgradings to UK banks have resulted in the limits for Barclays being reduced and in the removal of Santander UK from our lending list. As a result, active banks on our list now comprise only Lloyds TSB, RBS, HSBC, Barclays and Nationwide and all but Lloyds have recently reduced their interest rates significantly. Our external advisers, Sector, continue to recommend caution and currently suggest that no investment be placed for longer than 3 months with any bank other than Lloyds and RBS (a maximum of 1 year is suggested in their case). Lloyds TSB are currently offering rates of 1.40% for 3 months up to 3.00% for 1 year, which are significantly better than the rates offered by other banks (around 0.8% currently offered by others for 3 months).

- 3.7 In February 2010, the Portfolio Holder agreed changes to the Council's investment strategy to allow investment for up to 2 years with the largely-government owned Lloyds TSB and Royal Bank of Scotland (since November 2008, following the Icelandic banking crash, investments had been limited to a maximum period of 1 year). The "core" investments placed in the early part of 2011/12 were in the main placed for between 6 months and a year, as was permitted by our strategy at that time. In view of continuing uncertainties in world financial markets and in line with external advice, investments were kept shorter since September, having been mainly placed for 3 or 6 months (1 year with the part-nationalised banks). In line with Sector advice, the most recent investments have been restricted to 3 months. The exceptions were Lloyds TSB, where most were placed for a year and three were placed for two years (as is permitted by our strategy and as was supported by Sector at that time) with Lloyds and RBS in order to take advantage of higher rates on offer (up to 2.80%) and the security offered by the (part-)government ownership. A proposal to the Executive on 19th October 2011 to increase the lending limit for the two part-nationalised banks from £40m to £60m was not supported. The Finance Director will continue to monitor rates and counterparty quality, as well as taking external advice, prior to any investment decisions.
- 3.8 The credit ratings changes since 2008 have resulted in the removal of many of our established counterparties from our lending list and, since then, it has been difficult to identify institutions to place money with. As a result, much greater use has been made of Money Market Funds, which provide a safe haven and instant access, but offer considerably lower interest rates. Information on Money Market Fund investments is provided in paragraph 3.9.
- 3.9 The graph below shows total investments at quarter-end dates back to 1st April 2004 and shows how available funds have increased steadily over the years, largely due to increased and earlier government funding. This has been a significant contributor to the over-achievement of investment income against budget in recent years, although this has now been fully factored into the revenue budget.



Other accounts

3.10 Money Market Funds

The Council currently has 5 Money Market Fund accounts, with Fidelity, Prime Rate, Insight, Blackrock and Ignis. In common with market rates for fixed-term investments, interest rates on money market funds have also fallen considerably in recent years, although they have recovered slightly in recent months. The Ignis fund currently offers the best rate (0.71%), which is only slightly below the 3-month rate offered by some of our eligible UK banks and building societies. The total balance held in Money Market Funds have increased in recent months as bank credit ratings downgrades have restricted counterparty eligibility.

Money Market Fund	Date Account Opened	Ave. Rate 2011/12	Ave. Daily Balance 2011/12	Actual Balance 31/03/12	Current Balance 28/06/12	Current Rate 28/06/12
		%	£m	£m	£m	%
Prime Rate	15/06/09	0.84	14.1	15.0	15.0	0.71
Ignis	25/01/10	0.82	11.4	6.4	15.0	0.73
Insight	03/07/09	0.70	2.2	-	13.0	0.69
Blackrock	16/09/09	-	-	-	-	0.54
Fidelity	20/11/02	-	-	-	-	0.52

3.11 External Cash Management

External cash managers, Tradition UK Ltd, currently manage £20m of our cash portfolio and provide useful advice and information on treasury management matters. In 2011/12, Tradition UK achieved a return of 1.70% (mainly bolstered by the two longer term investments placed in May and August (see table below)). Tradition UK, like the Council's in-house team, have been constrained by strategy changes approved after the Icelandic Bank crisis and by recent ratings downgrades. Details of externally managed funds placed on deposit as at the time of writing this report are shown below.

Sum	Start Date	Maturity	Period	Rate
Tradition UK				
£2.5m	17/05/11	27/07/12	14.5 months	2.65%
£12.5m	27/03/12	26/03/13	1 year	3 month Libor, subject to cap 1.10% & floor 0.50%
£5m	17/08/11	16/08/13	2 years	2.80%

3.12 Investment with Heritable Bank

Members will be aware from regular updates to the Resources Portfolio Holder and the Executive that the Council had £5m invested with the Heritable Bank, a UK subsidiary of the Icelandic bank, Landsbanki, when it was placed in administration in early-October 2008 at which time our investment was, and still is, frozen. The latest estimate given by the administrators, Ernst & Young, late in September 2011 indicates a likely return of between 86% and 90% of our claim. This represents a significant improvement on the previous estimate of between 79% and 85% and Council officers and our external advisers remain hopeful of an even better result. An initial dividend was paid to the Council in July 2009 and, since then, a further nine dividends have been received. To date, 71.7% (£3,648k) of our total claim (£5,087k) has been returned to us, leaving a balance of £1,439k (28.3%).

For information, the claim we were obliged to submit consisted of the principal sum (£5m) plus interest due to the date on which Heritable was placed in administration (around £87,000). We were not able to lodge a claim for the full amount of interest (£321,000) that would have been due at the original investment maturity date (29/6/09). In accordance with proper accounting practice and guidance from CIPFA, we made provision in our 2008/09 accounts for an impairment loss of £1.64m and met this from the General Fund in the year. In line with revised guidance from CIPFA relating to the 2009/10 accounts, we were able to reduce the impairment by £300k and this sum was credited to the General Fund. The latest improved recovery estimate of between 86% and 90% enabled us to reverse a further £730k of the impairment in 2011/12. This left a provision for a net loss of £610k in the accounts as at 31st March 2012, which will potentially reduce or clear depending on the size of the final settlement sum.

Actual prudential indicators for 2011/12

3.13 The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2011/12 were approved by the Executive and the Council in February 2011 and Appendix 3 sets out the actual performance against those indicators.

Economic Background for 2011/12 (provided by Sector)

Sovereign debt crisis.

3.14 2011/12 was the year when financial markets were on tenterhooks throughout most of this period, fearful of the potential of another Lehmans type financial disaster occurring, sparked off by a precipitous Greek default. At almost the last hour, the European Central Bank (ECB) calmed market concerns of a liquidity crisis among European Union (EU) banks by making available two huge three year credit lines, totalling close to €1 trillion at 1%. This also provided a major incentive for those same banks to then use this new liquidity to buy EU sovereign debt yielding considerably more than 1%.

- 3.15 A secondary benefit of this initiative was the bringing down of sovereign debt yields, for the likes of Italy and Spain, below panic levels. The final planks in the calming of the EU sovereign debt crisis were two eleventh hour agreements: one by the Greek Government of another major austerity package and the second, by private creditors, of a “haircut” (discount) on the value of Greek debt that they held, resulting in a major reduction in the total outstanding level of Greek debt. These agreements were a prerequisite for a second EU / IMF bailout package for Greece which was signed off in March.
- 3.16 Despite this second bailout, major concerns remain that these measures were merely a postponement of the debt crisis, rather than a solution, as they did not address the problem of low growth and loss of competitiveness in not only Greece, but also in other EU countries with major debt imbalances. These problems will, in turn, also affect the financial strength of many already weakened EU banks during the expected economic downturn in the EU. There are also major questions as to whether the Greek Government will be able to deliver on its promises of cuts in expenditure and increasing tax collection rates, given the hostility of much of the population. In addition, an impending general election in April / May 2012 will deliver a democratic verdict on the way that Greece is being governed under intense austerity pressure from the northern EU states.
- 3.17 The UK coalition Government maintained its aggressive fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA rating. Key to retaining this rating will be a return to strong economic growth in order to reduce the national debt burden to a sustainable level, within the austerity plan timeframe. The USA and France lost their AAA ratings from one rating agency during the year.
- 3.18 UK growth proved mixed over the year. In quarter 2, growth was zero, but then quarter 3 surprised with a return to robust growth of 0.6% q/q before moving back into negative territory (-0.2%) in quarter 4. The year finished with prospects for the UK economy being decidedly downbeat due to a return to negative growth in the EU in quarter 4, our largest trading partner, and a sharp increase in world oil prices caused by Middle East concerns. However, there was also a return of some economic optimism for growth outside the EU and dovish comments from the major western central banks: the Fed in America may even be considering a third dose of quantitative easing to boost growth.
- 3.19 UK CPI inflation started the year at 4.5% and peaked at 5.2% in September. The fall out of the January 2011 VAT hike from the annual CPI figure in January 2012 helped to bring inflation down to 3.6%, falling further to 3.4% in February. Inflation is forecast to be on a downward trend to below 2% over the next year.
- 3.20 The Monetary Policy Committee agreed an increase in quantitative easing (QE) of £75bn in October on concerns of a downturn in growth and a forecast for inflation to fall below the 2% target. QE was targeted at further gilt purchases. The MPC then agreed another round of £50bn of QE in February 2012 to counter the negative impact of the EU debt and growth crisis on the UK.
- 3.21 Gilt yields fell for much of the year, until February, as concerns continued building over the EU debt crisis. This resulted in safe haven flows into UK gilts which, together with the two UK packages of QE during the year, combined to depress PwLB rates to historically low levels.
- 3.22 Bank Rate was unchanged at 0.5% throughout the year while expectations of when the first increase would occur were steadily pushed back until the second half of 2013 at the earliest. Deposit rates picked up in the second half of the year as competition for cash increased among banks.

3.23 Risk premiums were also a constant factor in raising money market deposit rates for periods longer than 1 month. Widespread and multiple downgrades of the ratings of many banks and sovereigns, continued Euro zone concerns, and the significant funding issues still faced by many financial institutions, meant that investors remained cautious of longer-term commitment.

Regulatory Framework, Risk and Performance

3.24 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2009/10);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities;
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

3.25 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

4. POLICY IMPLICATIONS

4.1 In line with government guidance, the Council's policy is to seek to achieve the highest rate of return on investments whilst maintaining appropriate levels of risk, particularly security and liquidity.

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the body of the report. An average rate of interest of 1.67% was achieved in 2011/12, including 1.59% on all new "core" investments placed during the year (compared to the budget assumption of 1.5%). The final outturn for net interest on investments and borrowing in 2011/12 was £3,876kk, almost £1.2m above the budget of £2,691k. The surplus included £730k for the part-reversal of the Heritable impairment and additional interest earnings of £455k compared to the forecast of £300k. On 20th June, the Executive agreed that the total surplus of £1,185k be transferred into a new earmarked reserve, The Interest Rate Risk Reserve, with the intention of mitigating potential future interest losses.

5.2 With regard to 2012/13, an average rate of 1.5% has been assumed for interest on new investments in the 2012/13 revenue budget, in line with the estimates provided by the Council's external treasury advisers, Sector, earlier in the year and with officers' views. A variation of 0.25% in these assumptions would result in a variation in interest earnings of around £200k in 2012/13 and £400k per annum thereafter.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	CIPFA Code of Practice on Treasury Management CIPFA Prudential Code for Capital Finance in Local Authorities CLG Guidance on Investments External advice from Sector Treasury Services

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INVESTMENTS HELD AS AT 30th SEPTEMBER 2012

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £
FIXED TERM DEPOSITS				
SUMITOMO MITSUI BANKING CORP	02/07/12	02/10/12	0.64000	10,000,000
NATIONWIDE BUILDING SOCIETY	16/04/12	16/10/12	1.35000	5,000,000
LLOYDS TSB BANK	26/10/10	26/10/12	2.45000	10,000,000
LLOYDS TSB BANK	27/10/11	26/10/12	2.30000	5,000,000
NATIONWIDE BUILDING SOCIETY	02/05/12	02/11/12	1.30000	5,000,000
BARCLAYS BANK PLC	02/08/12	02/11/12	0.67000	6,000,000
ROYAL BANK OF SCOTLAND	15/11/11	15/11/12	1.68000	10,000,000
LLOYDS TSB BANK	17/11/10	19/11/12	2.45000	5,000,000
BARCLAYS BANK PLC	24/09/12	24/12/12	0.56000	4,000,000
ROYAL BANK OF SCOTLAND	18/01/11	18/01/13	2.68000	10,000,000
ROYAL BANK OF SCOTLAND	05/03/12	05/03/13	1.87000	5,000,000
ROYAL BANK OF SCOTLAND	15/03/12	15/03/13	1.83000	5,000,000
ROYAL BANK OF SCOTLAND	19/03/12	19/03/13	1.83000	5,000,000
HSBC	27/03/12	26/03/13	0.60375	12,500,000
LLOYDS TSB BANK	31/03/11	28/03/13	2.75000	5,000,000
ROYAL BANK OF SCOTLAND	31/03/11	28/03/13	2.40000	2,500,000
LLOYDS TSB BANK	30/04/12	11/04/13	3.00000	5,000,000
ROYAL BANK OF SCOTLAND	19/04/11	19/04/13	2.40000	2,500,000
HSBC	16/05/12	16/05/13	0.81000	17,500,000
LLOYDS TSB BANK	27/07/12	04/07/13	3.00000	2,500,000
LLOYDS TSB BANK	17/08/11	16/08/13	2.80000	5,000,000
LLOYDS TSB BANK	19/09/11	19/09/13	2.75000	2,500,000
				<u>140,000,000</u>
OTHER				
Prime Rate Money Market Fund	Instant access account		0.61	15,000,000
Ignis Sterling Liquidity Fund	Instant access account		0.65	15,000,000
Legal & General Sterling Liquidity Fund	Instant access account		0.54	15,000,000
Insight Sterling Liquidity Fund	Instant access account		0.52	12,100,000
Svenska Handelsbanken	35-day notice account		0.85	15,000,000
TOTAL INVESTMENTS AS AT 30th SEPTEMBER 2012				<u>212,100,000</u>
ICELANDIC BANK DEPOSIT (not included above)				
Heritable Bank - total claim (principal & interest)	28/06/07	29/06/09	6.42	5,087,065
Less: Dividend received to 30/09/12				<u>-3,793,021</u>
Principal sum unrecovered as at 30/09/12				<u>1,294,044</u>
Provision in accounts for non-recovery (12% of total claim)				<u>610,000</u>

INVESTMENTS HELD AS AT 30/09/12

	FROM	TO	RATE	£m	TOTAL £m	LIMIT	REMAINING	Notes
UK BANKS								
HSBC BANK plc	27/03/12	26/03/13	0.60375	12.5				1
HSBC BANK plc	16/05/12	16/05/13	0.81000	17.5	30.0	30.0	0.0	2
BARCLAYS BANK PLC	02/08/12	02/11/12	0.67000	6.0				
BARCLAYS BANK PLC	24/09/12	24/12/12	0.56000	4.0	10.0	10.0	0.0	
LLOYDS TSB BANK	26/10/10	26/10/12	2.45000	10.0				
LLOYDS TSB BANK	27/10/11	26/10/12	2.30000	5.0				
LLOYDS TSB BANK	17/11/10	19/11/12	2.45000	5.0				
LLOYDS TSB BANK	31/03/11	28/03/13	2.75000	5.0				
LLOYDS TSB BANK	30/04/12	11/04/13	3.00000	5.0				
LLOYDS TSB BANK	27/07/12	04/07/13	3.00000	2.5				
LLOYDS TSB BANK	17/08/11	16/08/13	2.80000	5.0				
LLOYDS TSB BANK	19/09/11	19/09/13	2.75000	2.5	40.0	40.0	0.0	
ROYAL BANK OF SCOTLAND	15/11/11	15/11/12	1.68000	10.0				
ROYAL BANK OF SCOTLAND	18/01/11	18/01/13	2.68000	10.0				
ROYAL BANK OF SCOTLAND	05/03/12	05/03/13	1.87000	5.0				
ROYAL BANK OF SCOTLAND	15/03/12	15/03/13	1.83000	5.0				
ROYAL BANK OF SCOTLAND	19/03/12	19/03/13	1.83000	5.0				
ROYAL BANK OF SCOTLAND	31/03/11	28/03/13	2.40000	2.5				
ROYAL BANK OF SCOTLAND	19/04/11	19/04/13	2.40000	2.5	40.0	40.0	0.0	
SUMITOMO MITSUI BANKING CORP	02/10/12	02/01/13	0.54000	10.0	10.0	10.0	0.0	
UK BUILDING SOCIETIES								
NATIONWIDE BUILDING SOCIETY	02/05/12	02/11/12	1.30000	5.0				
NATIONWIDE BUILDING SOCIETY	16/04/12	16/10/12	1.35000	5.0	10.0	10.0	0.0	
OTHER ACCOUNTS								
PRIME RATE STERLING LIQUIDITY FUND	Instant access		0.61	15.0	15.0	15.0	0.0	
IGNIS STERLING LIQUIDITY FUND	Instant access		0.65	15.0	15.0	15.0	0.0	
LEGAL & GENERAL STERLING LIQUIDITY FUND	Instant access		0.54	15.0	15.0	15.0	0.0	
INSIGHT STERLING LIQUIDITY FUND	Instant access		0.52	12.1	12.1	15.0	2.9	
SVENSKA HANDELSBANKEN	35-day notice account		0.85	15.0	15.0	15.0	0.0	
TOTAL INVESTMENTS AS AT 30/09/12					212.1	212.1		
ICELANDIC BANK DEPOSIT (not included above)					£			
Heritable Bank - total claim (principal & interest)	28/06/07	29/06/09	6.42	5,087,065				
Less: Dividend received to 30/09/12				<u>-3,793,021</u>				
Principal sum unrecovered as at 30/09/12				<u>1,294,044</u>				

Notes

1. HSBC - deal placed for 1 year @ 3 months Libor, with a cap at 1.10% and a floor at 0.5%. Rate updated and interest paid quarterly.
2. HSBC - deal placed for 1 year @ 3 months Libor + 10 basis points. Rate updated and interest paid quarterly.

Prudential and Treasury Indicators – Actual 2011/12

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy. The table below shows the actual performance in relation to the indicators in 2010/11 and compares the actual in 2011/12 with the original estimates approved in February 2011 and the revised estimates (“probable”) reported when the indicators for 2012/13 were approved in February 2012. Further details on capital expenditure outturn were reported to the Executive on 20th June 2012.

The Council is required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This original 2001 Code was adopted by the full Council in February 2002 and the revised Code was adopted by full Council in February 2010.

PRUDENTIAL INDICATORS	2010/11	2011/12	2011/12	2011/12
	actual £m	estimate £m	probable £m	actual £m
Total Capital Expenditure	£49.4m	£52.5m	£54.6m	£48.8m
Ratio of financing costs to net revenue stream	-2.6%	-1.3%	-1.3%	-1.3%
Net borrowing requirement (net investments for Bromley)				
brought forward 1 April	£133.9m	£134.5m	£163.1m	£163.1m
carried forward 31 March	£163.1m	£124.3m	£143.0m	£170.3m
in year borrowing requirement (reduction in net investments for Bromley)	+29.2m	-£10.2m	-£20.1m	+£7.2m
Capital Financing Requirement as at 31 March (unfinanced exp re SEN provision & finance lease liability)	£7.5m	£4.4m	£7.2m	£3.6m
Annual change in Cap. Financing Requirement	-£0.3m	-£3.1m	-£0.3m	-£3.9m
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum	-	-	-	-

TREASURY MANAGEMENT INDICATORS	2010/11	2011/12	2011/12	2011/12
	actual £m	estimate £m	probable £m	actual £m
Authorised Limit for external debt -				
borrowing	£30.0	£30.0	£30.0	£30.0m
other long term liabilities	£30.0	£30.0	£30.0	£30.0m
TOTAL	£60.0	£60.0	£60.0	£60.0m
Operational Boundary for external debt -				
borrowing	£10.0	£10.0	£10.0	£10.0m
other long term liabilities	£20.0	£20.0	£20.0	£20.0m
TOTAL	£30.0	£30.0	£30.0	£30.0m
Actual external debt	£7.5	£10.0	£7.2	£3.6m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%
Upper limit for total principal sums invested beyond year-end dates	£37.5	£134.3	£80.0	£173.9m

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PART 1 - PUBLIC

Decision Maker: Resources Portfolio Holder
Full Council

Date: For pre-decision scrutiny by the Executive and Resources PDS
Committee on 18th October 2012
Council 12th November 2012

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - MID-YEAR REVIEW REPORT
2012/13

Contact Officer: Martin Reeves, Principal Accountant (Technical & Control)
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

Chief Officer: Director of Resources

Ward: All

1. Reason for report

- 1.1 CIPFA (the Chartered Institute of Public Finance and Accountancy) issued the latest Code of Practice for Treasury Management in 2011; it recommends that members should be updated on treasury management activities at least twice a year, but preferably more frequently. This report summarises treasury management activity during the period 1st April 2012 to 30th September 2012 and includes a Mid-Year Review of the Treasury Management Strategy Statement and Annual Investment Strategy (Annex A). The report ensures that the Council is implementing best practice in accordance with the Code and includes an update on the Council's investment with Heritable Bank (paragraph 3.12). It also provides a general update on interest rates and on the current economic climate and proposes changes to the investment criteria that form part of the Council's Annual Investment Strategy in the form of the inclusion of corporate bonds and the Payden Sterling Reserve Fund as eligible investment vehicles (see paragraphs 3.18 to 3.25). These changes will require the approval of full Council. Investments as at 30th September 2012 totalled £212.1m (excluding the balance of the Heritable investment) and there was no outstanding external borrowing.

RECOMMENDATION(S)

The PDS Committee and the Portfolio Holder are requested to:

- (a) Note the report;

- (b) Recommend to Council that the inclusion of corporate bonds and the Payden Sterling Reserve Fund as eligible investment vehicles in the Council's Investment Strategy be approved (see paragraphs 3.18 to 3.25); and**
- (c) Recommend that Council approve the changes to the prudential indicators, as set out in Annex B1.**

Council is requested to:

- (a) Note the report;**
- (b) Consider comments from the PDS Committee;**
- (c) Approve the inclusion of corporate bonds and the Payden Sterling Reserve Fund as eligible investment vehicles in the Council's Investment Strategy; and**
- (d) Approve changes to the prudential indicators, as set out in Annex B1.**

Corporate Policy

1. Policy Status: Existing policy. To seek to achieve the highest rate of return on investments whilst maintaining appropriate levels of risk, particularly security and liquidity.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £2.691m (net) in 2012/13; currently forecast on target
 5. Source of funding: Net investment income
-

Staff

1. Number of staff (current and additional): 0.4 fte
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Non-statutory - Government guidance.
 2. Call-in: Call-in is applicable Changes to the Annual Investment Strategy require Council approval
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): n/a
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

3. COMMENTARY

General

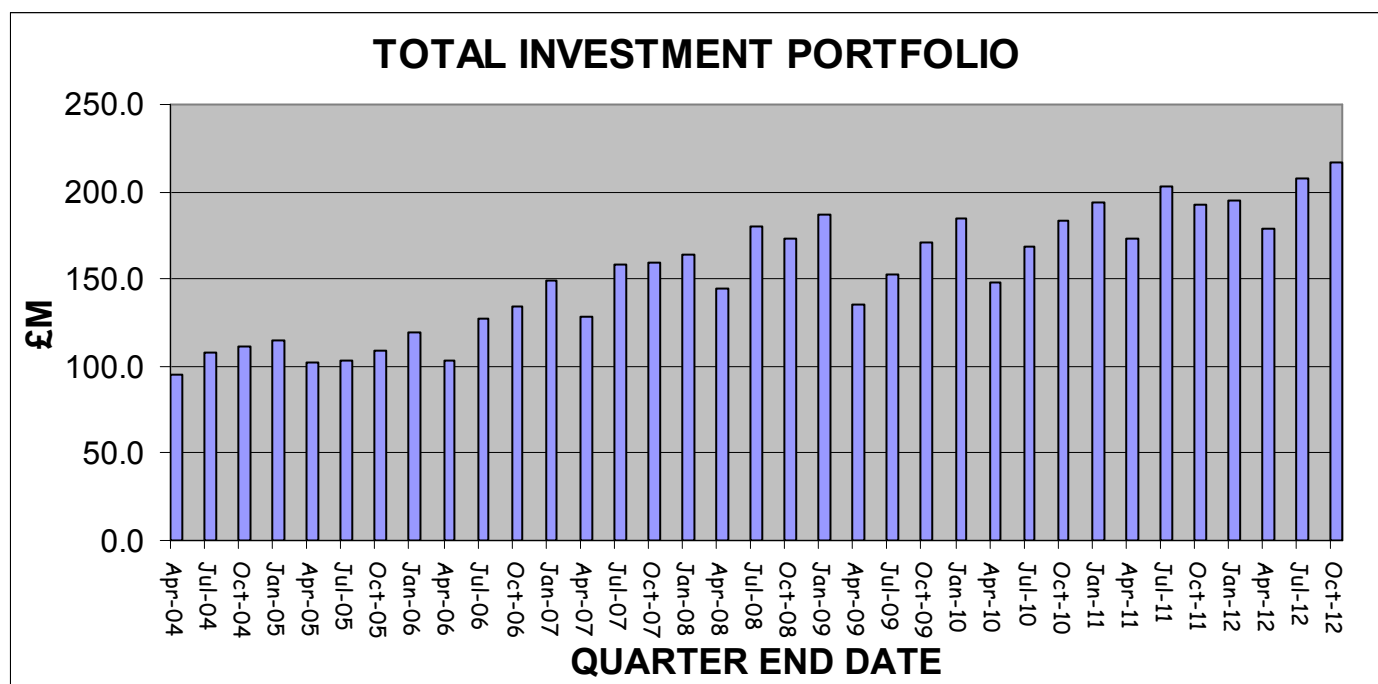
- 3.1 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year describing the activity compared to the strategy. In practice, the Finance Director has reported quarterly on treasury management activity for many years, as well as reporting the annual strategy before the year and the annual report after the year-end. The 2012/13 annual strategy, including the MRP (Minimum Revenue Provision) Policy Statement and prudential indicators, was approved by the Council in February 2012.
- 3.2 This report includes details of treasury management activity during the first half of the financial year 2012/13 and details of investments in place as at 30th September 2012 (Appendices 1 and 2). A mid-year review of performance against the strategy for 2012/13 is attached at Annex A and this includes an update from our external advisers, Sector Treasury Services Ltd, on the economic background in the first half year and their latest interest rate forecast. Changes to prudential indicators requiring the approval of full Council are set out in Annex B. Changes to the strategy are proposed to permit investments in corporate bonds and in the Payden Sterling Reserve Fund (paragraphs 3.18 to 3.25) and the PDS Committee and Resources Portfolio Holder are asked to recommend these changes to full Council.
- 3.3 Recent changes in the regulatory environment place a much greater onus on Members to review and scrutinise treasury management policy and activities. This report is important in that respect, as it provides details of treasury activities in the first 6 months of 2012/13 and highlights compliance with the Council's policies previously approved by Members. The Finance Director confirms that the Council has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Executive and Resources PDS Committee before they were reported to full Council.

Treasury Performance in the half year 1st April 2012 to 30th September 2012

- 3.4 **Borrowing:** The Council's healthy cashflow position continued through the whole of 2011/12 and the first half of 2012/13, as a result of which no borrowing was required at all during those periods. In 2009/10, only four loans were taken out to cover short-term cashflow shortages and, in 2010/11, only one small overnight loan (for £800k) was taken out (in March 2011).
- 3.5 **Investments:** The following table sets out details of investment activity during the first six months of the year:-

Main investment portfolio	Deposits £m	Ave. Rate %
"Core" investments as at 31/03/12	152.5	2.23
Investments made in Q1 2012/13	36.5	1.75
Investments redeemed in Q1 2012/13	-59.0	1.28
Investments made in Q2 2012/13	22.5	1.23
Investments redeemed in Q2 2012/13	-12.5	1.59
Total "Core" Investments 30/09/12	140.0	2.05
35-day notice – Svenska Handelsbanken	15.0	0.85
Money Market Funds/Instant Access	57.1	0.58
Total Investments as at 30/09/12	212.1	1.57
Heritable deposit – frozen (see para 3.12)	5.0	6.42

- 3.6 Details of the outstanding investments at 30th September 2012 are shown in maturity date order in Appendix 1 and by individual counterparty in Appendix 2. The average return on all new “core” investments during the first six months of the year was 1.59% which may be compared with the average 3 month LIBID rate of 0.74% and the average 7 day rate of 0.43%.
- 3.7 Base rate has now been 0.5% since March 2009 and the recently updated forecast by Sector is for it to remain at that level until the end of 2014. This estimate has slipped back a year in the space of the last 4 or 5 months and it is possible that it will slip further. Reports to previous meetings, most recently to the July meeting, have highlighted the fact that options with regard to the reinvestment of maturing deposits have become seriously limited due to bank credit rating downgrades. Changes to lending limits and eligibility criteria have in the past been temporarily successful in alleviating this, but we are now back in the position of not having many investment options other than placing money with instant access accounts at relatively low interest rates. Active UK banks on our list now comprise only Lloyds TSB, RBS, HSBC, Barclays and Nationwide and all but Lloyds have recently reduced their interest rates significantly. Our external advisers, Sector, continue to recommend caution and currently suggest that no investment be placed for longer than 3 months with any bank other than Lloyds and RBS (a maximum of 1 year is suggested in their case). Lloyds TSB are currently offering rates of 1.35% for 3 months up to 2.70% for 1 year, which are both significantly better than the rates offered by other banks (around 0.55% currently offered by others for 3 months, while RBS are currently offering around 1.10% for 1 year). The “core” investments placed during the first six months of 2012/13 were all placed for between 3 months and a year (in accordance with Sector’s advice) or in instant access money market funds. The Finance Director will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.
- 3.8 The graph below shows total investments at quarter-end dates back to 1st April 2004 and shows how available funds have increased steadily over the years, largely due to increased and earlier government funding. This has been a significant contributor to the over-achievement of investment income against budget in recent years, although this has now been fully factored into the revenue budget.



Other accounts

3.9 Money Market Funds

The Council currently has 6 AAA-rated Money Market Fund accounts, with Fidelity, Prime Rate, Insight, Blackrock, Ignis and Legal & General. In common with market rates for fixed-term investments, interest rates on money market funds have fallen considerably in recent years. The Ignis fund currently offers the best rate (0.66%), which is around the level currently being offered for 5 months by some of our eligible UK banks and building societies. The total balance held in Money Market Funds (currently £72.4m) has increased significantly in recent months as bank credit ratings downgrades have restricted counterparty eligibility.

Money Market Fund	Date Account Opened	Ave. Rate 2012/13 (to 30/09/12) %	Ave. Daily Balance 2012/13 £m	Actual Balance 30/09/12 £m	Current Balance 03/10/12 £m	Current Rate 03/10/12 %
Prime Rate	15/06/09	0.72	7.5	15.0	15.0	0.61
Ignis	25/01/10	0.73	7.2	15.0	15.0	0.66
Insight	03/07/09	0.63	5.5	12.1	15.0	0.53
Legal & Gen.	23/08/12	0.53	1.4	15.0	15.0	0.56
Blackrock	16/09/09	0.48	2.6	-	12.4	0.41
Fidelity	20/11/02	0.43	0.2	-	-	0.37

3.10 Notice Accounts

In April 2012, the Council placed £15m in a 35-day notice account with Svenska Handelsbanken (Sweden). The total of £15m is still currently invested and, based on recent years, is likely to remain there until late-March 2013, when it will probably be redeemed to support year-end cashflow. It is earning interest at a rate of 0.85% and the average daily balance in the first six months of 2012/13 was £6.9m.

3.11 External Cash Management

External cash managers, Tradition UK Ltd, currently manage £20m of our cash portfolio and provide useful advice and information on treasury management matters. In the first half of 2012/13, Tradition UK achieved a return of 1.65% (mainly as a result of the two longer term investments placed in August 2011 and July 2012 (see table below). Tradition UK have also been constrained by strategy changes approved after the Icelandic Bank crisis and by recent ratings downgrades. Details of externally managed funds placed on deposit as at the time of writing this report are shown below.

Sum	Start Date	Maturity	Period	Rate
Tradition UK				
£12.5m	27/03/12	26/03/13	1 year	3 month Libor, subject to cap 1.10% & floor 0.50%
£2.5m	27/07/12	04/07/13	11 months	3.00%
£5m	17/08/11	16/08/13	2 years	2.80%

3.12 Investment with Heritable Bank

Members will be aware from regular updates to the Resources Portfolio Holder and the Executive that the Council had £5m invested with the Heritable Bank, a UK subsidiary of the

Icelandic bank, Landsbanki, when it was placed in administration in early-October 2008 at which time our investment was, and still is, frozen. The latest estimate given by the administrators, Ernst & Young, late in September 2011 indicates a likely return of between 86% and 90% of our claim, but Council officers and our external advisers remain hopeful of an even better result. An initial dividend was paid to the Council in July 2009 and, since then, a further 11 dividends have been received. To date, 74.6% (£3,793k) of our total claim (£5,087k) has been returned to us, leaving a balance of £1,294k (25.4%).

For information, the claim we were obliged to submit consisted of the principal sum (£5m) plus interest due to the date on which Heritable was placed in administration (around £87,000). We were not able to lodge a claim for the full amount of interest (£321,000) that would have been due at the original investment maturity date (29/6/09). In accordance with proper accounting practice and guidance from CIPFA, we made provision in our 2008/09 accounts for an impairment loss of £1.64m and met this from the General Fund in that year. In line with revised guidance from CIPFA relating to the 2009/10 accounts, we were able to reduce the impairment by £300k and this sum was credited to the General Fund. The improved recovery estimate of between 86% and 90% (previously it was between 79% and 85%) enabled us to reverse a further £730k of the impairment in 2011/12. This left a provision for a net loss of £610k in the accounts as at 31st March 2012, which will potentially reduce or clear depending on the size of the final settlement sum.

Mid-Year Review of Treasury Management Strategy Statement and Annual Investment Strategy for 2011/12

3.13 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required to receive a mid-year review report on performance against the approved strategy. The Annual Investment Strategy was approved by Council on 20th February 2012 and a mid-year review is included at Annex A.

Proposed changes to the Annual Investment Strategy

3.14 Credit ratings downgrades since the Icelandic banking crisis in 2008 have resulted in the removal of many of our established counterparties from our lending list and it has become increasingly difficult to identify institutions to place money with. As is outlined in paragraph 3.7, our current approved strategy only permits investments with Lloyds TSB, RBS, HSBC, Barclays and Nationwide and limits for these institutions are almost always fully utilised. As a result, new investments can only be placed as and when maturities occur.

3.15 The restrictions on our lending list have resulted in large sums being placed in low interest accounts (in instant access money market funds) and this has had a significant impact on the Council's interest earnings. Around £87m is currently invested in money market funds and 35-day notice money at an average rate of around 0.64% (£560k in a full year) and we could broadly expect to almost double this if we were able to place more for longer periods with eligible UK banks and building societies.

3.16 A proposal to the Executive on 19th October 2011 to increase the lending limit for the two part-nationalised banks (Lloyds TSB and RBS) from £40m to £60m was approved, "subject to this being implemented after 3 months dependent on the prevailing financial position". The position has been kept under review since that decision was made and no further action is proposed at this time.

3.17 In order to provide a degree of extra flexibility and potentially to earn additional interest at no added risk, it is proposed that the strategy be amended to permit investments in the following:

- corporate bonds and

- the Payden Sterling Reserve Fund.

3.18 Corporate Bonds

Until 1st April 2012, investments in corporate bonds were classified as capital expenditure, which meant that they had to either be financed by borrowing (which the Council does not undertake) or by using capital receipts that had accumulated over the years in order to finance essential works, improvements, etc of a capital nature. In April 2012, however, the CLG changed the rules on capital expenditure for English local authorities and this no longer counts as capital expenditure.

3.19 In essence, companies issue bonds in order to raise long-term capital or funding, rather than issuing equity. These are non-standardised compared to other investment vehicles, each having an individual legal document known as a “bond indenture”, which specifies the rights of the holder and the obligations that must be met by the issuer, as well as the characteristics of that particular bond. Investing in a corporate bond usually offers a fixed stream of income, known as a coupon, payable twice a year, for a fixed, predetermined period of time in exchange for an initial investment of capital.

3.20 Many investors prefer not to hold them until maturity, as they can often offer marginal capital growth, but trading before maturity can be very risky, especially during the current volatile times, and requires in depth fixed income knowledge and experience. For local authorities looking for a fixed income stream, however, the buy and hold strategy is far more appealing.

3.21 There are a number of benefits, drawbacks and risks to consider before and during investing in corporate bonds. The main benefits, drawbacks and risks are as follows:

Benefits / Counter measures

Potential for higher returns than gilts and other assets
 Potential for greater liquidity than fixed term deposits (if sold before maturity)
 Credit ratings, credit default swaps

Drawbacks / Risks

Higher perceived risk
 Risk of capital loss (if sold before maturity)
 Credit risk

NB. There are other risks, including interest rate risk, inflation risk, re-investment risk, default risk and call-in risk, most of which are the same for any type of investment. These will be controlled by risk management procedures built into the investment strategy and treasury management procedures and, as is always the case, potential investments will be discussed with external advisers.

3.22 If approved, custodian facilities will be required for the Council to purchase corporate bonds and the Council will use existing contacts with brokers and market makers to find bonds that are both suitable and available in the market.

3.23 It is proposed that the Council be asked to approve the addition of corporate bonds as eligible investment vehicles in our investment strategy with a minimum credit rating of AA-, a maximum investment period of 5 years and a maximum total exposure of £25m (this would be in line with the current approved limits for UK Government Gilts).

3.24 Payden Sterling Reserve Fund

This Fund has been in existence since July 2010 and seeks to outperform bank deposits and money market funds by investing in short-term investment-grade sterling denominated instruments. The Fund would offer the following benefits:

- It is primarily comprised of UK Government securities and government guaranteed securities and investment grade corporate bonds.

- The Fund is AAA rated and only invests in very high quality, short-dated bonds (60% of Fund invested in AAA rated bonds; minimum credit rating AA-).
- It offers broad diversification by investing in around 70 different bonds, thus substantially reducing credit and counterparty risk.
- Performance return 2.02% in the year ended 31st August 2012 (more than double the return from money market funds).
- It currently has around £170m in assets under management and this is expected to increase to over £200m in the near future.
- Around 20 local authorities invest in the Fund.
- Transparency is provided in the form of a full daily list of holdings and transactions.
- External adviser, Sector, support the inclusion of the Fund in local authority strategies.

3.25 It is proposed that the Payden Sterling Reserve Fund be included as an eligible counterparty in Bromley's strategy, with a maximum investment limit of £15m (the same limit applies to all our money market funds) and the PDS Committee and Portfolio Holder are asked to recommend this to full Council.

Regulatory Framework, Risk and Performance

3.26 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2009/10);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities;
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

3.27 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury

Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

4. POLICY IMPLICATIONS

- 4.1 In line with government guidance, the Council’s policy is to seek to achieve the highest rate of return on investments whilst maintaining appropriate levels of risk, particularly security and liquidity.

5. FINANCIAL IMPLICATIONS

- 5.1 An average rate of 1.5% was assumed for interest on new investments in the 2012/13 revenue budget (£2.69m), in line with estimates provided in January 2012 by the Council’s external treasury advisers. The average rate obtained on all new investments placed since the budget was agreed is slightly above this at around 1.59%. The Bank of England base rate is still expected to rise, but the expected start of the rise has been put back to the end of 2014 and could be even later. The latest financial forecast assumes 1.5% in 2013/14, 2.00% in 2014/15, 3.0% in 2015/16 and 3.5% in 2016/17. A variation of 0.25% in these assumptions would result in a variation in interest earnings of around £400k pa from 2013/14. At this stage in the year, it is forecast that the 2012/13 outturn will broadly be on budget.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	CIPFA Code of Practice on Treasury Management CIPFA Prudential Code for Capital Finance in Local Authorities CLG Guidance on Investments External advice from Sector

Treasury Management Strategy Statement and Annual Investment Strategy

Mid-year Review Report 2012/13

1 Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives. In practice, the Council has not in the past borrowed to finance its capital expenditure and has no plans to do so at present.

As a consequence treasury management is defined as:

“The management of the local 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 Introduction

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011 was adopted by this Council in February 2012.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Executive & Resources PDS Committee:

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first six months of 2012/13;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2012/13;
- A review of the Council's borrowing strategy for 2012/13;
- A review of any debt rescheduling undertaken during 2012/13;
- A review of compliance with Capital and Treasury Prudential Limits for 2012/13.

3 Economic update

3.1 Economic performance to date

Economic sentiment, in respect of the prospects for the UK economy to recover swiftly from recession, suffered a major blow in August when the Bank of England substantially lowered its expectations for the speed of recovery and rate of growth over the coming months and materially amended its forecasts for 2012 and 2013. It was noted that the UK economy is heavily influenced by worldwide economic developments, particularly in the Eurozone, and that on-going negative sentiment in that area would inevitably permeate into the UK's economic performance.

With regard to the Eurozone, investor confidence remains weak because successive "rescue packages" have first raised, and then disappointed, market expectations. However, the uncertainty created by the continuing Eurozone debt crisis is having a major effect in undermining business and consumer confidence not only in Europe and the UK, but also in America and the Far East/China.

In the UK, consumer confidence remains very depressed with unemployment concerns, indebtedness and a squeeze on real incomes from high inflation and low pay rises, all taking a toll. Whilst inflation has fallen considerably (CPI @ 2.6% in July), UK GDP fell by 0.5% in the quarter to 30 June, the third quarterly fall in succession. This means that the UK's recovery from the initial 2008 recession has been the worst and slowest of any G7 country apart from Italy (G7 = US, Japan, Germany, France, Canada, Italy and UK). It is also the slowest recovery from a recession of any of the five UK recessions since 1930 and total GDP is still 4.5% below its peak in 2008.

This weak recovery has caused social security payments to remain elevated and tax receipts to be depressed. Consequently, the Chancellor's plan to eliminate the annual public sector borrowing deficit has been pushed back further into the future. The Monetary Policy Committee has kept Bank Rate at 0.5% throughout the period while quantitative easing was increased by £50bn to £375bn in July. In addition, in June, the Bank of England and the Government announced schemes to free up banking funds for business and consumers.

On a positive note, despite all the bad news on the economic front, the UK's sovereign debt remains one of the first ports of call for surplus cash to be invested in and gilt yields, prior to the ECB bond buying announcement in early September, were close to zero for periods out to five years and not that much higher out to ten years.

3.2 Outlook for the next six months of 2012/13

The risks in economic forecasts continue unabated from the previous treasury strategy. Concern has been escalating that the Chinese economy is heading for a hard landing, rather than a gentle slowdown, while America is hamstrung by political deadlock which prevents a positive approach to countering weak growth. Whether the presidential election in November will remedy this deadlock is debatable but urgent action will be required early in 2013 to address the US debt position. However, on 13 September the Fed. announced an aggressive stimulus programme for the economy with a third round of quantitative easing focused on boosting the stubbornly weak growth in job creation, and this time with no time limit. They also announced that it was unlikely that there would be any increase in interest rates until at least mid 2015.

Eurozone growth will remain weak as austerity programmes in various countries curtail economic recovery. A crunch situation is rapidly developing in Greece as it has failed yet again to achieve deficit reduction targets and so may require yet another (third) bail out. There is the distinct possibility that some of the northern European countries could push for the ejection of Greece from the Eurozone unless its financial prospects improve, which does not seem likely at this juncture. A financial crisis was also rapidly escalating over the situation in Spain. However, in early September the ECB announced that it would purchase unlimited amounts of shorter term bonds of Eurozone countries which have formally agreed the terms for a bailout. Importantly, this support would be subject to conditions (which have yet to be set) and include supervision from the International Monetary Fund. This resulted in a surge in confidence that the Eurozone has at last put in place the framework for adequate defences to protect the Euro. However, it remains to be seen whether the politicians in charge of Spain and Italy will accept such loss of sovereignty in the light of the verdicts that voters have delivered to the politicians in other peripheral countries which have accepted such supervision and austerity programmes. The Eurozone crisis is therefore far from being resolved as yet. The immediate aftermath of this announcement was a rise in bond yields in safe haven countries, including the UK. Nevertheless, this could prove to be as short lived as previous “solutions” to the Eurozone crisis.

The Bank of England Quarterly Inflation Report in August pushed back the timing of the return to trend growth and also lowered its inflation expectations. Nevertheless, concern remains that the Bank’s forecasts of a weaker and delayed robust recovery may still prove to be over optimistic given the world headwinds the UK economy faces. Weak export markets will remain a drag on the economy and consumer expenditure will continue to be depressed due to a focus on paying down debt, negative economic sentiment and job fears. The Coalition Government, meanwhile, is likely to be hampered in promoting growth by the requirement of maintaining austerity measures to tackle the budget deficit.

The overall balance of risks is, therefore, weighted to the downside:

- We expect low growth in the UK to continue, with Bank Rate unlikely to rise in the next 24 months, coupled with a possible further extension of quantitative easing. This will keep investment returns depressed.
- The expected longer run trend for PWLB borrowing rates is for them to eventually rise, primarily due to the need for a high volume of gilt issuance in the UK and the high volume of debt issuance in other major western countries. However, the current safe haven status of the UK may continue for some time, tempering any increases in yield.
- This interest rate forecast is based on an assumption that growth starts to recover in the next three years to a near trend rate (2.5%). However, if the Eurozone debt crisis worsens as a result of one or more countries having to leave the Euro, or low growth in the UK continues longer, then Bank Rate is likely to be depressed for even longer than in this forecast.

3.3 Sector's interest rate forecast

	17.9.12 actual	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00
3m LIBID	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.70	0.90	1.10	1.40
6m LIBID	0.85	0.85	0.85	0.85	0.85	0.85	1.00	1.10	1.30	1.50	1.80
12m LIBID	1.30	1.30	1.30	1.30	1.40	1.50	1.70	1.90	2.10	2.30	2.60

4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2012/13 was approved by this Council in February 2012. It is proposed that the underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out in the covering report (see paragraphs 3.18 to 3.25).

5 Investment Portfolio 2012/13

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3 (Economic Update), it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing Euro zone sovereign debt crisis, and its potential impact on banks, prompts a low risk and short term strategy. Given this risk adverse environment, investment returns are likely to remain low.

Details of the Council's investment activity during the first six months of 2012/13 are provided in paragraphs 3.4 to 3.8 of the covering report and lists of current investments are provided in Appendices 1 (in maturity date order) and 2 (by counterparty). Excluding the frozen Heritable investment of £5m, the Council held £212.1m of investments as at 30th September 2012 (£173.9m as at 31st March 2012).

The Finance Director confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2012/13.

The Council's budgeted investment return for 2012/13 is £2.691m, and performance for the year to date is broadly in line with the budget.

7 Borrowing

The Council's capital financing requirement (CFR) as at 1st April 2012 was £3.6m. The CFR denotes the Council's underlying need to borrow for capital purposes and, for Bromley, relates to outstanding finance lease liabilities in respect of plant, equipment and vehicles. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council does not borrow to finance its capital expenditure and has, in recent years, only had to borrow short-term (for cashflow purposes) on a very few occasions.

No borrowing is currently anticipated during this financial year or in any later financial year.

Prudential and Treasury Indicators – Mid Year Review 2012/13

The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2012/13 were approved by the Executive and the Council in February 2012 and this Annex sets out the actual performance against those indicators in the first half year, updating them where necessary. Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy.

The Council is required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This original 2001 Code was adopted by the full Council in February 2002 and the revised 2011 Code was adopted by full Council in February 2012.

Prudential Indicators for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the Capital Programme for 2012/13 was agreed in February 2012. The increase in the latest estimate for 2012/13 is mainly the result of the significant level of slippage in expenditure planned for 2011/12, which has been highlighted in previous reports to the Executive and to PDS Committees.

Capital Expenditure by Portfolio	2012/13 Original Estimate £m	2012/13 Revised Estimate £m
Education	15.8	22.1
Renewal & Recreation	4.3	7.5
Environment	6.3	6.4
Care Services	6.5	6.9
Resources	1.4	4.2
Add: allowance for new schemes	2.5	-
Less: estimated slippage	-5.0	-10.0
Total	31.8	37.1

Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure.

Capital Expenditure	2012/13 Original Estimate £m	2012/13 Revised Estimate £m
Supported	31.8	37.1
Unsupported	0.0	0.0
Total spend	31.8	37.1
Financed by:		
Capital receipts	6.1	7.0
Capital grants	12.8	17.1
Other external contributions	11.8	10.4
Revenue contributions	1.1	2.6
Total financing	31.8	37.1
Borrowing need	0.0	0.0

Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”, which comprise external / internal borrowing and other long-term liabilities, mainly finance leases. The Council’s approved Treasury and Capital Prudential Indicators (affordability limits) are outlined in the approved TMSS. The table below shows the expected “worst case” debt position over the period. This is termed the Operational Boundary. Bromley has an operational “borrowing” limit (Operational Boundary) of £30m, although in practice, this limit is never in danger of being breached.

The Authorised Limit, which represents the limit beyond which borrowing is prohibited, is another of the prudential indicators and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003 and, for Bromley, this figure has been set at £60m.

The table also shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. The Council’s capital financing requirement (CFR) as at 1st April 2012 was £3.6m. The CFR denotes the Council’s underlying need to borrow for capital purposes. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council’s CFR relates to liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment. The Council currently has no external borrowing as such. We are on target to achieve the original forecast Capital Financing Requirement for 2012/13.

Prudential Indicators	2012/13 Original Estimate £m	2012/13 Revised Estimate £m
CFR	6.9	3.3
Debt – Operational Boundary		
Borrowing	10.0	10.0
Other long-term liabilities	20.0	20.0
Total Operational Boundary	30.0	30.0
Debt – Authorised Boundary		
Borrowing	30.0	30.0
Other long-term liabilities	30.0	30.0
Total Operational Boundary	60.0	60.0

Other Prudential Indicators

Other indicators designed to control overall borrowing and exposures to interest rate movements are included in the summary table below, which will require the approval of full Council.

ANNEX B1 Prudential and Treasury Indicators - Summary

	2012/13	2012/13
	Original Estimate	Revised Estimate
	£m	£m
Total Capital Expenditure	£31.8m	£31.7m
Ratio of financing costs to net revenue stream	-1.5%	-1.5%
Net borrowing requirement (net investments for Bromley)		
brought forward 1 April	£143.0m	£170.3m
carried forward 31 March	£143.1m	£176.7m
in year borrowing requirement (reduction in net investments for Bromley)	£0.1m	£6.4m
Estimated CFR as at 31 March (finance lease liability) (NB. Actual CFR as at 31 March 2012 (finance lease liability) = £3.6m)	£6.9m	£3.3m
Annual change in Cap. Financing Requirement	-£0.3m	-£0.3m
Incremental impact of capital investment decisions	£ p	£ p
Increase in council tax (band D) per annum	-	-

TREASURY MANAGEMENT INDICATORS	2012/13 Original Estimate £m	2012/13 Revised Estimate £m
Authorised Limit for external debt -		
borrowing	£30.0	£30.0
other long term liabilities	£30.0	£30.0
TOTAL	£60.0	£60.0
Operational Boundary for external debt -		
borrowing	£10.0	£10.0
other long term liabilities	£20.0	£20.0
TOTAL	£30.0	£30.0
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	20%	20%
Upper limit for total principal sums invested beyond year-end dates	£80.0	£80.0

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INVESTMENTS HELD AS AT 30th SEPTEMBER 2012

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £
FIXED TERM DEPOSITS				
SUMITOMO MITSUI BANKING CORP	02/07/12	02/10/12	0.64000	10,000,000
NATIONWIDE BUILDING SOCIETY	16/04/12	16/10/12	1.35000	5,000,000
LLOYDS TSB BANK	26/10/10	26/10/12	2.45000	10,000,000
LLOYDS TSB BANK	27/10/11	26/10/12	2.30000	5,000,000
NATIONWIDE BUILDING SOCIETY	02/05/12	02/11/12	1.30000	5,000,000
BARCLAYS BANK PLC	02/08/12	02/11/12	0.67000	6,000,000
ROYAL BANK OF SCOTLAND	15/11/11	15/11/12	1.68000	10,000,000
LLOYDS TSB BANK	17/11/10	19/11/12	2.45000	5,000,000
BARCLAYS BANK PLC	24/09/12	24/12/12	0.56000	4,000,000
ROYAL BANK OF SCOTLAND	18/01/11	18/01/13	2.68000	10,000,000
ROYAL BANK OF SCOTLAND	05/03/12	05/03/13	1.87000	5,000,000
ROYAL BANK OF SCOTLAND	15/03/12	15/03/13	1.83000	5,000,000
ROYAL BANK OF SCOTLAND	19/03/12	19/03/13	1.83000	5,000,000
HSBC	27/03/12	26/03/13	0.60375	12,500,000
LLOYDS TSB BANK	31/03/11	28/03/13	2.75000	5,000,000
ROYAL BANK OF SCOTLAND	31/03/11	28/03/13	2.40000	2,500,000
LLOYDS TSB BANK	30/04/12	11/04/13	3.00000	5,000,000
ROYAL BANK OF SCOTLAND	19/04/11	19/04/13	2.40000	2,500,000
HSBC	16/05/12	16/05/13	0.81000	17,500,000
LLOYDS TSB BANK	27/07/12	04/07/13	3.00000	2,500,000
LLOYDS TSB BANK	17/08/11	16/08/13	2.80000	5,000,000
LLOYDS TSB BANK	19/09/11	19/09/13	2.75000	2,500,000
				<u>140,000,000</u>
OTHER				
Prime Rate Money Market Fund	Instant access account		0.61	15,000,000
Ignis Sterling Liquidity Fund	Instant access account		0.65	15,000,000
Legal & General Sterling Liquidity Fund	Instant access account		0.54	15,000,000
Insight Sterling Liquidity Fund	Instant access account		0.52	12,100,000
Svenska Handelsbanken	35-day notice account		0.85	15,000,000
TOTAL INVESTMENTS AS AT 30th SEPTEMBER 2012				<u>212,100,000</u>
ICELANDIC BANK DEPOSIT (not included above)				
Heritable Bank - total claim (principal & interest)	28/06/07	29/06/09	6.42	5,087,065
Less: Dividend received to 30/09/12				<u>-3,793,021</u>
Principal sum unrecovered as at 30/09/12				<u>1,294,044</u>
Provision in accounts for non-recovery (12% of total claim)				<u>610,000</u>

INVESTMENTS HELD AS AT 30/09/12

	FROM	TO	RATE	£m	TOTAL £m	LIMIT	REMAINING	Notes
UK BANKS								
HSBC BANK plc	27/03/12	26/03/13	0.60375	12.5				1
HSBC BANK plc	16/05/12	16/05/13	0.81000	17.5	30.0	30.0	0.0	2
BARCLAYS BANK PLC	02/08/12	02/11/12	0.67000	6.0				
BARCLAYS BANK PLC	24/09/12	24/12/12	0.56000	4.0	10.0	10.0	0.0	
LLOYDS TSB BANK	26/10/10	26/10/12	2.45000	10.0				
LLOYDS TSB BANK	27/10/11	26/10/12	2.30000	5.0				
LLOYDS TSB BANK	17/11/10	19/11/12	2.45000	5.0				
LLOYDS TSB BANK	31/03/11	28/03/13	2.75000	5.0				
LLOYDS TSB BANK	30/04/12	11/04/13	3.00000	5.0				
LLOYDS TSB BANK	27/07/12	04/07/13	3.00000	2.5				
LLOYDS TSB BANK	17/08/11	16/08/13	2.80000	5.0				
LLOYDS TSB BANK	19/09/11	19/09/13	2.75000	2.5	40.0	40.0	0.0	
ROYAL BANK OF SCOTLAND	15/11/11	15/11/12	1.68000	10.0				
ROYAL BANK OF SCOTLAND	18/01/11	18/01/13	2.68000	10.0				
ROYAL BANK OF SCOTLAND	05/03/12	05/03/13	1.87000	5.0				
ROYAL BANK OF SCOTLAND	15/03/12	15/03/13	1.83000	5.0				
ROYAL BANK OF SCOTLAND	19/03/12	19/03/13	1.83000	5.0				
ROYAL BANK OF SCOTLAND	31/03/11	28/03/13	2.40000	2.5				
ROYAL BANK OF SCOTLAND	19/04/11	19/04/13	2.40000	2.5	40.0	40.0	0.0	
SUMITOMO MITSUI BANKING CORP	02/10/12	02/01/13	0.54000	10.0	10.0	10.0	0.0	
UK BUILDING SOCIETIES								
NATIONWIDE BUILDING SOCIETY	02/05/12	02/11/12	1.30000	5.0				
NATIONWIDE BUILDING SOCIETY	16/04/12	16/10/12	1.35000	5.0	10.0	10.0	0.0	
OTHER ACCOUNTS								
PRIME RATE STERLING LIQUIDITY FUND	Instant access		0.61	15.0	15.0	15.0	0.0	
IGNIS STERLING LIQUIDITY FUND	Instant access		0.65	15.0	15.0	15.0	0.0	
LEGAL & GENERAL STERLING LIQUIDITY FUND	Instant access		0.54	15.0	15.0	15.0	0.0	
INSIGHT STERLING LIQUIDITY FUND	Instant access		0.52	12.1	12.1	15.0	2.9	
SVENSKA HANDELSBANKEN	35-day notice account		0.85	15.0	15.0	15.0	0.0	
TOTAL INVESTMENTS AS AT 30/09/12					212.1	212.1		
ICELANDIC BANK DEPOSIT (not included above)					£			
Heritable Bank - total claim (principal & interest)	28/06/07	29/06/09	6.42	5,087,065				
Less: Dividend received to 30/09/12				<u>-3,793,021</u>				
Principal sum unrecovered as at 30/09/12				<u>1,294,044</u>				

Notes

1. HSBC - deal placed for 1 year @ 3 months Libor, with a cap at 1.10% and a floor at 0.5%. Rate updated and interest paid quarterly.
2. HSBC - deal placed for 1 year @ 3 months Libor + 10 basis points. Rate updated and interest paid quarterly.

Report No.
RES12193

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 12 November 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: REVISED STATEMENT OF LICENSING POLICY 2011 - 2016

Contact Officer: Lynn Hill, Democratic Services Officer
Tel: 0208 461 7700 E-mail: lynn.hill@bromley.gov.uk

Chief Officer: Director of Resources

Ward: All

1. Reason for report

At its meeting on 11th July 2012 the General Purposes and Licensing Committee approved a draft revised statement of licensing policy for public consultation following changes to the Licensing Act 2003 introduced by the Police Reform and Social Responsibility Act 2011. Public consultation was carried out from 13th August to 10th September 2012 and 3 responses were received. The Committee at its subsequent meeting on 26th September 2012 noted the outcome of the consultations and recommended that full Council adopt the revised policy attached.

2. **RECOMMENDATION**

That the revised Statement of Licensing Policy 2011-2016 be adopted with immediate effect.

Corporate Policy

1. Policy Status: Existing Policy: Revised Statement of Licensing Policy 2011-2016
 2. BBB Priority: Excellent Council Quality Environment:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Public Protection
 4. Total current budget for this head: £4.033m
 5. Source of funding: Existing Revenue Budget
-

Staff

1. Number of staff (current and additional): 74
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Licensing Act 2003 – Section 5
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 800 licensed businesses and all residents living in the vicinity.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments:

Non-Applicable Sections:	Finance/Policy/Legal/Personnel
Background Documents: (Access via Contact Officer)	Report and Minutes of the meetings of the General Purposes & Licensing Committee on 11 th July and 26 th September 2012.

2014-2016

Statement of *Licensing Policy*





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Introduction

Bromley Council is the Licensing Authority under the Licensing Act 2003 and is responsible for granting premises licences, club premises certificates, temporary event notices and personal licences in the Borough for the sale and/or supply of alcohol, the provision of regulated entertainment and late night refreshment. The Licensing Authority has delegated its licensing functions to the General Purposes and Licensing Committee. Members of this Committee will be responsible for the detailed administration of the Council's licensing function assisted by officers. The decisionmaking arrangements between the Licensing Authority (The Council), the Licensing Committee and officers is set out in this policy statement.

Background

This is the Licensing Authority's third statement of licensing policy. It will apply for a maximum period of five (5) years up to January 2016 and will be kept under review throughout this period and maybe revised in the light of experience or changing circumstances.

- Bromley has over 900 licensed premises including:
- Pubs, bars and nightclubs
 - Restaurants
 - Members Clubs
 - Off Licences
 - Late night food venues
 - Premises offering regulated entertainment and
 - Over 2000 Personal Licences

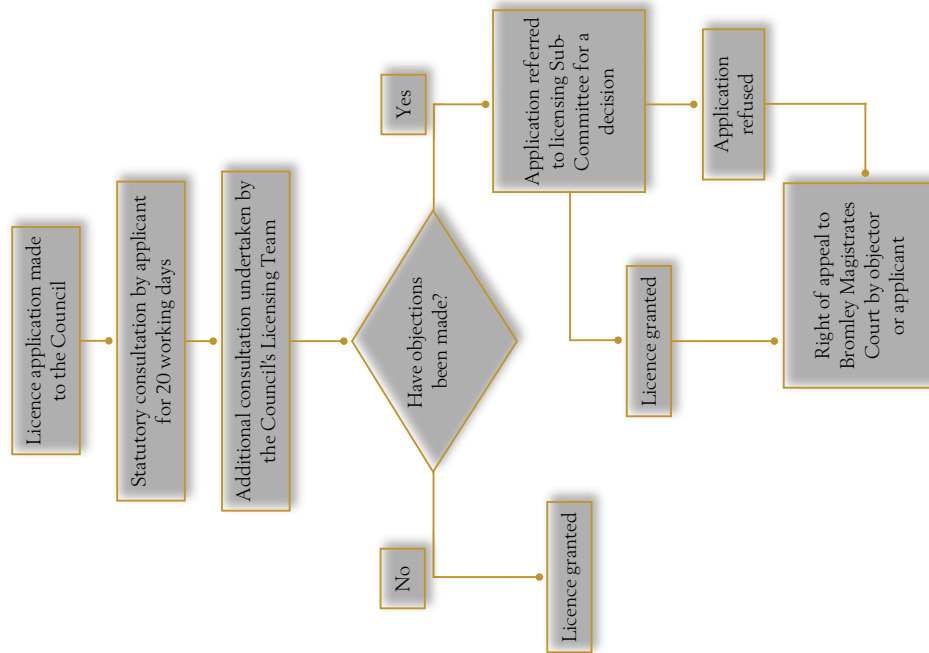
The Licensing Authority has a wide range of responsibilities including helping to develop and promote a strong sustainable local economy. Thriving food, drink and entertainment businesses in the Borough are an important part of that local economy and this policy is critical to their continuing success and for attracting further investment and opportunity to the Borough. Balanced against this is the Council's legal duties and commitment with its partners to reducing crime and disorder and the fear of crime. It is also important to protect and maintain our environment so that residents, visitors and other businesses can enjoy the opportunities for living, visiting and working within the Borough safely and free from nuisance. Bromley values its younger people and is active in ensuring they are offered a wide range of opportunities

and experiences to develop whilst seeking to protect them from harm. For these reasons the Licensing Authority takes its responsibilities under the Licensing Act very seriously and will use all the available powers to promote the four licensing objectives:

- The prevention of crime and disorder
- Public safety
- The prevention of public nuisance
- The protection of children from harm.

Through the Licensing Act 2003 the Government has provided opportunities for businesses to develop and flourish in socially responsible ways and has simplified and lightened the administrative burden of licensing. However, the Act contains strong powers for both the Police and the Licensing Authority. These will be used to their fullest extent where businesses blatantly infringe the law or undermine one or more of the licensing objectives. To help Councillors make consistent decisions and to ensure that all relevant information is taken into account, a decision-making aide memoir has been developed. The aide memoir will be applied to all applications for premises licences and club premises certificates referred to a Licensing Sub Committee for a hearing. The aide memoir will be refined and developed with use. (An example of the points contained within the aide memoir is contained in Appendix A).

Flow chart of the Licensing Process for Premises and Clubs



The Policy Statement

Scope of the Licensing Policy

The Licensing Act 2003 sets out the legal framework for the Licensing Authority to licence the following activities:

- Retail sale of alcohol
- The supply of alcohol by or on behalf of a club
- Regulated entertainment
- Late night refreshment.

These activities are controlled through a system of:

- Premises licences
- Club premises certificates
- Personal licences
- Temporary event notices

See Appendix B for definitions of these activities.

The Act requires the Licensing Authority to carry out its various licensing functions so as to promote the four licensing objectives. The Act also requires the Licensing Authority to prepare and publish a statement of its licensing policy every five years. This statement of licensing policy fulfils this requirement and has been prepared in accordance with the guidance issued by the Secretary of State under Section 182 of the Licensing Act 2003 (April 2012).

Consultation

In determining its policy the Licensing Authority has consulted with the following people and organisations:

- Chief Officer of Police for Bromley
- London Fire Brigade
- Chief Planning Officer
- Bromley Safeguarding Children Board
- Health and Safety Executive and Bromley's Health and Safety Enforcement Team
- Public Health Team (Public Protection)
- Trading Standards Service (Public Protection)
- Primary Care Trust - Director of Public Health
- Pub Watch Groups, and the LVA / Guild of Master Victuallers (being bodies representing holders of Premises Licences)
- Holders of premises licences
- Sports and Social Clubs (representing club premises certificate holders)
- Residents' Associations,
- Bromley Business Focus
- Chambers of Commerce (being bodies representing businesses)
- Ward Members
- Crime and Disorder Reduction Partnership
- Public Carriage Office for London
- Transport for London (TfL)
- The London Boroughs of Bexley, Greenwich, Lewisham, Southwark, Lambeth and Croydon
- Sevenoaks District Council and Tandridge District Council
- Bromley NHS Hospital Trust (A&E Dept)
- Bromley Arts Council
- Individuals who have requested a copy of the draft policy.

Proper weight will be given to the views of all the persons/bodies consulted before this policy statement takes effect.

Fundamental Principles

This policy statement sets out a general approach to making licensing decisions, and acknowledges the right of any individual to apply under the terms of the Act for a variety of permissions and to have any such application considered on its individual merits. Similarly, this policy statement does not override the right of any person to make representations on an application or seek a review of a licence or certificate where provision has been made for them to do so in the Act.

Licensing is about the control of licensed premises, qualifying clubs, temporary events and individuals within the terms of the 2003 Act. Any conditions or restrictions attached to a premises licence or club premises certificate will be focused on matters, which are within the control of individual licensees, and others granted relevant permissions. These matters will centre on the premises and places being used for licensable activities and the impact of those activities in the vicinity of those premises and places.

The Licensing Authority will primarily focus on the direct impact of the activities taking place at the licensed premises, on members of the public living, working or engaged in normal activity in the area concerned. Licensing law is not a mechanism for the general control of nuisance or antisocial behaviour by individuals once they are beyond the direct control of the individual, club or business holding the licence, certificate or permission concerned. Nonetheless, the controls exercised through the provisions of the Act are key aspects to the control of nuisance and antisocial behaviour and will form part of the Council's holistic approach to licensing. In this respect, the Licensing Authority recognises that, apart from the licensing function, there are a number of other mechanisms available for addressing issues arising out of the operation of licensed premises, including:

- The Council's Crime and Disorder Strategy
- Planning controls
- Ongoing measures to create a safe and clean environment in partnership with local businesses, transport operators and other Council Departments
- Designation of parts of the Borough as places where alcohol may not be consumed publicly
- Regular liaison with Borough Police on law enforcement issues regarding disorder and antisocial behaviour, including the issue of fixed penalty notices, prosecution of those selling alcohol to people who are drunk; confiscation of alcohol from adults and children in designated areas and instantly closing down licensed premises or temporary events on the grounds of disorder, or likelihood of disorder or excessive noise from the premises.

The Council is currently addressing many of these issues through Bromley's Community Safety Strategy, in line with the strategic objectives for crime and disorder reduction within the Borough.

Cumulative Impact Policy and Areas

The cumulative impact of licensed premises on the promotion of the licensing objectives is a proper matter for the Licensing Authority to consider in its statement of Licensing Policy.

Cumulative impact means the potential impact on the promotion of the licensing objectives of a significant number of licensed premises concentrated in one area.

Representations that an area is at, or is approaching, the point at which it will be subject to cumulative impact may be received from a 'responsible authority', an 'interested party' or from Councillors or officers. Such representations may be made either:

- As a result of ongoing liaison, monitoring and review
- Following representations arising from an application for the grant or variation of a licence, or
- As part of the Licensing Policy review at least every three years.

Where representations are made that an area is already subject to cumulative impact, or that the grant or material variation of a further licence will result in cumulative impact, the Licensing Authority will take the following

- Satisfy themselves that there is concern about crime and disorder or public nuisance in the vicinity
- Consider whether it can be demonstrated that crime and disorder or public nuisance are arising and are caused by the customers of licensed premises
- Identify the area from which the problems are arising and the boundaries of the area, or that the risk factors are such that the area is reaching a point when cumulative impact is imminent
- Consult with those organisations or individuals set out in Section 5(3) of the Act, namely:
Police
Fire
Persons representing holders of premises licences
Persons representing holders of club premises

certificates
Persons representing Personal Licence holders
Persons representing businesses.

and state its findings and where a decision is made to include a 'Special Policy on Cumulative Impact', publish the decision as a supplement to this Statement of Licensing Policy.

In any area declared to be subject to a Special Policy of Cumulative Impact it would be the Licensing Authority's intention to refuse to grant new premises/club licences or material variations, unless the application is such that the grant of the licence would have no further detrimental impact on the area and the promotion of the licensing objectives.

This policy applies to all new premises licences and club premises certificates, including but not limited to night clubs, wine bars, pubs, restaurants, take-away premises, supermarkets, shops, theatres and cinemas and leisure services which include licensable activities e.g. sports centres.

Off licences are specifically included in the cumulative impact policy as they can contribute to problems of crime and disorder and nuisance including street drinking, proxy purchasing, underage drinking, dispersal issues, preloading and excessive drinking.

The presumption of refusal does not relieve Responsible Authorities or Interested Parties of the need to make relevant representations. If no representations are received the Licensing Authority must grant the application in terms consistent with the operating schedule submitted

When determining whether an area is or should be subject to a special policy of cumulative impact the Licensing Authority will have regard to the following matters: (The decision as to cumulative impact is not based solely on these matters and it is open to the Licensing Authority to consider any other matters that it feels are relevant)

- The nature of the area
- The number and types of licensed premises in the area

Licensing hours

- The capacity of those premises
- The hours of operation of those premises
- The approved operating schedules of the premises
- The history of the premises
- The arrangements for the management of the premises

- The customer profile of the premises
- Recorded crime or disorder in the vicinity
- The views and experiences of those who live or work in the area
- The presence of other high-risk characteristics identified by the decision aide memoir: such as themed operations, price reductions.

The Licensing Authority will periodically review any areas subject to special policies of cumulative impact to see whether they have had the effect intended, and whether they are still needed.

The Licensing Authority will not use such policies solely as the grounds for removing a licence when representations are received about problems with existing licensed premises, or to refuse **material variations** to a licence, except where the **material variations** are directly relevant to the policy, for example where the application is for a significant increase in the capacity limits.

The Licensing Authority will publish separate details of any additional areas declared to be subject to a special policy of cumulative impact. The area covered by the special policy and the reasons for considering it to be subject to cumulative impact will be set out.

The Licensing Authority recognises that the diversity of premises selling alcohol, serving food and providing entertainment covers a wide range of contrasting styles and characteristics and will have full regard to those differences and the differing impact these will have on the local community when considering applications in saturated locations.

It therefore, also recognises that within this policy, it may be able to approve licences that are unlikely to add significantly to the saturation, (**such as Restaurants**) and will consider the circumstances of each individual application. In areas not subject to a special policy

of cumulative impact but where representations of cumulative impact are made, the Licensing Authority will consider each application individually.

The following special policies on cumulative impact have been declared:
NO 1 Bromley Town Centre
NO 2 Beckenham Town Centre (see Appendix E)

The Licensing Authority is committed to the principle of special policies of cumulative impact and that the establishment of these two policies have made a significant contribution to the promotion of the 4 Licensing Objectives in Bromley Town Centre and Beckenham Town Centre.

The Licensing Authority reaffirms its commitment to make all decisions on applications for new licenses or variations in those areas strictly in accordance with those policies. The Licensing Authority wish to make it clear to all applicants that the presumption of refusal of all new licenses and **material** variations stands, or where the applicant satisfies the Licensing Authority on the balance of probability that the application can be granted without having a detrimental affect on the promotion of the 4 Licensing Objectives, eg **restaurants**.

Sale of Alcohol for Consumption on the Premises

The Licensing Authority recognises that longer licensing hours for the sale of alcohol may avoid large numbers of people leaving premises at the same time, which in turn could reduce disorder and disturbance. It also recognises that there is the opportunity for significant detrimental impact on local residents where licensed premises operate late.

The Licensing Authority notes the guidance of the Secretary of State on hours of trading which states that 'different licensing strategies may be appropriate for the promotion of the licensing objectives in different areas. The 2003 Act gives the licensing authority power to make decisions regarding licensed opening hours as part of the implementation of its licensing policy statement and licensing authorities are best placed to make decisions about appropriate opening hours in their areas based on their local knowledge and in consultation with responsible authorities. However, licensing authorities must always consider each application and must not impose predetermined licensed opening hours, without giving individual consideration to the merits of each application (Paragraph 10.20).

Where there are objections to an application to extend the hours during which licensable activities are to be carried on and the licensing authority determines that this would undermine the licensing objectives, it may reject the application or grant it with appropriate conditions and/or different hours from those requested (Paragraph 10.21) and

Shops, stores and supermarkets should normally be free to provide sales of alcohol for consumption off the premises at any times when the retail outlet is open for shopping unless there are good reasons, based on the licensing objectives, for restricting those hours (Paragraph 10.22)

The Licensing Authority will use its powers to control the hours of operation of any licensed premises where it has received a representation against an application and there are reasonable grounds

to believe that if the licence was granted without that restriction, nuisance, antisocial behaviour or crime and disorder might arise. Such situations are most likely to arise where licensed premises are located close to residential areas.

Where objections are received, the application will be referred to a Licensing Sub Committee in accordance with the scheme of delegation included in this Policy. When hearing an application the Sub Committee will seek assurances from the applicant that the Four Licensing Objectives will not be undermined by the grant of the application. Where the Sub Committee upholds objections it may apply licensing conditions including limiting the hours of operation. The Sub Committee will pay particular attention to applications where the operating schedule indicates the sale of alcohol after 11pm Monday to Saturday and after 10.30pm Sunday.

Fixed trading hours within designated areas will not be set as this could lead to significant movements of people across boundaries at particular times seeking premises opening later, with the attendant concentration of disturbance and noise.

Sale of Alcohol for Consumption off the Premises-Shops, Stores and Supermarkets

Where no objections are made to an application the Licensing Authority will licence shops, stores and supermarkets to sell alcohol for consumption off the premises at the times stated in the application.

Where objections are made against the grant of a new licence, the Licensing Authority will consider restricting those hours where there are good reasons for doing so and this would promote the licensing objectives. For example, where shops, stores or supermarkets are known to be the focus of disorder and disturbance or where underage sales have occurred.

On an application to 'review' an existing licence where

there is evidence that shops, stores and supermarkets are a focus for disturbance because youths congregate there and cause nuisance and engage in antisocial behaviour, the Licensing Authority will consider restricting opening hours as a mechanism of combating such problems and promoting the licensing objectives.

Regulated Entertainment and Late Night Refreshment

Not all regulated entertainment will be associated with the sale of alcohol. There will be times when alcohol is not provided for many reasons or in other circumstances it would be unnecessary or illegal to have alcohol available, for example, events for children. In other circumstances regulated entertainment could finish earlier or later than the sale of alcohol.

The provision of Late Night Refreshment covers the supply of hot food or hot drink to members of the public at any time between the hours of 11pm and 5am. This will include the traditional takeaway food premises but will also cover restaurants and mobile vehicles.

In each case the hours being sought for regulated entertainment or late night refreshment should be set out in the application and operating schedule. Where objections are received the Licensing Sub Committee will consider the merits of each application in determining the hours of operation taking into account the licensing objectives.

Protection of Children from Harm

Access to Licensed Premises

The wide range of premises that require licensing under the Act means that children can be expected to visit many of these, often on their own, for food and/or entertainment. Where no relevant representations are received and an applicant volunteer's prohibitions or restrictions in relation to the admission of children, those will become conditions attached to the licence.

Apart from the specific restrictions set out in the Licensing Act 2003 there is no presumption of permitting or refusing access to licensed premises. Each application and its circumstances will be considered on its own merits.



The Licensing Authority will only seek to limit the access of children to licensed premises where it is necessary for the prevention of physical, moral or psychological harm. The Licensing Authority will consult the Bromley Safeguarding Children Board on any application that indicates there may be concerns over access for children. The Licensing Authority will judge the merits of each application before deciding whether to impose conditions limiting the access of children.

The following are examples of premises that will raise concern:

- Where entertainment or services of an adult or sexual nature are commonly provided
- Where there have been convictions of the current staff at the premises for serving alcohol to minors or with a reputation for underage drinking
- A known association with drug taking or drug dealing
- Where there is a strong element of gambling on the premises
- Where the supply of alcohol for consumption on the premises is the exclusive or primary purpose of the services provided at the premises.

Examples of entertainment or services of an adult or sexual nature include topless bar staff, striptease, lap, table or pole dancing, performances involving feigned violence or horrific incidents, feigned or actual sexual acts or fetishism, or entertainment involving strong or offensive language.

The Licensing Authority will consider any of the following options when dealing with a licence application where limiting the access of children is considered necessary to prevent harm to children:

- Limitations on the hours when children may be present
- Limitations on the presence of children under certain ages when particular specified activities are taking place
- Limitations on the parts of premises to which children might be given access

Crime & Disorder

- Limitations on ages below 18
- Requirements for an accompanying adult
- Full exclusion of people under 18 from the premises when any licensable activities are taking place.

No conditions will be imposed requiring that children be admitted to any premises and, where no limitation is imposed, this will be left to the discretion of the individual licensee.

The 2003 Act details a number of offences designed to protect children in licensed premises and the Licensing Authority will work closely with the Police to ensure the appropriate enforcement of the law, especially relating to the sale and supply of alcohol to children. Bromley Trading Standards have an agreed protocol with the Police for enforcing age related sales of alcohol. This will continue to be applied.

The Service will also undertake monitoring and test purchasing for compliance with other age related sales and services applicable to the Licensing Act 2003. Consideration will also be given to initiatives which could assist in the control of alcohol sales to children e.g. Home Office campaigns. The Licensing Authority is also fully supportive of and actively encourages recognised proof of age schemes and 'Challenge 25' policies in all licensed premises as a means of controlling under age sales premises.

Children and Cinemas

Films cover a vast range of subjects, some of which deal with adult themes and/or contain, for example, strong language, scenes of horror, violence or a sexual nature that may be considered unsuitable for children within certain age groups.

Where an application for a Premises Licence or Club Premises Certificate includes the showing of films, the Licensing Authority will expect the operating schedule to include arrangements for restricting children from viewing age restricted films classified by the British Board of Film Classification or by the Licensing Authority itself.

All Premises Licences and Club Premises Certificates granted for the exhibition of films will contain a condition restricting the admission of children either in accordance with the age classification by a film classification body under Section 4 of the Video Recordings Act 1984 or the Licensing Authority's recommendation.

It will be the Licensing Authority's policy to specify that the British Board of Film Classification will be stated on the licence as the film classification body where a film has such a classification, however, where there is no such classification or, under such other circumstances as the Licensing Authority sees fit, its own classification may be imposed.

Children and Entertainment

Many children go to see and/or take part in entertainment arranged especially for them, for example children's film shows, discos and dance or drama school productions, and additional arrangements are required to safeguard them while at the premises. Where an application for a Premises Licence or Club Premises Certificate includes the provision of entertainment for children or by children, the Licensing Authority will expect the operating schedule to include arrangements for protecting children.

Where representations are made and upheld the Licensing Authority will make full use of Licensing Conditions to secure the protection of children from harm. Conditions will be imposed where necessary, based on the individual application being considered and the Licensing Authority will have regard to the Model Pool of Conditions contained in the guidance issued by the Secretary of State under Section 182 of the Act.

Underage Sales

The Licensing Authority is committed to protecting children from harm and supports / encourages the programme of underage test purchases arranged by the Trading Standards Service and Police.

Where underage sales are found the Licensing Authority supports the use of warnings, fixed penalty notices, reviews and prosecution as a means of promoting the licensing objectives and enforcing the Licensing Act proportionately.

In keeping with the Secretary of State's Guidance (April 2012) and Bromley's own guidance for Members of Licensing sub committees hearing Reviews consideration will be given to the suspension or revocation of a licence bought in respect of under age sales.

Licensed premises, especially those offering late night/early morning entertainment, alcohol and refreshment for large numbers of people, can be a source of crime and disorder.

The Licensing Authority will expect operating schedules to satisfactorily address these issues from the design of the premises through to the daily operation of the business.

Applicants are recommended to seek advice from the Police and the Borough's Officers (contact details for both are contained within the Responsible Authorities contact sheet in appendix C), as well as taking into account, as appropriate, local planning and transport policies, and tourism, cultural and crime prevention strategies, when preparing their operating plans and schedules.

When addressing crime and disorder, the applicant should initially identify any particular issues that are likely to affect adversely the promotion of the crime and disorder objective. They should then include in the operating schedule how they will deal with those matters. In addition to the requirement for the Licensing Authority to promote the licensing objectives, it also has a duty under Section 17 of the Crime and Disorder Act 1998 to do all it reasonably can to prevent crime and disorder in the Borough.

Consideration will be given where appropriate to the powers available under the Violent Crimes Reduction Act 2006, the use of Designated Public Places Orders and Alcohol Exclusion Zones.

Where objections are received and upheld by the Licensing Sub Committee, conditions may be attached to licences to prevent crime and disorder both inside and in the vicinity of the premises, and these may include conditions drawn from the Model Pool of Conditions relating to Crime and Disorder contained in the guidance issued by the Secretary of State under Section 182 of the Act.

Crime Prevention

When making decisions about an application the Licensing Sub Committee will have regard to the Borough's Crime Prevention Strategy and any conditions attached to licences or certificates will so far as possible reflect local crime prevention strategies.



Dispersal

The Licensing Authority considers the orderly dispersal of customers from licensed premises to be an important factor in promoting the licensing objectives. In considering any application for the grant or variation of a licence serious consideration will be given to the dispersal arrangements from the premises and the effect that granting the licence might have on the dispersal arrangements of other licensed premises in the area. The Licensing Authority will pay particular attention to an application which may delay orderly dispersal or is likely to encourage people to remain in the vicinity.

Public Safety

Public Safety

The 2003 Act covers a wide range of premises and activities, including cinemas, concert halls, theatres, nightclubs, public houses, cafes/restaurants and fast food outlets/takeaways. Each of these type of premises presents a mixture of risks to public safety, with many common to most premises and others unique to specific operations. It is essential that premises are constructed or adapted and operated so as to acknowledge and safeguard occupants against these risks.

The Licensing Authority will expect operating schedules to satisfactorily address these issues and applicants are advised to seek advice from the Borough's Licensing Officers, Health & Safety Officers and the London Fire Brigade (contact details can be found in appendix C) before preparing their plans and schedules.

Where an applicant identifies an issue relating to public safety (including fire safety and occupancy limits) that is not covered by existing legislation, the applicant should identify in their operating schedule the steps that they will take to ensure public safety.

Where representations are received and upheld at a hearing, the Licensing Authority will consider attaching conditions to licences and permissions to promote safety, and these may include Conditions drawn from the Model Pool of conditions relating to 'Public Safety' and 'Cinemas and Fire Safety' contained in the guidance issued by the Secretary of State under Section 182 of the Act.

Prevention of Nuisance

Licensing Sub Committees will be mindful that licensed premises, especially those operating late at night and in the early hours of the morning, can cause a range of nuisances impacting on people living, working or sleeping in the vicinity of the premises.

When addressing public nuisance the applicant should identify any particular issues that are likely to affect adversely the promotion of the licensing objective to prevent public nuisance. They should then include in the operating schedule how they will deal with those

Drugs

The Licensing Authority recognises that drug misuse is not something that is relevant to all licensed premises however it is committed to the reduction and eradication where possible of drugs from licensed premises as part of its role in promoting the Crime and Disorder/licensing objective.

The Licensing Authority expects all licence holders to actively support this aim in the way that they plan, manage and operate their premises. Applicants and licence holders attention is drawn to the Home Office and London Drugs Policy Forum guidance 'Safer Clubbing' (Available on the Bromley Website www.bromley.gov.uk).

If relevant representations are received following an application for the grant or variation of a licence, special conditions may be imposed to support the prevention of the sale, supply and consumption of drugs. Advice on conditions will be sought from the Drug Action Team and / or the Police.

In premises where drugs misuse is problematic and where the Police or others apply for a 'Review' of the licence, the Licensing Authority will consider this as being very serious and will give appropriate consideration to the full range of options available including the suspension and revocation of the licence in accordance with the Secretary of States Guidance and Bromley's own guidance for Members of Licensing sub committees hearing Reviews. The Licensing Authority recognises that each case is individual and will be decided on the facts and its specific merits.

matters. The concerns mainly relate to noise nuisance from within the premises or from the use of any outside areas, light pollution, smoke and noxious smells. Due regard will be given to the impact these may have and the Licensing Authority will expect operating schedules to satisfactorily address these issues.

Applicants are advised to seek advice from the Council's Environmental Health Officers (contact details can be found in appendix C) before preparing their plans and operating schedules. Where representations are received and upheld at a hearing the Licensing Authority will consider attaching conditions to licences and permissions to prevent public nuisance, and these may include conditions drawn from the Model Pool of Conditions relating to 'Public Nuisance' contained in the guidance issued by the Secretary of State under Section 182 of the Act.

Late Night Refreshment with Alcohol for consumption off the premises

The Licensing Authority is concerned about the potential for crime and disorder and public nuisance from premises that remain open late for the sale of late night refreshment and where alcohol is sold for consumption off the premises.

Where such applications are received the Licensing Authority will consider them very closely and will expect the applicant to satisfy them that the grant of the licence would have no detrimental impact on the promotion of the licensing objectives.

Smoking and the Use of External Areas

Where an application includes provision of a smoking shelter then the Licensing Authority expects the shelter to be situated as far as possible from neighbouring residential premises. In relation to smoking outside licensed premises, it is expected:

- Suitable receptacles for customers will be provided and maintained to dispose of cigarette litter in areas used, or likely to be used, for smoking
- Licensees will take all reasonable steps to discourage



smoking on the public highway close to residential premises, particularly after 10pm. This could include measures such as a ban on customers taking drinks outside on to the public highway, the use of door supervisors, or imposing a time after which readmissions to the premises will not be permitted

- Garden areas to be cleared at a reasonable time where not doing so could cause nuisance to neighbouring residents.

Entertainment Involving Striptease or Nudity

The Licensing Authority will give particular consideration to the promotion of the four licensing objectives in cases where the application includes entertainment involving full or partial nudity or striptease or any other kind of sex-related entertainment.

The Licensing Authority's policy is that premises providing such entertainment may constitute a public nuisance if they are in or near residential areas. This is particularly the case if the premises are close to schools, community or youth facilities. Such premises may potentially generate particular crime and disorder, public nuisance and safety concerns within the community from lewd acts and disorder.

It is the view of the Licensing Authority that where a valid representation is received, an application involving such entertainment will only be granted if it is satisfied, having regard to all the circumstances including the nature and extent of the activities, the location of the premises, and the conditions proposed by the applicant or which might properly be imposed by the authority, that the proposals are compatible with the promotion of the four licensing objectives.

In particular, while each application will be considered on its own merits, such applications will not normally be granted where the premises are located:

- Near residential accommodation
- Near places of worship, community facilities or public buildings
- Near schools, youth clubs, shops, parks, leisure and recreational establishments and any other similar

premises directed at, or primarily used by children or families

- Within sight of pedestrian routes or bus or railway stations serving the above.

It is expected that applicants will indicate in their operating schedules what measures they propose to have in place to ensure the good management of the premises. Conditions should be provided in the operating schedule prohibiting the participation of customers in the performance. The Licensing Authority expects the following conditions to apply:

- The maintenance of a minimum distance of one metre between performer and customers during the performance
- The provision of CCTV and the maintenance of a library of recordings
- A code of conduct for dancers shall be in place including appropriate disciplinary procedures for failure to comply with the code
- Rules of conduct for customers shall be in place, including appropriate procedures for breach of these rules
- The provision of Security Industry Authority registered supervisors and security staff.
- Procedures to ensure that all staff employed in the premises have pre-employment checks including suitable proof of identity, age and (where required) permission to work
- There will be no advertisements for striptease displayed on the outside of the premises,
- When striptease is being provided on the premises notices will be displayed on the premises stating 'Only people over 18 will be allowed on the premises'
- The striptease entertainment will not be able to be viewed from the street.

Applicants must also note that as part of the process of ensuring that applications that include entertainment entailing nudity or striptease receive proper consideration, the application form and all public notices in respect of such applications must clearly state the details of the proposed entertainment. The nature of the proposed entertainment will be clearly stated in the consultation letter sent by the Licensing Authority to local residents and businesses.

Personal Licences

To sell alcohol in licensed premises at least one person needs to hold a 'Personal Licence' which has been granted by the Licensing Authority where they live. This requirement does not apply to 'qualifying clubs'.

Holders of a 'Personal Licence' must hold a recognised licensing qualification, (currently there are five (5) accredited personal licence qualification providers, details of these are contained in appendix D), be over 18 years of age and not have certain types of criminal conviction. Proof of a licensing qualification together with endorsed photographs of the holder are needed as part of an application for a Personal Licence.

In some premises there may be more than one person holding a 'Personal Licence' and it is important that one person is named as being in control, this person is called the 'Designated Premises Supervisor'. The name of the 'Designated Premises Supervisor' will be stated on every Premises Licence granted by the Licensing Authority.

There is one exemption from the need for a personal licence holder and "Designated Premise Supervisor" in line with the mandatory requirements of the Licensing Act 2003 section 19(2) and 19(3). That is in the case where a community premises (church and village halls etc.) has applied for and been granted an application to disapply these mandatory conditions.

Note:

Further information on this can be found in the Secretary of State's guidance issued under section 182 of the Licensing Act 2003 published April 2012.

In determining applications for personal licences the Licensing Authority will have regard to the guidelines issued by the Secretary of State under section 182 of the Licensing Act 2003 and any secondary legislation. The promotion of the four licensing objectives applies to the consideration of applications for personal licences equally as it does to applications for premises licences.

Criminal Records

The Licensing Authority will require applicants for personal licences to produce a certificate detailing any current criminal convictions (this must be of an approved type and must have been issued less than one calendar month prior to the application, details of the approved type of certificate can be found in Appendix D).

Applicants for Personal Licences are requested to send a copy of their application form and certificate of current criminal record to the Metropolitan Police (For address see Appendix C).

All applicants will also be required to make a clear statement as to whether or not they have been convicted outside England and Wales of any relevant offences or foreign equivalents.

When considering applications for personal licences the Licensing Authority will have due regard to any previous unspent convictions for relevant offences. Where unspent convictions for relevant offences exist the Licensing Authority will liaise closely with the Police.

Where Police object to the grant of a personal licence on the grounds of previous criminal records, the applicant will be given the opportunity to have his or her application heard by the Licensing Sub Committee as soon as possible.

The Licensing Authority notes that where an applicant has an unspent conviction for a relevant or foreign offence, and the police object to the application on crime prevention grounds, the applicant is entitled to a hearing before the licensing authority. If the police do not issue an objection notice and the application otherwise meets the requirements of the 2003 Act, the licensing authority must grant it (Paragraph 4.9), and that certain offences can never become spent. However, where an applicant is able to demonstrate that the offence in question took place so long ago and that they no longer have any propensity to re-offend, a licensing authority may consider that the individual circumstances of the case are so exceptional and compelling and any risk to the community so diminished that it is right to grant the application. Under the Human Rights Act 1998 each applicant has the right to a fair hearing and the Licensing Authority will judge each application individually.

Premises Licences and Club Premises Certificates

Premises Licence

A premises licence is needed for the

- Sale of alcohol
- Provision of regulated entertainment or
- Sale of hot food and drink to the public between 11pm and 5am.

Club Premises Certificates

Some activities carried out by clubs need to be licensed under the Act but generally clubs are treated differently to proprietary clubs and commercial premises. A club is an organisation where members have joined together for a particular reason i.e. social, sporting or political and have combined to buy alcohol in bulk as members of the organisation for supply to members. In order to apply for a Club Premises Certificate the club needs to be a 'Qualifying Club'.

A qualifying club:

- Has members. Membership is not instant. There is a minimum of 2 days between applications for membership and admission. This includes the privileges of membership (i.e. use of facilities and the consumption of alcohol)
- Has at least 25 members
- The club is conducted in good faith and has full accountability to its members
- Where alcohol is purchased and supplied, that it is done so by an elected committee of the club.

This will entitle them to certain benefits:

- No need for Personal Licence Holders on the premises
- No need for Designated Premises Supervisors
- More limited rights of entry for the Police and Authorised Persons (Licensing Officers) as the

premises is considered private and not generally open to the public

- No instant closure powers by the Police for disorder or noise
- To sell hot food and drink between 11pm and 5am to members and guests without the need for a licence.

In determining applications for Premises Licences and Club Premises Certificates the Licensing Authority will have regard to the guidance issued by the Secretary of State under Section 182 of the Licensing Act 2003 and any secondary legislation.

It is important that applications for Premises Licences and Club Premises Certificates properly address the four licensing objectives.

The Licensing Authority has developed a decisionmaking aide memoir (see Appendix A) for use by the Licensing Committee when considering applications for premises licences that have been subject to objections by a 'Responsible Authority' or 'Interested Party'. The use of the aide memoir will assist Members of the Licensing Committee achieve a consistent approach to decisions and seeks to reassure others that Bromley's Licensing Committee decisions are fair and transparent.

The Licensing Committee will give full verbal and written reasons for its decisions for each application it hears.

Variations (Minor and Major)

Both Premises Licences and Club Premises Certificates may be varied under the Licensing Act 2003. Minor variations generally fall into four categories they are:-

- 1 Minor changes to the structural layout which does not constitute any of the following:-
 - Increase the capacity for drinking (increasing floor area for drinking etc)
 - Affecting access or egress (blocking fire exits or escape routes).
 - Impeding or removing noise reduction measures at the premises (removing acoustic lobbies etc).
- 2 Removal of a licensable activity or licence condition,
- 3 Addition of a volunteered condition or conditions.
- 4 Addition of a licensable activity where similar activities already exist.

The above is not an exhaustive list and licensing officers will bring their own experience and knowledge to bear when considering applications.

Note:-

Further explanations on the above can be found in the Guidance issued under section 182 of the Licensing Act 2003 published April 2012.

A minor variation is a simplified process with a set statutory fee applicable to all premises and clubs. Decisions on a minor variation are delegated to licensing officers. In the case of a decision by a licensing officer being contested by a ward councillor which cannot be resolved the decision will be deferred to the licensing sub committee.

There is no requirement to consult all responsible authorities on an application, however, licensing officers may consult with any party if there is any doubt about the impact of the variation on the licensing objectives and there is a need to obtain specialist advice

Two specific cases are identified as being excluded from the minor variation process they are :-

- To extend the licensing hours for the sale of alcohol for consumption on or off the premises between 23.00 and 07.00
- To increase the amount of time on any day during which alcohol may be sold or supplied for consumption on or off the premises.

The Licensing Authority takes the view that the removal of seating or tables from premises which has the effect of increasing the floor area for vertical drinking and is not suitable for the Minor variation procedure. Such application should be made under the major variation procedure. The Licensing authority will expect applicants to demonstrate how the removal of seating or tables will promote the Licensing Objectives.

In all cases the overall test is whether the proposed variation could impact adversely on the licensing objectives if in any way it does or it does not fall within the scope of the four areas identified then a full major variation will be required.

Fees & Charges

Licensing fees and charges are set by Government so they are the same across the Country. Details can be found on the Councils Website (www.bromley.gov.uk) and on the Home Office website <http://www.homeoffice.gov.uk/publications/alcohol-drugs/alcohol-alcohol-licensing/fee-levels/>

Once granted a licence does not expire but the licence holder is required to pay an annual charge. Failure to pay this on demand will result in the Council suspending the operation of the premises licence or club premises certificate until all outstanding fees are paid.

Whilst the annual charge is being paid regularly the licence will remain in force even if the premises are not used for a licensable purpose.



Temporary Events Notices

Anyone may give the Licensing Authority a Temporary Event Notice. This procedure allows people to hold an event involving licensable activities without having to apply for a Premises Licence or Club Premises Certificate.

Temporary Event Notices may be obtained for:

- The sale of alcohol
- The provision of regulated entertainment
- The sale of hot food or drink between 11pm and 5am.

A Temporary Event Notice must be submitted to the Licensing Authority a minimum of 10 working days before the proposed event, however a limited number of applications can be made giving no less than 5 working days notice (Late TENs) but will be refused if representations are made by either the Police or the Council's Environmental Health Officers.

There are certain limitations to Temporary Event Notices:

- Maximum number of people attending must not exceed 499 at any time
- The event cannot last longer than 168 hours
- No premises can host more than 12 events in a year
- The maximum number of days covered by Temporary Event Notices cannot exceed 21 days in a year
- A personal licence holder can apply for up to 50 temporary events with 10 of these being late
- Any other person can apply for 5 temporary events with 2 of those being late.

Consultation

The consultation process associated with applications for Premises Licences and Club Premises Certificates allows for representations to be made by various bodies and individuals.

Responsibility for undertaking statutory consultation lies with the applicant. The Council will make details of new applications available on its web site.

It is Bromley's policy to undertake additional (non statutory) consultation with ward councillors, residents, residents' associations and businesses in the vicinity of the premises.

This will be by letter addressed to ward members, residents' associations, and local residents/businesses in the vicinity of the application site. Where an application site is close to a ward boundary, ward members and residents associations in the neighbouring ward will also be consulted.

For local residents and businesses, the size of the area subject to consultation will be determined by the Licensing Team and will take into account the nature of the application and its location.

For variations to licences where no detrimental impact on the promotion of the four Licensing Objectives could reasonably be expected to occur, non statutory consultation will be limited to ward Councillors and residents' associations

Making representations about an Application

Representations about an application must be made in writing to the Council's Licensing Team (contact details in Appendix C) within the time period given.

Written representations include letters (posted or faxed) and emails.

Representations received after the end of the public consultation period cannot legally be accepted. (See Albert Court Residents Association V Westminster City Council [2010] EWHC 393 (Admin)

Representations must contain

- the name, full address & post code, of the person making them.
- The reasons for their representation and
- Which of the 4 Licensing Objectives the representations relate to
 - Crime and disorder
 - Public Nuisance
 - Public safety
 - Protection of children from harm

Representations which do not meet this requirement may be rejected as being frivolous or vexatious.

All valid representations will form part of a committee report that will become a public document. It will be given to the applicant, his agent and another party requesting a copy as well as the Licensing Sub-committee 10 days prior to the hearing. Whilst representations cannot be made anonymously we can, if requested, remove the objectors name and house number from individual representations.

When making a Representation the Council asks that a contact phone number and email address are provided. These help the Council to quickly contact respondents if the details of the application are altered as a result of objections or the date of the hearing has to be changed at short notice.

Petitions

Petitions may be submitted (see note below) but are not as informative as individual correspondence and as such may be given less weight when considered by a licensing Sub Committee.

Petitions will only be accepted if on each sheet it clearly shows

- the name and address of the application site ,
- the licensable activities and their hours
- Reasons for the representation and
- which of the 4 Licensing Objectives are relevant

Each petitioner must give their name, full address including post code,

Failure to comply with any of the above requirements could lead to the petition being rejected.

A suggested format for a petition sheet is contained in appendix C.

Irrelevant, Vexatious and Frivolous Representations

The Licensing Authority accepts the guidance of the Secretary of State concerning the judgments of representation as being irrelevant, vexatious and frivolous.

A representation would be 'irrelevant' if it does not relate to the application or to the promotion of the licensing objectives in the context of the application. In considering whether or not a representation is 'vexatious or frivolous' the Licensing Authority must determine whether any ordinary and reasonable person would consider the matter to be vexatious or frivolous. Vexation may arise where, for example, there is a dispute between rival businesses. Frivolous representations would be categorised by a lack of seriousness.

Such judgments should be objective and not based on political judgments and as such are best made by officers following enquiries as may be necessary. Where a representation is found to be irrelevant, vexatious or frivolous, the person making it will be informed and that representation will be disregarded.

Repeat Applications

The Licensing Authority will give particular attention to applications which have the effect of replicating to a large extent, the terms of a previous application(s) at the same premises / club which may have been refused or granted subject to conditions.

Where representations are made, the Licensing Committee will consider each application on its merits including:

- The applicants' justification or explanation as to the change of circumstances warranting a different decision by the Committee

- The extent to which the terms of the new application overcome previous concerns
- The extent to which the new application (including the operating schedule and any suggested conditions) will promote the Licensing Objectives.

This policy does not apply to applications for:

- Changes to Designated Premises Supervisors
- Changes to the address of someone named on a licence
- Temporary Event Notices

and is not designed to inhibit applications to make variations from 'time to time'.

Integrating Strategies and Avoiding Duplication

Many people and organisations are involved with, or affected by, the ways in which licensed premises are operated.

Most are involved, directly or indirectly, in the promotion of the licensing objectives, particularly those relating to the prevention of crime and disorder and public nuisance. Amongst the various stakeholders there will be a wide range of strategies that relate to, or are influenced by, the exercise of the Council's licensing function.

The Licensing Authority recognises the need to avoid, so far as possible, duplication with other regulatory regimes. Some regulations, however, do not cover the unique circumstances of some entertainment. The Licensing Authority will consider attaching conditions to Premises Licences and Club Premises Certificates where these are necessary for the promotion of the licensing objectives are not already provided for in any other legislation, are not contained within the applicant's operating schedule and if there are relevant representations.

Planning and Building Control

There should be a clear separation of the planning and building control functions and the licensing regimes. Licensing applications should not be a re-run of the planning application process.

The Licensing Authority will not grant an application for a new Premises Licence or Club Premises Certificate or for a **material variation** unless it is satisfied that all relevant planning permissions are in place where necessary. This condition will not apply to an application for a provisional statement under section 29 of the Licensing Act 2003.

When considering representations to the granting of a new Premises Licence or Club Premises Certificate or a **material variation** of an existing licence or certificate, which is not subject to any planning conditions, the Licensing Sub Committee may request information as to any planning conditions attached to similar premises in the locality. The Sub Committee may consider the reason for the implication of such conditions and consider those in relation to the application being determined.

Diversity and Equality

The Licensing Authority wishes to encourage the provision of a culturally diverse range of regulated entertainment within the Borough, particularly live music and dance which are accessible to all people.

Equality Act 2010

All licensed premises are subject to the Equality Act 2010 which lists a number of protected characteristics that must not be used as a reason to treat a person less favourably than another person, these are

- age,
- disability,
- gender reassignment,
- marriage and civil partnerships,
- pregnancy and maternity,
- race (this includes colour, nationality, ethnic and national origins),
- religion or belief,
- sex, and sexual orientation.

Treating a person less favourably than someone else because that person has one or more of these characteristics is discriminatory.

The Equality Act 2010 also includes a duty on the Council as the Licensing Authority to have due regard to the need to eliminate discrimination, harassment and victimisation; advance equality of opportunity; and foster good relations, between people with different protected characteristics.

The Licensing Authority urges applicants and existing operators to plan ahead to meet their legal responsibilities under the Equality Act 2010. Further information and guidance can be obtained from the Home Office (<http://www.homeoffice.gov.uk/equalities/>) or <http://www.homeoffice.gov.uk/publications/equalities/equality-act-publications/equality-act-guidance/>

People with disabilities

It is a legal requirement that facilities for disabled people (including staff and performers) should be provided at places of entertainment. Duties imposed by the Equality Act 2010 provide that any person providing a service to the public must comply with the duty to make reasonable adjustments to enable disabled people to access the service, where a disabled person would be at a substantial disadvantage compared to a non-disabled person. This applies to disabled people employed by or those who wish to obtain goods and services from licensed premises.

No condition will be attached to a licence or certificate which conflicts with or duplicates this requirement. Service providers also have a duty to make reasonable adjustments to any physical features which put a disabled person at a substantial disadvantage in accessing a service, or they have to provide the service by a reasonable alternative means. Access to buildings and their facilities is also a matter addressed in Building Regulations and planned alterations affecting access may involve the need to apply for building control approval.

The Equality Act 2010 has introduced protection from three new forms of disability discrimination:

- direct discrimination because of disability in relation to goods, facilities and services
- indirect disability discrimination, and
- discrimination arising from disability.

Businesses also have an obligation to make reasonable adjustments to help disabled individuals access their goods, facilities and services.

Censorship

The performance of plays
The Licensing Authority will not attach conditions to a premises licence or club premises certificate which attempts to censor or modify the content of plays in anyway

Licence Conditions

Films

In general, other than in the context of film classification for film exhibitions, the licensing authority will not use their powers under the 2003 Act to seek to impose conditions which censor the content of any form of regulated entertainment.

This is not a proper function of licensing law and cannot be properly related to the licensing objectives. The content of regulated entertainment is a matter which is addressed by existing laws governing indecency and obscenity. Where the concern is about protecting children, their access should be restricted where appropriate, but no other limitation will normally be imposed.

General Conditions

Where responsible authorities or interested parties do not raise any representations about an application, it is the duty of the Licensing Authority to grant the licence or certificate subject only to conditions that are consistent with the operating schedule and any mandatory conditions prescribed by the Act.

The Licensing Authority may not impose conditions unless its discretion has been engaged following the making of relevant representations and it has been satisfied at a hearing of the necessity to impose conditions. It may then impose conditions necessary to promote the licensing objectives arising out of the consideration of the representations. To minimise problems and the necessity for hearings, the Licensing Authority would encourage applicants to consult with the 'Responsible Authorities' when preparing their operating schedules.

The licensing authority has produced guidance to help applicants write their operating schedules with suggested wording for conditions which promote the Licensing Objectives. The guide can be found on the Council's web site (www.bromley.gov.uk)

Standard Conditions

The Licensing Authority recognises that it is important to balance any conditions attached to a licence or certificate so as not to be disproportionate or overly burdensome but to achieve the licensing objectives. Therefore, where conditions are necessary they will be tailored to the individual style and characteristics of the particular premises and event concerned. Where appropriate, and necessary for the promotion of the licensing objectives, the Licensing Sub Committee will consider attaching conditions including those drawn from the relevant Model Pools of Conditions set out in the guidance issued by the Secretary of State under Section 182 Licensing Act 2003.

Mandatory Conditions

The Act requires that certain conditions are applied to premises licenses and club premise certificates where they include:

- The retail sale of alcohol
- The provision of Door Supervisors
- The showing of films.

Additionally in all cases relating to:

- Irresponsible drinks promotions
- No alcohol is dispensed directly by one person into the mouth of another.
- Free tap water is available on request to all customers.
- An age verification policy is in place
- Minimum measures of alcohol identified and made available to customers.

The Licensing Authority will apply such conditions as set out in Sections 19, 20 and 21 of the Act.

Mandatory Conditions - Sale of Alcohol

Where a premises licence authorises the sale of alcohol the following conditions will be included

- No supply of alcohol may be made under the premises licence at a time when there is no Designated Premises Supervisor or where the Designated Premises Supervisor does not hold a Personal Licence or his Personal Licence is suspended
- Every sale of alcohol must be made or authorised by a person who holds a Personal Licence. The Licensing Authority supports the principles set out in the Secretary of State's guidance and strongly recommends that Personal Licence Holders give specific written authorisations to individuals that they are authorising to retail alcohol. The Licensing Authority considers that the following factors should be relevant in considering whether or not an authorisation has been given: The person(s) authorised to sell alcohol at any particular premises should be clearly identified

- The authorisation should have specified the acts which may be carried out by the person being authorised
- There should be an overt act of authorisation, for example, a specific written statement given to the person being authorised
- There should be in place sensible arrangements for the personal licence holder to monitor the activity that they have authorised on a reasonably regular basis.

Mandatory Conditions - Door Supervisors

Where a premises licence contains a condition that at any time one or more persons must be at the premises to carry out a security activity, such persons must be licensed by the Security Industry Authority (SIA) or be entitled to carry out that activity by virtue of section 4 of the Act. Whenever security operatives are employed at licensed premises to carry out any security function they must be licensed by the SIA. If a licensee directly employs security operatives he/she will need to be licensed by the SIA as a supervisor/manager. The Licensing Authority may look more favourably on licence applications that demonstrate that licensees have considered:

- Recruiting SIA licensed door supervision staff from a reputable company with SIA Approved Contractor Status
- What measures will be taken and what procedures are in place for licensees to check the SIA register of licensed door supervisors to ensure their premises and customers are only protected by door supervisors with an SIA licence.

Mandatory Conditions - Exhibitions of Films

Where a premises licence authorises film exhibitions the admission of children must be restricted in accordance with the certificate of the classification body. Elsewhere in the policy the Licensing Authority has specified that the British Board of Film Classification shall be the 'Film Classification body'. In its role of implementing local cultural strategies, the Licensing Authority recognises the need to encourage and

promote live music, dance and theatre for the wider cultural benefit of the community, particularly children. When considering applications or such events and the imposition of conditions on licences or certificates, the Licensing Authority will carefully balance the cultural needs with the necessity of promoting the licensing objectives. Consideration will be given to the particular characteristics of any event, including the type, scale and duration of the proposed entertainment, especially where limited disturbance only may be caused.

Mandatory Conditions - General

1. (1) The responsible person shall take all reasonable steps to ensure that staff on relevant premises do not carry out, arrange or participate in any irresponsible promotions in relation to the premises.

(2) In this paragraph, an irresponsible promotion means any one or more of the following activities, or substantially similar activities, carried on for the purpose of encouraging the sale or supply of alcohol for consumption on the premises in a manner which carries a significant risk of leading or contributing to crime and disorder, prejudice to public safety, public nuisance, or harm to children -

- (a) Games or other activities which require or encourage, or are designed to require or encourage, individuals to -
 - (i) Drink a quantity of alcohol within a time limit (other than to drink alcohol sold or supplied on the premises before the cessation of the period in which the responsible person is authorised to sell or supply alcohol), or
 - (ii) Drink as much alcohol as possible (whether within a time limit or otherwise);
- (b) provision of unlimited or unspecified quantities of alcohol free or for a fixed or discounted fee to the public or to a group defined by a particular characteristic (other than any promotion or discount available to an individual in respect of alcohol for consumption

at a table meal, as defined in section 159 of the Act);

(c) Provision of free or discounted alcohol or any other thing as a prize to encourage or reward the purchase and consumption of alcohol over a period of 24 hours or less;

(d) Provision of free or discounted alcohol in relation to the viewing on the premises of a sporting event, where that provision is dependent on -

- (i) The outcome of a race, competition or other event or process, or
- (ii) The likelihood of anything occurring or not occurring;

(e) Selling or supplying alcohol in association with promotional posters or flyers on, or in the vicinity of, the premises which can reasonably be considered to condone, encourage or glamorise anti-social behaviour or to refer to the effects of drunkenness in any favourable manner.

2. The responsible person shall ensure that no alcohol is dispensed directly by one person into the mouth of another (other than where that other person is unable to drink without assistance by reason of a disability).

3. The responsible person shall ensure that free tap water is provided on request to customers where it is reasonably available.

4. (1) The premises licence holder or club premises certificate holder shall ensure that an age verification policy applies to the premises in relation to the sale or supply of alcohol.

(2) The policy must require individuals who appear to the responsible person to be under 18 years of age (or such older age as may be specified in the policy) to produce on request, before being served alcohol, identification bearing their photograph, date of birth and a holographic mark.

5. The responsible person shall ensure that—

- (1) Where any of the following alcoholic drinks is sold or supplied for consumption on the premises (other than alcoholic drinks sold or supplied having been made up in advance ready for sale or supply in a securely closed container) it is available to customers in the following measures -

- (i) Beer or cider: ½ 1/2 pint;
- (ii) Gin, rum, vodka or whisky: 25 ml or 35 ml; and
- (iii) Still wine in a glass: 125 ml; and
- (iv) Customers are made aware of the availability of these measures.



Enforcement

Once licensed, it is essential that premises are maintained and operated so as to ensure the continued promotion of the licensing objectives and compliance with the specific requirements of the 2003 Act. We will support businesses to comply with the law but view offences and breaches of licence conditions seriously.

The Licensing Authority will make arrangements to monitor premises and take appropriate enforcement action to ensure this. The Licensing Authority will work closely with the Police to establish protocols to ensure an efficient deployment of Police and Licensing Officers engaged in enforcing licensing law and inspecting licensed premises, in order to ensure that High-risk premises receive the highest priority.

The enforcement action will be:

- Targeted toward those premises presenting the highest risk
- Proportional, to the nature and seriousness of the risk those premises present
- Consistent, so that we take similar approaches in similar situations
- Transparent, so those who are subject to enforcement action know what to expect
- Accountable, so that we take responsibility for our actions.

The Licensing Authority has instructed its officers to adopt a zero tolerance approach to offences and breaches of licence conditions. In practice this means that licensing officers will investigate all complaints alleging breaches of the Act or licence conditions and act on all sources of reliable intelligence (including local residents and businesses) with a view to establishing if offences have been committed.

Such matters may include:

- Unauthorised licensable activities or breach of licence conditions
- Allowing disorderly conduct on licensed premises
- Sale of alcohol to children and the consumption of alcohol by children
- Sale of alcohol to a person who is drunk

Where licensing officers have such evidence they have a range of enforcement options including:

- Offering advice /guidance (verbal or written)
- Informal written warnings
- Formal cautions
- Prosecutions
- Review of Premises Licences where there are problems associated with crime and disorder, public safety, public nuisance or the protection of children from harm
- Closure of premises that are experiencing disorder or causing a nuisance.

The Licensing Authority encourages a graduated approach to enforcement as set out in the Environmental Services enforcement policy however in the cases of offences relating to :-

1. The deliberate and persistent provision of unlicensed activities especially the sale of alcohol
2. The breach of licensing conditions resulting in substantial risk to the promotion of the licensing objectives(crime and disorder, public safety, public nuisance or protection of children from harm)
3. Persistent underage sales
4. The use of licensed premises in connection with organised criminal activity
5. Allowing disorderly conduct on licensed premises
6. Delivering alcohol to children
7. Allowing the sale of alcohol to children
8. Sending a child to obtain alcohol

It is the expectation that Formal Action (including Fixed Penalty Notices, Formal Cautions, Reviews and / or Prosecution) will be the preferred approach.

Where Members of a Licensing sub-committee hear an application to 'Review' a licence they will give appropriate consideration and weight to the Licensing Authority's 'Guidance for Members hearing a Review of a Premises Licence or Club Premises Certificate' and the decision of the High Court in *Bassetlaw District Council v Workop Magistrates Court 2008 EWHC 3530 (Admin)*, that deterrence is an appropriate consideration when dealing with Reviews where that has been activity in connection with criminal activity. Copies of the 'Guidance for Members hearing a Review of a Premises Licence or Club Premises Certificate' is available on the Councils website.

Appeals against Licensing Sub Committee decisions

Following the hearing of an application by a Licensing Sub Committee the applicant or any objector has the right to appeal against the decision to Bromley Magistrates Court within 21 days.

Where the appeal is brought by an applicant it will be the Licensing Authority's usual policy to defend the Sub Committee's decision. This is because the applicant is asking the Court to grant more than the Council deemed appropriate for the promotion of the licensing objectives.

Where an appeal is lodged by an objector following a Sub Committee hearing, the Licensing Authority will always be a "respondent" along with the licence holder. In such cases the Licensing Authority may choose not to be legally represented at the hearing of the appeal at the Magistrates Court. The licence holder as co-respondent may appoint legal representation. A licensing officer will attend court to assist the licence holder and court.

The reason for this is that if an objector's appeal were to be upheld by the Court it would not prejudice the Licensing Authority's decision as to what was appropriate for the promotion of the licensing objectives. It also retains the licence holders right to defend the Licensing Authority's original decision.

The Court makes a charge to lodge an appeal (currently £400) but the appellant may be liable to pay the legal costs of the respondent if the appeal is unsuccessful. (Further details can be obtained from Bromley Magistrates Court See appendix F for contact details).

Where an appeal to the Magistrates Court is not brought by an objector following a Licensing Sub Committee decision and problems relating to the promotion of the Licensing Objectives do subsequently arise residents can seek a formal Review of the licence. Anyone wish to consider this is advised to contact the Licensing Team for further advice. (See Appendix C for contact details).

Administration, Exercise & Delegation of Functions

The Licensing Authority will be involved in a wide range of licensing decisions and functions and has established a General Purposes and Licensing Committee to administer them.

Appreciating the need to provide a speedy, efficient and cost-effective service to all parties involved in the licensing process, the Committee has delegated certain decisions and functions and has established a number of Sub Committees to deal with them.

Many of the decisions and functions are purely administrative in nature and the grant of non contentious applications (including for example, those licences and certificates where no representations have been made) has been delegated to Licensing Authority Officers.

The table overleaf sets out the agreed delegation of decisions and functions to the General Purposes and Licensing Committee, Sub Committees and officers.

This form of delegation is without prejudice to officers referring an application to a Sub Committee, or to Full Committee, if considered appropriate in the circumstances of any particular case.

The Licensing Authority's General Purposes and Licensing Committee have approved its own rules relating to the conduct of hearings by the Licensing Subcommittees under Licensing Act 2003 sec 9(3). A copy is available on request.

The Role of Ward Councillors

Ward councillors play an important role in the local community. They can make representations in writing and speak at the hearing on behalf of an interested party such as a local resident or local business if specifically requested to do so. They can also make representations

as an interested party in their own right if they live, or are involved in a business, in the vicinity of the premises in question.

Ward councillors can also, as elected members of the licensing authority, make representation in their own right if they have concerns about the premises regardless of whether they live or run a business in the vicinity of those premises.

For example, ward councillors may apply for a review of a licence if problems at a specific premise which justify intervention are brought to their attention.

Ward Councillors are informed of all new applications and any application to vary a licence in their ward. Individual Councillors may publicise an application locally in addition to the statutory publication carried out by the applicant and the Council's agreed policy on non statutory consultation.

Local residents and businesses may wish to contact their local ward Councillors in respect of a licence application. Details on how to contact Ward Councillors may be obtained from the Council's Website or by telephoning 020 8464 3333.

If a local resident or business makes a representation about an application it is often helpful to send a copy to the local Councillors. This helps them to gain an understanding of local feelings.

Ward Councillors may attend hearings of licensing Sub Committees considering applications and speak on behalf of local residents and businesses, but only if

- They have made a personal representation
- They have made a representation on behalf of local residents or businesses as 'community advocates'
- They have been nominated by (an objector) who cannot attend the hearing or prefers to be represented at the hearing.

Delegation of Functions

Matter to be dealt with	Licensing Sub Committee	Officers
Application for personal licence	If a Police objection has been made	If no objections
Application for personal licence with unspent convictions	All cases	
Application for premises licence/club premises certificate	If a relevant representation has been made	If no relevant representation made
Application for provisional statement	If a relevant representation has been made	If no relevant representation made
Application to vary premises licence/club premises certificate	If a relevant representation has been made	If no relevant representation made
Application to vary premises supervisor	If a Police objection has been made	All other cases
Request to be removed as a designated premises supervisor		All cases
Application for transfer of premises licence	If a Police objection has been made	All other cases
Application for interim authorities	If a Police objection has been made	All other cases
Application to review premises licence / club premises certificate	All cases	
Decision on whether a complaint is irrelevant frivolous vexatious		All cases
Decision to object when local authority is a consultee	All cases	
Determination of a Police representation to a temporary event notice	All cases	
Taking executive action as a Responsible Authority on behalf of the Licensing Authority.	Delegated to the Director of Environmental Services	As delegated by the Director of Environmental Services



Appendix A: Decision Aide memoir Points

- Premises Type:
- Retail Alcohol,
 - Club Alcohol,
 - Regulated Entertainment, Late Night Refreshment
- Type of Entertainment or Operation
- Seated (inside)
 - Seated (outside)
 - Themed
 - Vertical Drinking
 - Off Sales
 - Dedicated Children's Area
 - Garden / Patio
 - Waiter / Waitress Service
 - Age profile 18-24 - 25-35 - 35+
 - Amplified Music • Live Music
 - Juke Box / Piped Music
 - Alcohol Promotions
 - Adult Style Entertainment
 - Gambling Machines / Electronic Games
 - Pool Tables
 - Big Screen
 - Karaoke
 - Other
 - Proposed Occupancy
 - Operating Hours/Days
 - Existing and Proposed Controls
 - CCTV
 - Noise Limiter Fitted (Set and Sealed)
 - Distance to Nearest Residential Premises
 - Double Glazed
 - Air Conditioned
 - Ventilation
 - Lobbied Access / Egress
 - Door Supervisors
 - Proposed conditions for consideration.

Appendix B:

Definitions

In this Policy certain words or terms are used which have a specific meaning in the Licensing Act 2003. The following definitions are provided to help you understand them.

For full details see section 190 to 194 and Schedule 1 and 2 of the Licensing Act 2003 which is available free at www.opsi.gov.uk

Licensable Activities

- The sale by retail of alcohol
- The supply of alcohol by clubs
- The provision of regulated entertainment
- The provision of late night refreshment.

Regulated Entertainment Includes

- Plays
- Films
- Indoor sport
- Boxing or wrestling
- Live music
- Recorded music
- Dance performance.

Exemptions From Regulated Entertainment

- Licences are not required for:
- Films used to advertise goods, services or products, or provide information
 - Films used as part of an exhibit at a museum or art gallery
 - Incidental music to other activities
 - Use of television or radio
 - Entertainment which is part of a religious service or at a place of worship
 - Garden fetes
 - Morris dancing
 - Moving vehicles.

Play (Paragraph 13 Schedule 1)

A performance of any dramatic piece whether involving improvisation or not which is given wholly or in part by persons actually present and performing and in which the whole or a major proportion of what is done by the persons present, whether by way of speech singing or action, involves playing a role.

Film Exhibition (Paragraph 15 Schedule 1)

Any exhibition of moving pictures.

Indoor Sporting Event (Paragraph 16 Schedule 1)

A sporting event which takes place wholly inside a building at which the spectators present at the event are accommodated wholly inside the building.

Boxing or Wrestling

Any contest exhibition or display of boxing or wrestling.

Music

Includes vocal or instrumental, music or any combination of the two.

Late Night Refreshment

The supply between 11pm and 5am of hot food or hot drink to members of the public on or from the premises for consumption on or off the premises.

Authorised Person

Licensing Officer from the Local Authority, Inspector appointed by the Fire Authority (Section 18 Fire Precautions Act 1971), Health and Safety Inspector (appointed under section 19 Health and Safety at work etc Act 1974 - may be from the HSE or Local Authority). An Officer of the Local Authority who is authorised to take action under statutory powers to minimise or prevent risk of pollution or harm to human health.

Responsible Authority

- Police Authority
- Fire Authority
- Health and Safety enforcing authority
- Local Authority responsible for enforcing statutory functions in relation to minimising or preventing the risk of pollution or harm to human health
- Director of Public Health
- A body which represents those who are responsible for or interested in the protection of children
- Chief Inspector of Weights and Measures.

Appendix C: Responsible Authorities Contact List

Licensing Act 2003

Who do I have to send a copy of an application to?

When you make an application for a licence you have to send copies of your application to various people and organisations.

This list gives you the names and addresses of those people.

At The Council

The Licensing Team

Public Protection
St. Blaise, Civic Centre, Stockwell Close,
Bromley BR1 3UH
licensing@bromley.gov.uk
020 8313 4218
020 8461 7956 / 7546

Public Health Complaints Team

Public Protection
St. Blaise, Civic Centre, Stockwell Close,
Bromley BR1 3UH
ehs.customer@bromley.gov.uk
020 8313 4830

Health and Safety Team

(unless the premises are visited by HSE, see below)
Public Protection
St. Blaise, Civic Centre, Stockwell Close,
Bromley BR1 3UH
health.safety@bromley.gov.uk
020 8313 4830

Chief Inspector of Weights and Measures

Public Protection
St. Blaise, Civic Centre, Stockwell Close,
Bromley BR1 3UH
trading.standards@bromley.gov.uk
020 8313 4830

Planning Department

Head of Development Control
North Block, Civic Centre,
Stockwell Close, Bromley BR1 3UH
planning@bromley.gov.uk
020 8461 7763

Bromley Area Child Protection Committee

Room S315 Stockwell Building,
Civic Centre, Stockwell Close,
Bromley BR1 3UH
Anita Edwards
020 8461 7816

Primary Care Trust

The Director of Public Health,
3rd floor Stockwell Building,
Bromley Civic Centre, Stockwell Close,
Bromley BR1 3UH

Others

Metropolitan Police

Metropolitan Police Service
Bromley Borough Police Station,
High Street, Bromley BR1 1ER
licensing.py@met.police.uk
020 8284 9988

London Fire Brigade

Borough Commander Fire Prevention Branch
4 South Street, Bromley BR1 1RH
bromleygroup@london-fire.gov.uk
020 7587 4601

HSE

Only if the premises are visited by the HSE
and not the Council
HSE
Rose Court
2 Southwark Bridge, London SE1 9HS
licensing.applications@hse.gsi.gov.uk

Appendix D:

Accredited personal licence qualification providers

The Secretary of State has accredited the following personal licence qualifications under the Licensing Act 2003:

BIIAB Level 2 National Certificate for Personal Licence Holders. QCA Accreditation Number: 100/4866/2.
Website: www.bii.org
Telephone: 01276 684 449
Email: qualifications@bii.org
Address: BIIAB, Wessex House, 80 Park Street, Camberley, Surrey, GU15 3PT

EDI Level 2 National Certificate for Personal Licence Holders. QCA Accreditation Number: 100/4865/0.
Website: www.edipic.com
Telephone: 02476516500
Email: enquiries@edipic.com
Address: Qualifications and processing centre, International House, SISKIHN Parkway East, Middlemarch Business Park, Coventry, CV3 4PE

QQAL Level 2 National Certificate for Personal Licence Holders. QCA Accreditation Number: 100/5040/1.
Website: www.nationaltrainingco.com
Telephone: 0845 170 0001
Email: enquiries@pubshop.co.uk
Address: The Pubshop Ltd, Orchard Leigh, 96 Rodwell Avenue, Weymouth, DT4 8SQ

HABC Level 2 Award for Personal Licence Holders
QCA Accreditation Number: 500/7383/7
Website: www.highfieldabc.com
Telephone: 0191 239 8000
Email: info@highfieldabc.com
Address: Highfield Awarding Body for Compliance Ltd, Highfield House, Sidings Court Lakeside, Doncaster, DN4 5NL.

NCFE Level 2 National Certificate for Personal Licence Holders. QCA Accreditation Number: 500/4228/2
Website: www.ncfe.org.uk
Telephone: 0191 239 8000
Email: info@ncfe.org.uk
Address: Citygate, St James' Boulevard, Newcastle upon Tyne NE1 4JE

Accepted forms of Criminal Conviction Certificates

Basic criminal record checks

Basic criminal record checks can be obtained from Disclosure Scotland. For further details call their helpline number: 0870 609 6006, or visit their website at www.disclosurescotland.co.uk

or
A criminal conviction certificate issued under section 112 of the Police Act 1997,

A criminal record certificate issued under section 113A of the Police Act 1997, or

The results of a subject access search under the Data Protection Act 1998(b) of The Police National Computer by the National Identification Service,

In any case such certificate or search results shall be issued no earlier than one calendar month before the giving of the application to the relevant licensing authority.

Appendix E:

Declaration of Bromley and Beckenham Town Centres as being subject to a Special Policy of Cumulative Impact

On the 29 November 2004 the Licensing Authority considered a recommendation from the General Purposes and Licensing Committee (Report refE504313) that Bromley Town Centre as defined in the attached map ref BTC 83 should be subject to a Special Policy of Cumulative Impact.

On the 21 February 2007 the Licensing Authority considered a recommendation from the General Purposes and Licensing committee (Report refACS07005) that Beckenham Town Centre as defined in the attached map ref Acs 07005 should be subject to a Special Policy of Cumulative Impact.

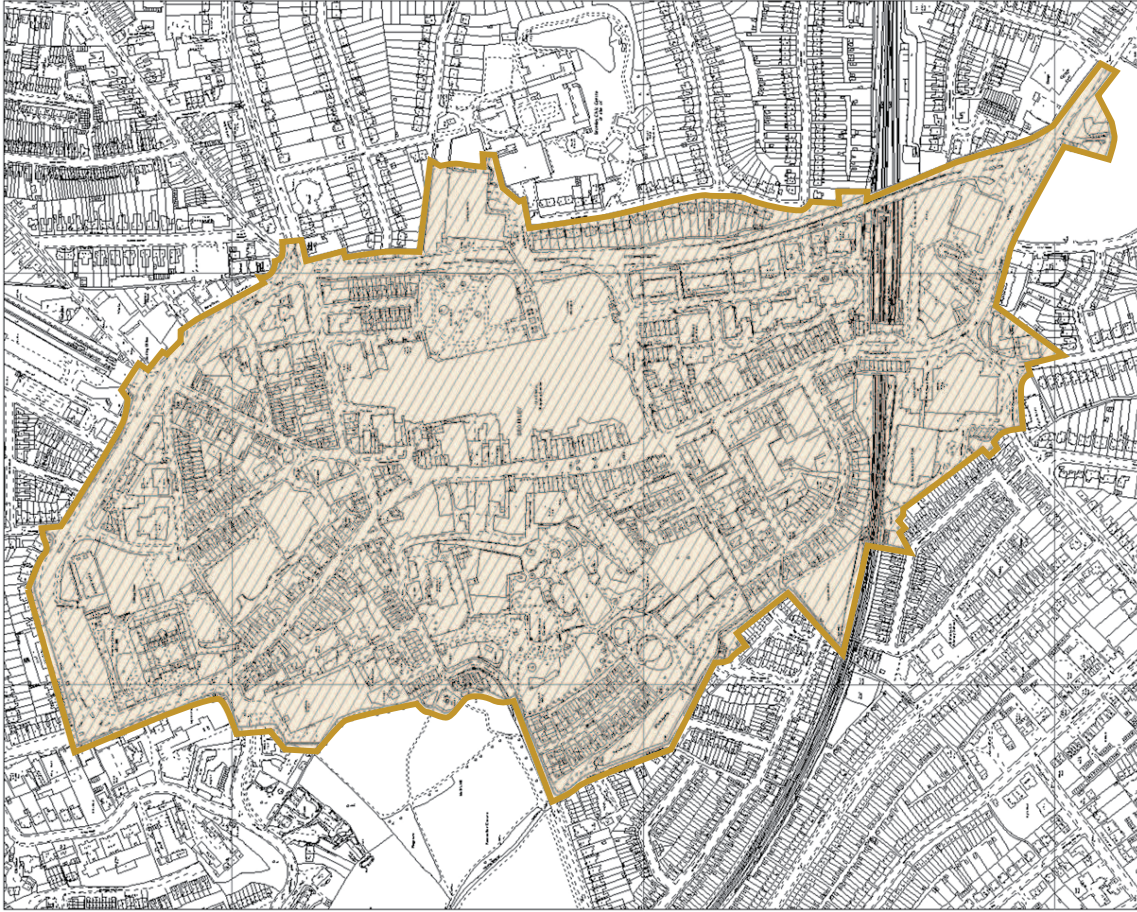
The Licensing Authority is satisfied that within both of these areas the promotion of the four Licensing Objectives is being undermined by the presence of a significant number of licensed premises.

What is the effect of a Special Policy of Cumulative Impact

In an area subject to 'cumulative impact' the Licensing Authority will refuse to grant new Premises Licences, Club Premises Certificates or material variations to existing licenses where it receives relevant representations about cumulative impact on the licensing objectives which it concludes after hearing those representations should lead to a refusal.

The Licensing Authority cannot refuse an application unless it receives valid objections from local residents, businesses or organisations. If no objections are made, an application will be granted.

Appendix E: Map of Bromley Town Centre



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ENVIRONMENT AND LEISURE SERVICES

GORDON HAYWARD
DIRECTOR OF
ENVIRONMENT AND LEISURE SERVICES,
LONDON BOROUGH OF BROMLEY,
BROMLEY, KENT BR1 3JH.
TEL: 020 8464 5333



LICENSING ACT 2003 - BROMLEY TOWN CENTRE
AREA SUBJECT TO A SPECIAL POLICY
OF CUMULATIVE IMPACT.

Scale 1:4000

03/11/04

BTC 83

Appendix E: Map of Bromley Town Centre



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ENVIRONMENT AND LEISURE SERVICES



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**BECKENHAM TOWN CENTRE
 AREA SUBJECT TO
 "CUMULATIVE IMPACT POLICY"**

Scale 1:5,000 N 21/02/07

Appendix F: Contact Details

ROLE	DIRECT	LINE
Licensing Team		
Paul Lehane	Head of Food, Safety & Licensing	020 8313 4216
David Candeland	Licensing Officer	020 8313 4210
Laurie Grasty	Licensing Officer	020 8313 4734
Steve Phillips	Licensing Officer	020 8313 4659
Paul Double	Licensing Team	020 8313 4218
Esther Devarajulu	Licensing Team	020 8461 7546
Tracey Jones	Licensing Team	020 8461 4701
Sandy Gillah	Licensing Team	020 8461 7956
Email address - licensing@bromley.gov.uk		
Planning		
General Enquiries	Email - planning@bromley.gov.uk	020 8313 4956
Bromley Police Licensing Team		
PC Jonathan Booth	Police (Licensing)	020 8284 9988
PC Mary L Duncan	Police (Licensing)	020 8284 9988
Email address - licensing.py@met.police.uk		
London Fire Brigade		
General Enquiries	Email - info@london-fire.gov.uk	020 8555 1200
Inland Revenue		
South London Area	020 8681 0053	
Bromley Magistrates Court		
The Court House	Contact Numbers	
London Road	020 8437 3585	
Bromley	020 8437 3500	
Kent	020 2729106	
BRI 1BY		

Appendix G: Petition

Licensing Act 2003 Suggested Petition Format

Lead Petitioner contact details

Name	
Address	
Home Tel	
Work Tel	
Mobile Tel	
Email	
Signature	

Lead Petitioner contact details

Name of Business	
Address of site	
Licensable Activity	Proposed Hours of operation
Retail sale of alcohol	
Regulated Entertainment	
Late Night Refreshment	
Indoor Sport	

We the undersigned petition Bromley Council as the Licensing Authority to:

The completed petition should be sent to the Licensing Team Public Protection L.B. Bromley Civic Centre Stockwell Close Bromley BR1 3UH. Email licensing@bromley.gov.uk . Tel 020 8313 4218.

Name of Business	
Address of site	
Licensable Activity	Proposed Hours of operation
Retail sale of alcohol	
Regulated Entertainment	
Late Night Refreshment	
Indoor Sport	

Name	Address including post code	Signature
Which Licensing objective do your representations relate to (Please tick)		
1. Crime & Disorder <input type="checkbox"/>	2. Public Nuisance <input type="checkbox"/>	
3. Public Safety <input type="checkbox"/>	4. Protection of Children from harm <input type="checkbox"/>	
Reasons for your objection :-		

Name	Address including post code	Signature
Which Licensing objective do your representations relate to (Please tick)		
1. Crime & Disorder <input type="checkbox"/>	2. Public Nuisance <input type="checkbox"/>	
3. Public Safety <input type="checkbox"/>	4. Protection of Children from harm <input type="checkbox"/>	
Reasons for your objection :-		



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Report No.
RES12194

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 12 November 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: REVISED STATEMENT OF GAMBLING LICENSING POLICY FOR 2013 - 2016

Contact Officer: Lynn Hill, Democratic Services Officer
Tel: 0208 461 7700 E-mail: lynn.hill@bromley.gov.uk

Chief Officer: Director of Resources

Ward: (All Wards);

1. Reason for report

The Council is required to review and revise its Gambling Licensing Policy as necessary but at least every 3 years and the next three year period commences from January 2013 – January 2016.

Officers have revised the Policy which has not been altered substantially but has been updated in respect of Consultees, Maximum Stakes for Gaming Machines and contact numbers. In accordance with the requirements public consultations were undertaken between 13th August and 10th September 2012. Details of the 4 responses received together with the revised policy were considered by the General Purposes and Licensing Committee on 26th September 2012 who agreed, subject to a minor textural amendment, that it be referred to full Council for formal adoption. The revised amended Statement of Gambling Licensing Policy 2013-2016 is attached.

2. **RECOMMENDATION**

That the Revised Statement of Gambling Licensing Policy for 2013 – 2016 be adopted with effect from 1st January 2013.

Corporate Policy

1. Policy Status: Existing Policy: The Council adopted a Statement of Gambling Policy for 2010 – 2013 and it is a requirement that the Council's reviews this Policy at least every 3 years.
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safer Bromley Vibrant, Thriving Town Centres:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Public Protection
 4. Total current budget for this head: £4.033m
 5. Source of funding: existing Revenue Budgets 2012/13
-

Staff

1. Number of staff (current and additional): 74
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: The Council is the Licensing Authority under the Gambling Act 2005 and must prepare and consult on its statement policy as required by Section 349.
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 150 licensed premises and all residents and businesses living and trading in the vicinity of licences premises.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: N/A

Non-Applicable Sections:	Policy/Financial/Personnel/Legal
Background Documents: (Access via Contact Officer)	Report and Minutes of the General Purposes & Licensing Committee meeting on 26 th September 2012

LONDON BOROUGH OF BROMLEY

GAMBLING ACT 2005

STATEMENT OF GAMBLING POLICY

FOR THE PERIOD

1 January 2013 – 31 December 2016

Approved by Council 12 November 2012

Statement of Policy - Gambling Act 2005 Contents

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PART A - GENERAL

1. Summary of the Gambling Act 2005

The Gambling Act 2005 establishes a new system of licences and permits for a wide range of gambling activities.

The Gambling Commission was set up under the Act and has overall responsibility. It also has particular responsibility for the issuing of “Operator Licences” to people who wish to provide gambling. Once a person has an operator licence they may then apply to a local Council for a licence or permit to operate at specific premises.

In exercising most of their functions under the Gambling Act 2005, licensing authorities must have regard to the licensing objectives as set out in section 1 of the Act. The licensing objectives are:

- **Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime**
- **Ensuring that gambling is conducted in a fair and open way**
- **Protecting children and other vulnerable persons from being harmed or exploited by gambling**

The licensing authority will make decisions about premises licences and temporary use notices:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- that are reasonably consistent with the licensing objectives and
- in accordance with the authority’s statement of licensing policy

For the purposes of the Gambling Act 2005 the London Borough of Bromley is the Licensing Authority

2. Introduction

The London Borough of Bromley is situated on the borders of South East London and Kent. Geographically it is the largest of the London boroughs with an area of approximately 58 Sq miles. The borough has a population of approximately 300,000. The central and northern parts of the borough are urban and densely populated with the main residential centres being:

- Penge/Anerley
- Beckenham
- West Wickham
- Bromley
- Chislehurst / Mottingham
- Orpington / Farnborough
- St Paul's Cray / St Mary Cray

The Southern part of the Borough is rural with Biggin Hill as its main residential and

commercial centre. See Map of Borough in **Appendix A**

Licensing authorities are required by the Gambling Act 2005 to publish a statement of the principles that they propose to apply when exercising their functions. This statement must be published at least every three years. The statement must also be reviewed from “time to time” and any amended parts re-consulted upon. The statement must be then re-published.

The licensing authority is consulting widely upon this statement before finalising and publishing. A list of those persons consulted is provided below. It should be noted that unsolicited comments may be received from other persons.

List of persons this authority consulted:

- All Councillors
- The Metropolitan Police – Bromley Police Station
- The London Fire Brigade
- Planning Department of the London Borough of Bromley
- Public Health Complaints Team
- The Director for Children’s Services
- All known premises with AWP Machines
- All known operators of licensed Betting Offices
- All known operators of licensed bingo halls
- All known registered Society Lotteries
- All known Residents Associations
- All known faith groups
- Other adjoining Councils
- Federation of Small Businesses

The consultation took place between 13th August 2012 and the 7th September 2012.

The full list of comments made and the consideration of those comments is available by request from the:

Licensing Team

Community Safety and Public Protection

Civic Centre

Stockwell Close

Bromley BR1 3UH

Tel 020 8313 4218 or via the council’s website at: www.bromley.gov.uk

The policy will go to Full Council on the 12th November 2012 and will then be published on the council’s website at: www.bromley.gov.uk. Copies will be available in the borough’s public libraries and from the Civic Centre, Stockwell Close, Bromley BR1 3UH. Copies of the policy will be posted to all those who were initially consulted and anyone who responded to the consultation process.

Should you have any comments regarding this policy statement please send them via e-mail or letter to the following contact:

Paul Lehane

Manager Food, Safety and Licensing

Community Safety and Public Protection

Civic Centre
Stockwell Close
Bromley BR1 3UH
Tel: 020 8313 4216
e-mail: paul.lehane@bromley.gov.uk

It should be noted that this policy statement will not override the right of any person to make an application, make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Gambling Act 2005.

3. Declaration

In producing the final statement, this licensing authority declares that it has had regard to the licensing objectives of the Gambling Act 2005, the guidance issued by the Gambling Commission, and any responses from those consulted on the statement.

4. Licensing Authority Delegation under the Gambling Act

X depicts the lowest levels to which decisions can be made

Matter to be dealt with	Full Council	Licensing Sub-Committee	Officers
Final approval of the three year Gambling Policy	X		
Gambling Policy not to permit casinos	X		
Fee setting		X	
Applications for new grant or variation of a premises licences where representations have been received and not withdrawn.		X	
Applications for new grant or variation of a premises licences where no representations have been made, or where any representations made have been withdrawn.			X
Application for the transfer of a premises licence where representations have been received from the Commission.		X	
Application for the transfer of a premises licence where no representations received from the Commission.			X
Application for a provisional statement where representations have been received and not withdrawn.		X	
Application for a provisional statement where no representations have been made, or where any representations made have been withdrawn.			X
Review of a premises licence.		X	
Application for club gaming/club machine permits where objections have been received and not withdrawn.		X	
Application for club gaming/club machine permits where no objections have been received or where any objections made have been withdrawn.			X
Cancellation of club gaming/club machine permits and licensed premises gaming machine permits.		X	
Applications for other permits.			X
Consideration of temporary use notice.			X
Decision to give a counter notice to a temporary use notice.		X	

5. Responsible Authorities

When an application is received for a premises licence or permit, there will be a requirement to consult with a number of responsible authorities. It will be the responsibility of the applicant to send copies of their applications to the authorities listed below:

- London Borough of Bromley Licensing Authority
- The Gambling Commission
- The Metropolitan Police: Bromley Police Station
- The London Fire Brigade
- Planning Department of the London Borough of Bromley
- Public Health Complaints Team
- London Borough of Bromley Child Protection Team known as Bromley Safe Guarding Children Board
- HM Commissioners of Customs and Excise

The contact details of all the Responsible Authorities under the Gambling Act 2005 are set out in **Appendix B** of this policy and are also available via the Council's website at: www.bromley.gov.uk

Each responsible authority will consider an application and may make representations to the licensing authority in accordance with the 3 licensing objectives.

6. Interested parties

Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in s158 of the Gambling Act 2005. An Interested Person is someone, who in the opinion of the licensing authority:

- Lives sufficiently close to the premises to be affected by the authorised activities taking place.
- Has a business interest that might be affected.
- Represent a person of the above.

We are required by regulations to state the principles we will apply in exercising our powers under the Gambling Act 2005 to determine whether a person is an interested party. The principles are:

- Each case will be decided upon its merits. We will not apply a rigid rule to our decision-making.
- We will also consider the Gambling Commission's Guidance that "has business interests" should be given the widest possible interpretation and include partnerships, charities, faith groups and medical practices.
- Interested Parties will include trade associations and trade unions, and residents and tenants' associations (Gambling Commission Guidance for local authorities 8.17). This authority will not however generally view these bodies as interested parties unless they have a member who lives sufficiently close to the premises to

be likely to be affected by the activities being applied for.

- Interested parties can be persons who are democratically elected such as Councillors and MPs. No specific evidence of being asked to represent an interested person will be required as long as the councillor/MP represents the ward likely to be affected. Other than these however, we will generally require written evidence that a person/body (e.g. an advocate/relative) 'represents' someone who either lives sufficiently close to the premises to be likely to be affected by the authorised activities and/or has business interests that might be affected by the authorised activities. A letter, email or fax from one of these persons requesting the representation is sufficient.

7. Exchange of Information

We are required to ensure that we exchange information in accordance with the Act (without contravening the Data Protection Act 1998) with the following bodies:

- The Gambling Commission
- The Metropolitan Police
- HM Commissioners of Customs and Excise
- Gambling Appeal Tribunal
- National Lotteries Commission
- Secretary of State

8. Inspection and Enforcement

Our main aim is to ensure compliance with Premises Licences and other permissions that we authorise.

The Gambling Commission is the enforcement body for operators and personal licences. Concerns about manufacture, design and repair of Gaming Machines are also the responsibility of the Gambling Commission.

In accordance with our functions under the Gambling Act 2005 (s346) we will endeavour to be:

- **Proportionate:** and will only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;
- **Accountable:** we should be able to justify decisions, and be subject to public scrutiny;
- **Consistent:** our rules and standards must be joined up and implemented fairly;
- **Transparent:** we should be open, and keep regulations simple and user friendly; and,
- **Targeted:** regulation should be focused on the problem, and minimise side effects.

Our inspection programme will be risk based and in accordance with guidance from the Commission. We will endeavour to avoid duplication with other regulatory regimes.

9. Licensing Authority functions

Licensing Authorities are required to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing Premises Licences
- Issue Provisional Statements
- Regulate members' clubs and miners' welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
- Issue Club Machine Permits to Commercial Clubs
- Grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
- Issue Licensed Premises Gaming Machine Permits for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
- Register small society lotteries below prescribed thresholds
- Issue Prize Gaming Permits
- Receive and Endorse Temporary Use Notices
- Receive Occasional Use Notices
- Provide information to the Gambling Commission regarding details of licences issued (see section above on 'information exchange')
- Maintain registers of the permits and licences that are issued under these functions

It should be noted that the licensing authority will not be involved in licensing remote gambling. This will fall to the Gambling Commission via operating licences.

PREMISES LICENCES

1. General Principles

The licensing authority is responsible for administering applications for premises licences and permits. The premises licences will be subject to the requirements of the Act and its regulations.

The licensing authority may issue specific mandatory and default conditions, but it will also have the discretion to exclude default conditions and attach others, where it believes it to be appropriate.

Decisions about premises will be made:

- In accordance with any relevant code of practice issued by the Gambling Commission
- In accordance with any relevant guidance issued by the Gambling Commission;
- That are reasonably consistent with the licensing objectives
- In accordance with the authority's statement of licensing policy.

Moral objections or demand for gambling are not a valid reason to reject applications for premises licence.

Definition of premises

Premises is defined in the Act as "any place".

A premises can only hold one premises licence. A building can hold a number of premises licences if it contains a number of distinct premises within it. The question of whether different parts of the premises are separate will be considered at the time of application however the Gambling Commission does not believe that buildings that have been made temporarily or artificially separate are able to be considered as different premises.

We will ensure that when considering applications for multiple licences in a building that those areas that are used for non-gambling purposes are kept separate from the gambling areas. In particular we will be aware that entrances and exits from parts of a building covered by one or more licences should be separate and identifiable so that the separation of different premises is not compromised and that people do not 'drift' into a gambling area.

We will also ensure that applications where access to the licensed premises is through other premises, are carefully considered. We will be looking at the issues of whether children can gain access; compatibility of the two establishments; and ability to comply with the requirements of the Act. We want to ensure that the combination of the premises within the building will not allow an arrangement that would otherwise be prohibited under the Act.

An applicant for a premises licence may not obtain a full premises licence until the premises is constructed.

We will ensure that the premises is sufficiently complete to enable a full inspection to be carried out by us and other responsible authorities where necessary.

Location of premises

When considering applications this authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. It should be noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

Duplication with other regulatory regimes

We will seek to avoid any duplication with other statutory/regulatory systems where possible, including planning. This authority will not consider whether a licence application is likely to be awarded planning permission or building regulations approval, in its consideration of it. It will though, listen to, and consider carefully, any concerns about conditions, which cannot be met by licensees due to planning restrictions, should such a situation arise.

Licensing objectives

Premises licences granted must be reasonably consistent with the licensing objectives.

Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime

We acknowledge that the Gambling Commission will be taking a leading role in preventing gambling from being a source of crime.

If during the course of considering a premises licence application or at any other time, we have cause to question the suitability of the applicant to hold an operating licence, we will contact the Gambling Commission as soon as possible.

We will pay particular attention to the proposed location of gambling premises in terms of this licensing objective. Where an area has known high levels of organised crime we will consider carefully whether it is a suitable location or whether conditions may be applied such as the provision of door supervisors.

We recognise that in the case of gambling premises, disorder is intended to mean activity that is more serious and disruptive than just nuisance. Factors to consider when determining whether a disturbance is serious enough to constitute disorder would include whether police assistance is required and how threatening the behaviour is to those who could see or hear it.

If the disorder is serious or persistent and the operator could do more to prevent it, then we will contact the Gambling Commission so that it can consider the continuing suitability of the operator to hold an operators licence.

Ensuring that gambling is conducted in a fair and open way

We have noted that the Gambling Commission has stated that it would generally not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way, as this will be addressed via operating and personal licences.

Protecting children and other vulnerable persons from being harmed or exploited by gambling

We have noted the Gambling Commission's Guidance for local authorities states that this objective means preventing children from taking part in gambling (as well as restriction of advertising so that gambling products are not aimed at or are, particularly attractive to children). We will therefore consider, as suggested in the Gambling Commission's Guidance, whether specific measures are required at particular premises, with regard to this licensing objective. Appropriate measures may include supervision of entrances/machines, segregation of areas etc.

This licensing authority will also make itself aware of the Codes of Practice, which the Gambling Commission issues as regards this licensing objective, in relation to specific premises such as casinos.

“Vulnerable persons” is considered by the gambling commission to include “people who gamble more than they want to; people who gambling beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs.” We will consider this licensing objective on a case-by-case basis. Should a practical definition prove possible in future then this policy statement will be updated with it, by way of a revision.

Conditions

Any conditions attached to licences will be proportionate and will be:

- relevant to the need to make the proposed building suitable as a gambling facility;
 - directly related to the premises and the type of licence applied for;
 - fairly and reasonably related to the scale and type of premises; and
 - reasonable in all other respects.

Decisions upon individual conditions will be made on a case by case basis, although there will be a number of measures we will consider utilising should there be a perceived need, such as the use of supervisors, appropriate signage for adult only areas etc. There are specific comments made in this regard under some of the licence types below. We will also expect the licence applicant to offer his/her own suggestions as to way in which the licensing objectives can be met effectively.

This licensing authority will also consider specific measures, which may be required for buildings, which are subject to multiple premises licences. Such measures may include the supervision of entrances; segregation of gambling from non-gambling areas frequented by children; and the supervision of gaming machines in non-adult gambling specific premises in order to pursue the licensing objectives. These matters are in accordance with the Gambling Commission's Guidance.

We will also ensure that where category C or above machines are on offer in premises

to which children are admitted:

- All such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- Only adults (over 18) are admitted to the area where these machines are located;
- Access to the area where the machines are located is supervised;
- The area where these machines are located is arranged so that it can be observed by the staff or the licence holder; and
- At the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

These considerations will apply to premises including buildings where multiple premises licences are applicable.

It is noted that there are conditions that the licensing authority cannot attach to premises licences

- Any condition on the premises licence that makes it impossible to comply with an operating licence condition;
- Conditions relating to gaming machine categories, numbers, or method of operation;
- Conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated); and
- Conditions in relation to stakes, fees, winning or prizes.

Door Supervisors - There is no requirement for SIA registered Door Supervisors for casinos or bingo premises. For all other premises where the Gambling Act applies there may be a need for SIA registration and this should be considered on an individual basis. This will be consistent with the Gambling Act Guidance to Local Authorities.

2. Adult Gaming Centres

We will have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to, for example, ensure that under 18 year olds do not

have access to the premises.

This licensing authority will expect applicants to offer their own measures to meet the licensing objectives however appropriate measures/licence conditions may cover issues such as:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets/helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

3. (Licensed) Family Entertainment Centres

We will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority, for example, that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

This licensing authority will expect applicants to offer their own measures to meet the licensing objectives however appropriate measures/licence conditions may cover issues such as:

- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare.
- Measures / training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

4. Casinos

This licensing authority has resolved not to issue casino premises licenses under Section 166 of the Gambling Act 2005 (Resolution made at the meeting of the Full Council on the 6th November 2006).

5. Bingo premises

This licensing authority notes that the Gambling Commission's Guidance states:

It is important that if children are allowed to enter premises licensed for bingo that they do not participate in gambling, other than on category D machines. Where category C or above machines are available in premises to which children are admitted licensing authorities should ensure that:

- All such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- Only adults are admitted to the area where the machines are located;
- Access to the area where the machines are located is supervised;
- The area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder.
- At the entrance to, and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

Please note: Further guidance will be issued by the Gambling Commission concerning this and it will be incorporated into the policy when available.

6. Betting premises

We will, as per the Gambling Commission's Guidance, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number/nature/circumstances of betting machines an operator wants to offer.

7. Travelling Fairs

A fair is defined in section 286 of the Act. A travelling fair must "wholly or principally" provide amusements. These criteria will have to be met before the licensing authority decides whether, category D machines and/or equal chance prize gaming without a permit are made available for use at travelling fairs. We will bear in mind the statutory requirement that the facilities for gambling shall amount to no more than an ancillary amusement. There is a 27-day maximum period that any land can be used by any travelling fair per calendar year.

We will work with neighbouring authorities to ensure that land, which crosses our boundaries, is monitored so that the statutory limits are not exceeded.

8. Provisional Statements

We have noted the Guidance for the Gambling Commission which states that "It is a question of fact and degree whether premises are finished to a degree that they can be

considered for a premises licence” and that “Requiring the building to be complete ensures that the authority could, if necessary, inspect it fully”.

In terms of representations about premises licence applications, following the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless they concern matters which could not have been addressed at the provisional statement stage, or they reflect a change in the applicant’s circumstances. In addition, the authority may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- (a) which could not have been raised by objectors at the provisional licence stage; or
- (b) which is in the authority’s opinion reflect a change in the operator’s circumstances.

We have also noted the Gambling Commission’s Guidance that “A licensing authority should not take into account irrelevant matters.... One example of an irrelevant matter would be the likelihood of the applicant obtaining planning permission or building regulations approval for the proposal.”

9. Reviews

Requests for a review of a premises licence can be made by interested parties or responsible authorities, however, it is for the licensing authority to decide whether the review is to be carried-out. This will be on the basis of whether the request for the review is relevant to the matters listed below, as well as consideration as to whether the request is frivolous, vexatious, or whether it is substantially the same as previous representations or requests for review.

- In accordance with any relevant code of practice issued by the Gambling Commission
- In accordance with any relevant guidance issued by the Gambling Commission
- Reasonably consistent with the licensing objectives
- In accordance with the authority’s statement of licensing policy

We as the licensing authority can also initiate a review of a licence based on any reason we think appropriate.

PART C

Permits, Temporary & Occasional Use Notices

1. Unlicensed Family Entertainment Centre gaming machine permits (Statement of Principles on Permits - Schedule 10 paragraph 7)

Where a premises does not hold a premises licence but wishes to provide gaming machines, it may apply to the licensing authority for this permit. It should be noted that

the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use (Section 238).

The Gambling Act 2005 states that a licensing authority may prepare a *statement of principles* that they propose to consider in determining the suitability of an applicant for a permit and in preparing this statement, and/or considering applications, it need not (but may) have regard to the licensing objectives and shall have regard to any relevant guidance issued by the Commission under section 25. The Gambling Commission's Guidance for local authorities also states: "In their three year licensing policy statement, licensing authorities may include a statement of principles that they propose to apply when exercising their functions in considering applications for permits, licensing authorities will want to give weight to child protection issues."

Guidance also states: "...An application for a permit may be granted only if the licensing authority is satisfied that the premises will be used as an unlicensed Family Entertainment Centre (FEC), and if the chief officer of police has been consulted on the application....Licensing authorities might wish to consider asking applications to demonstrate:

- a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs;
- that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act); and
- that staff are trained to have a full understanding of the maximum stakes and prizes.

It should be noted that a licensing authority cannot attach conditions to this type of permit.

Statement of Principles

This licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits, however, they may include appropriate measures/training for staff as regards suspected truant school children on the premises, measures/training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on/around the premises. This licensing authority will also expect, as per Gambling Commission Guidance, that applicants demonstrate a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs; that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act); and that staff are trained to have a full understanding of the maximum stakes and prizes.

2. (Alcohol) Licensed premises gaming machine permits - (Schedule 13 paragraph 4(1))

There is provision in the Act for premises licensed to sell alcohol for consumption on the premises, to automatically have 2 gaming machines, of categories C and/or D. The premises merely need to notify the licensing authority. The licensing authority can remove the automatic authorisation in respect of any particular premises if:

- Provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;

- Gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act (i.e. that written notice has been provided to the licensing authority, that a fee has been provided and that any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with);
- The premises are mainly used for gaming; or
- An offence under the Gambling Act has been committed on the premises.

If a premises has more than 2 machines, then an application must be made for a permit and the licensing authority must consider that application based upon the licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Gambling Act 2005, and “*such matters as they think relevant.*” We consider that “such matters” will be decided on a case by case basis but generally there will be regard to the need to protect children and vulnerable persons from harmed or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines. Measures which will satisfy the authority that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be helpful. As regards the protection of vulnerable persons, applicants may wish to consider the provision of information leaflets/helpline numbers for organisations such as GamCare.

It is recognised that some alcohol-licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for, and dealt with as an Adult Gaming Centre premises licence.

It should be noted that the licensing authority could decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.

It should also be noted that the holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

3. Prize Gaming Permits - (Statement of Principles on Permits - Schedule 14 paragraph 8 (3))

The Gambling Act 2005 states that a licensing authority may “prepare a statement of principles that they propose to apply in exercising their functions under this Schedule” which “may, in particular, specify matters that the licensing authority propose to consider in determining the suitability of the applicant for a permit”.

We have prepared a Statement of Principles, which is that the applicant should set out the types of gaming that he or she is intending to offer and that the applicant should be able to demonstrate:

- that they understand the limits to stakes and prizes that are set out in Regulations;
- and that the gaming offered is within the law.

In making its decision on an application for this permit the licensing authority does not need to have regard to the licensing objectives but must have regard to any Gambling

Commission guidance.

It should be noted that there are conditions in the Gambling Act 2005 by which the permit holder must comply, but that the licensing authority cannot attach conditions. The conditions in the Act are:

- The limits on participation fees, as set out in regulations, must be complied with;
- All chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- The prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize);
- Participation in the gaming must not entitle the player to take part in any other gambling.

4. Club Gaming and Club Machines Permits

Members Clubs and Miners' welfare institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Clubs Gaming machines permit.

The Club Gaming Permit will

- Enable the premises to provide gaming machines (3 machines of categories B, C or D),
- Equal chance gaming and games of chance as set out in forthcoming regulations.

A Club Gaming machines permit will:

- Enable the premises to provide gaming machines (3 machines of categories B, C or D).

Gambling Commission Guidance states: "Members clubs must have at least 25 members and be established and conducted "wholly or mainly" for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members' club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men's clubs, branches of Royal British Legion and clubs with political affiliations."

The Commission Guidance also notes that licensing authorities may only refuse an application on the grounds that:

- (a) the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- (b) the applicant's premises are used wholly or mainly by children and/or young persons;
- (c) an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
- (d) a permit held by the applicant has been cancelled in the previous ten years; or
- (e) an objection has been lodged by the Commission or the police.

There is also a 'fast-track' procedure available under the Act for premises that hold a

Club Premises Certificate under the Licensing Act 2003 (Schedule 12 paragraph 10). As the Gambling Commission's Guidance for local authorities states: "Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the ground upon which an authority can refuse a permit are reduced." and "The grounds on which an application under the process may be refused are:

- (a) that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- (b) that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- (c) that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled."

There are statutory conditions on club gaming permits that no child uses a category B or C machine on the premises and that the holder complies with any relevant provision of a code of practice about the location and operation of gaming machines.

5. Temporary Use Notices

The definition of Temporary Use Notices is found within part 9 of the Act.

It allows the use of premises for gambling where there is no premises licence but the applicant holds the relevant operators licence.

Examples of premises that might be suitable for Temporary Use Notices are hotels, conference centres and sporting venues etc.

There are a number of statutory limits as regards temporary use notices. Gambling Commission Guidance is noted that "The meaning of "premises" in part 8 of the Act is discussed previously. As with "premises", the definition of "a set of premises" will be a question of fact in the particular circumstances of each notice that is given. In the Act "premises" is defined as including "any place". In considering whether a place falls within the definition of "a set of premises", licensing authorities will need to look at, amongst other things, the ownership/occupation and control of the premises...This is a new permission and licensing authorities should be ready to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises."

6. Occasional Use Notices

The licensing authority has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. This licensing authority will though consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

Appendix A

Map of London Borough of Bromley Boundary



Appendix B

Contact details for “Responsible Authorities”

1	Metropolitan Police Bromley Police Station High St Bromley BR1 1ER Telephone 020 8284 9988	licensing.py@met.police.uk
2.	Bromley Safe Guarding Children Board Room S315 Stockwell Building Civic Centre Stockwell Close Bromley BR1 3UH	Yvonne Onyeka 0208 461 7563
3.	Gambling Commission Victoria Square House Victoria Square Birmingham B2 4BP	adixon@gamblingcommission.gov.uk
4.	London Fire Brigade Borough Commander Fire Prevention Branch 4 South Street Bromley BR1 1RH	bromleygroup@london-fire.gov.uk
5.	Planning Department Head of Development Control North Block Civic Centre Stockwell Close Bromley BR1 3UH	planning@bromley.gov.uk
6.	Public Health Complaints Team Community Safety and Public Protection St Blaise Civic Centre Stockwell Close Bromley BR1 3UH	ehts.customer@bromley.gob.uk 0208 313 4800
7.	Licensing Section Community Safety and Public Protection St Blaise Civic Centre Stockwell Close Bromley BR 1 3UH	licensing @bromley.gov.uk 0208 313 4218
8 .	HM Revenue and Customs NRU Port Cullis Hse 21 India St Glasgow G2 4P2	nrubetting&gaming@hmrc.gsi.gov.uk