

TO MEMBERS OF THE COUNCIL

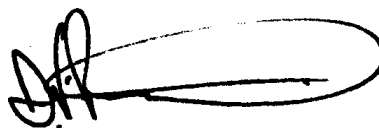
Notice is hereby given that a meeting of the Council of the London Borough of Bromley is to be held in the Council Chamber at Bromley Civic Centre on Monday 23 September 2013 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

Prayers

A G E N D A

- 1 Apologies for absence
- 2 To confirm the Minutes of the meeting of the Council held on 1st July 2013 (Pages 3 - 30)
- 3 Declarations of Interest
- 4 Petitions (if any)
- 5 Questions from members of the public where notice has been given.
- 6 Oral questions from Members of the Council where notice has been given.
- 7 Written questions from Members of the Council
- 8 To consider any statements that may be made by the Leader of the Council, Portfolio Holders or Chairmen of Committees.
- 9 Code of Corporate Governance (Pages 31 - 62)
- 10 Treasury Management - Annual Report 2012/13 and Performance Quarter 1, 2013/14 (Pages 63 - 84)
- 11 To consider Motions of which notice has been given.
- 12 The Mayor's announcements and communications.

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Chief Executive

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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 1 July 2013

Present:

**The Worshipful the Mayor
Councillor Ernest Noad**

**The Deputy Mayor
Councillor Judi Ellis**

Councillors

Reg Adams	Ellie Harmer	Gordon Norrie
Graham Arthur	Will Harmer	Tony Owen
Douglas Auld	David Hastings	Tom Papworth
Kathy Bance MBE	Brian Humphrys	Sarah Phillips
Julian Benington	Samaris Huntington-	Neil Reddin FCCA
Nicholas Bennett J.P.	Thresher	Catherine Rideout
Ruth Bennett	William Huntington-	Charles Rideout
Eric Bosshard	Thresher	Richard Scoates
Lydia Buttinger	John Ince	Colin Smith
John Canvin	Russell Jackson	Diane Smith
Stephen Carr	David Jefferys	Tim Stevens
Roger Charsley	Charles Joel	Harry Stranger
Peter Dean	Kate Lymer	Michael Tickner
Nicky Dykes	Paul Lynch	Pauline Tunnicliffe
Roxhannah Fawthrop	David McBride	Michael Turner
Simon Fawthrop	Russell Mellor	Stephen Wells
Peter Fookes	Alexa Michael	
Peter Fortune	Nick Milner	
Julian Grainger	Peter Morgan	

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Ernest Noad

14 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Beckley, Boughey, Evans, Getgood, Mrs Manning and Payne. Apologies for lateness were received from Cllrs Benington and Ruth Bennett.

15 MINUTES OF THE MEETING OF THE COUNCIL HELD ON 15TH MAY 2013

The minutes of the annual meeting on 15th May 2013 were confirmed subject to the following minor amendments –

Minute 2 - Third paragraph, third word amend to read ‘made.’

Minute 3 - Last paragraph before the resolution, first sentence, fifth word should read ‘his.’

Minute 4 - Last word in the second paragraph should read ‘Mayor.’

Minute 5 - Second line, delete ‘in’ third word from the end.

Minute 6 - In the title the last word amend to read ‘Board.’

16 DECLARATIONS OF INTEREST

Councillors Nicholas Bennett and Harry Stranger declared interests as members of the Western Front Association in relation to the oral questions from Members.

Councillor David Jefferys declared that his wife was a governor of Highfield Junior School in relation to the report on the Kingswood Site.

Councillors Colin and Diane Smith declared that their daughter was a part time employee of the Library Service in relation to the written questions.

17 QUESTIONS FROM MEMBERS OF THE PUBLIC

Jan Watkins attended the meeting to ask an oral question and there was also one question for written reply from Tim Fisher – the questions and answers are set out in Appendix A to these minutes.

18 ORAL QUESTIONS FROM MEMBERS OF THE COUNCIL

Eleven oral questions were dealt with – these are set out in Appendix B to these minutes.

19 WRITTEN QUESTIONS FROM MEMBERS OF THE COUNCIL

The answers to sixteen written questions were tabled – these are set out in Appendix C to these minutes.

20 STATEMENT BY THE RESOURCES PORTFOLIO HOLDER

One statement was made by Cllr Graham Arthur, Portfolio Holder for Resources, on local pay and conditions. He reported that Bromley was the only Council in London to have successfully come out of the national pay framework and give democratically elected councillors a mandate to

determine pay locally for the benefit of staff and residents. The Council had listened to staff and agreed not to change any terms and conditions for two years, and had been able to give staff a better pay settlement than under national terms. Only 158 staff had not accepted the new terms and conditions. Councillor Arthur responded to questions from Members.

21 FUTURE ROLE OF THE LOCAL AUTHORITY IN EDUCATION SERVICES

A motion to endorse the adoption of an Education Compact/Covenant was proposed, seconded and adopted.

22 THE KINGSWOOD SITE AND PRIMARY EXPANSION NEEDS

A motion to amend the recommendation to provide for a one form entry primary school was proposed and seconded but was not carried.

A motion to approve the recommendations to utilise the Kingswood site for a 2 form entry free school built by the Education Funding Authority and run by Harris Academies, subject to consultation and necessary consents, and to lease the site to Harris Academies, was proposed, seconded and adopted.

23 NEW ECONOMIC DEVELOPMENT AND INVESTMENT FUND

A motion to approve the recommendations to establish a new Economic Development and Investment Fund was proposed, seconded and adopted.

24 POLICY DEVELOPMENT AND SCRUTINY ANNUAL REPORT 2012/13

A motion to receive the annual Policy Development and Scrutiny report for 2012/13 was proposed, seconded and adopted.

25 MEETING OF THE URGENCY COMMITTEE

A motion to note the meeting of the Urgency Committee held on 29th May 2013 was proposed, seconded and adopted.

26 COMMITTEE MEMBERSHIP

An amendment was proposed, seconded and carried that the membership of the Executive and Resources PDS Committee be expanded by one seat, and that this be filled by Councillor Will Harmer.

A motion was proposed, seconded and adopted that Councillor Kate Lymer be appointed to the Executive and Resources PDS Committee to replace Cllr Douglas Auld as recommended, and that in addition Cllr Will Harmer also be appointed to the Committee.

27 MOTIONS

Two motions were considered –

(A) DLR Extension

The following motion was proposed by Cllr Carr and seconded by Cllr Colin Smith -

“This Council warmly welcomes Mayor Johnson's continuing commitment to see the extension of DLR to Bromley as outlined in his 2020 Vision, Ambitions for London Paper launched on Tuesday 11th June.

Such an extension, is the clearly articulated priority of the Borough, unlike the Bakerloo extension, and will provide direct transport links to Docklands and east London and provide regeneration and employment opportunities for the residents of Bromley Borough and the whole of south east London.

Unlike many parts of the capital, south east London and Bromley Borough in particular has not seen any new major infrastructure projects of this sort for many years and therefore calls upon the Mayor to commit fully to secure the funding for this scheme as a matter of urgency.”

On being put to the vote, this motion was carried.

(B) Fire Service

The following motion was proposed by Councillor Peter Fookes and seconded by Councillor Kathy Bance -

“This Council condemns the fire cuts imposed on Londoners by Mayor Boris Johnson and in particular, the loss of Downham Fire Station which serves Bromley borough. It calls on him to ensure that no area in London receives a worse response time than currently exists.”

On being put to the vote, this motion was lost.

28 THE MAYOR'S ANNOUNCEMENTS

The Mayor thanked Members attending his first charity appeal event at Cru Restaurant on 3rd July and encouraged support for the charity dinner at the RAF Club on 30th October and the Quiz Night on 24th January. He also announced that he would be without the assistance of the Mayoress in November and December as their daughter in Australia was expecting triplets.

The Mayor presented the past Mayor Cllr Michael Turner with a scroll comprising the resolution of thanks from the annual Council meeting.

Mayor

The Meeting ended at 9.45 pm.

COUNCIL MEETING

1st JULY 2013

QUESTIONS FROM MEMBERS OF THE PUBLIC

For Oral reply:

1. From Jan Watkins of the Portfolio Holder for Public Protection and Safety

Does the Council think that it is right that for the past 3 years the local residents and schools have been subject to excessive trauma caused by Waste4fuel with the pollution in the atmosphere, stench of rubbish, rubbish carried by the wind, the threat of fires with disruption to traffic and danger to drivers using the A20, a residential street having a constant flow of heavy articulated lorries constantly rumbling past their homes and the constant beeping of Waste4fuel vehicles?

Reply:

Whilst the Council may agree that it is unjust that residents have been putting up with difficult conditions arising from the activities of the Waste4fuel site, the Council is not in a position to take any action to prevent this.

The site is licensed by the Environment Agency and they are the organisation which has the authority to take enforcement action against the owners of the site for breach of conditions and the specific activities mentioned in your question.

I understand that the Environment Agency is currently considering enforcement action against the company, which may include prosecution, but I am unable to confirm this at present.

I can also tell you that the Suspension Notice deadline ended on 10th June by which time the pile of waste was due to be removed. The Environment Agency inspected the site with the London Fire Brigade and noted that progress had been made. However, only about a third to a half of the material has been removed and the site is not fully compliant with the Notice requirements. Hence they are in breach of the Notice.

The Environment Agency is confident that the site has been complying with the in/out volume requirements but that the site has failed by under-estimating the amount of material it has in situ. The Suspension Notice is still in force and the permit is still suspended. The Environment agency state that Waste4fuel are making progress and that the fire risk is reducing. The London

Fire Brigade are still not happy as the fire risk remains and they want the waste removed as quickly as possible. All enforcement options are open to the Environment Agency but they have not yet decided if enforcement action will be instigated. They will be monitoring to ensure that the site continues to progress through removal of all waste materials and if they haven't done then that's the time they will consider what options are available to them.

Supplementary Question:

Ms Watkins asked, should the site fail yet again to meet the deadlines, at what point in time will the Council say "enough is enough" and exercise its duty of care for the local residents of St Paul's Cray under the realms of protection of public health and use its best offices to seek to use every possible leverage to encourage the Environment Agency to close it down.

Reply:

The Portfolio Holder repeated that this was a privately owned site and was nothing to do with the Council. The Environment Agency were taking the lead on this, they had given it a license and they had decided that they would leave it until the end of August in the hope that this was a reasonable deadline. It was up to the Environment Agency to make the decision at that point as to what they wished to do - there was nothing the Council could do.

For Written reply:

2. From Tim Fisher of the Portfolio Holder for Care Services

As a result of recent changes to housing benefits, has the London Borough of Bromley (LBB) relocated or offered to relocate LBB residents to less expensive parts of the country? If so, how many persons have been moved and how many have been offered a move?

Reply:

We have developed an options toolkit which aims to provide advice and assistance to those affected by the benefit changes to consider a range of options to mitigate the impact of the caps. This may include for example assistance to access employment to become exempt from the cap or accessing alternative more affordable accommodation. For some this may, indeed, mean choosing to move to areas with cheaper rents. So far we have moved about five families - this has been where they have family connections or work opportunities in areas where there is a greater supply of more affordable accommodation. We have about a further 19 households who have currently expressed an interest in this option. Where we do assist in moving to less expensive areas advice and assistance is offered for relocation and to access appropriate services in the area.

COUNCIL MEETING

1ST JULY 2013

ORAL QUESTIONS BY MEMBERS OF THE COUNCIL

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

Is he satisfied with the level of support given by the Authority to schools who have an OFSTED grade of 3 or 4?

Reply:

In simple terms the answer is “no.” At around this time a year ago a decision was taken in the Education Department to move away from a sold services operation with regard to the application of support to the schools and to avoid the situation where support services were supplied to all schools in outstanding and good categories which were quite capable of finding their own support either from the national college, other schools or commercial organisations. A decision was taken at that time to concentrate on support activities for those schools in Ofsted categories 3 and 4 that needed the support of Council officers most. We have made considerable progress in that regard and moved away from the situation we had before and now a considerable amount of our support activities are specifically directed at those schools in Ofsted categories 3 and 4.

However, for the last few months we have been short of an officer for mathematics support and eight primary schools have not had the mathematics support that they should have received. That is being addressed as a matter of urgency and once that officer is in place I will be a little more satisfied with the degree of support we are giving to those category 3 and 4 schools.

Supplementary question:

Councillor McBride asked the Portfolio Holder whether he was satisfied that there had been two recent Ofsted reports where the Local Authority had been criticised for letting schools down and not giving them the support they deserved. He suggested that this was a symptom of the cuts agenda and staff not being able to support the schools in the borough most in need.

Reply:

Councillor Wells responded that he did have a degree of concern and was aware of the two schools involved. However, the Council was moving forwards and attempting to get into a situation where it was better able to support schools in categories 3 and 4. This process had been started a year ago and was still on-going. There was some concern that this

mathematics support was not available and the Council was actively seeking to fill the post.

2. From Councillor Nicholas Bennett of the Leader of the Council

What plans are the Council making as part of the national commemoration of the start of the 1st World War in August 1914?

Reply:

The Council is looking to make a number of arrangements to mark the outbreak of the 1st World War, with potentially a number of events and activities taking place across the borough in 2014. This will start in June with our annual Fly a Flag for our Armed Forces day on 23rd June very much expanded to include the visit of the Queen's Own Royal West Kent Living History Group. In addition from 1st July to 4th August depending on funding and other things becoming available, there will be various exhibitions across Bromley – Bromley at War talks, handling sessions, artifacts day and schools sessions.

Supplementary Question:

Councillor Bennett asked whether the Leader was aware of a five volume set of documents, published by the Council in 1999 and written by the late Barry Holroyd, Assistant Director for the Environment, and suggested that it would be a fitting tribute if the Council were to seek sponsorship for this to be re-printed. He also suggested that, given the condition of some of the borough's war memorials, and in conjunction with this, sponsorship could be sought to clean and repair some of the smaller memorials which were now in a state of disrepair.

Reply:

The Leader responded that it would be wholly appropriate to do this and he would discuss with Councillor Bennett and the officers whether this could be undertaken and sponsorship be sought.

(An indicative programme was laid round the chamber and is attached as Appendix 1.)

3. From Councillor Tom Papworth of the Portfolio Holder for Public Protection and Safety, the Chairman of the Development Control Committee and the Chairman of the General Purposes and Licensing Committee

To ask what powers they/their committees have to regulate the activities of shops selling drug paraphernalia and/or legal highs in the borough.

Reply:

Councillor Stevens confirmed that he was answering as Portfolio Holder but also on behalf of the two Chairmen identified by Councillor Papworth in his question.

Current drugs laws do not provide an effective means to effectively tackle the supply of new psychoactive substances (NPS). Whilst the Misuse of Drugs Act 1971 gives powers to police to take action this will only be the case where the NPS contains a controlled substance.

There are a range of consumer protection laws that might be considered in an effort to tackle NPS. For example there are a number of offences under the Consumer Protection Regulations 2006 which could be considered, one of which is the omission of important information which the average consumer needs to make a transactional decision. An example of an omission which could breach the CPRs could be a failure to state that a product could be damaging to human health. However, in order to circumvent this potential offence, suppliers have provided a clear statement that a product is “plant feeder-not for human consumption”. You could also argue that the average consumer in this case, namely a substance abuser, would not normally need that information to make the transactional decision. In reality, the CPRs and the General Product Safety Regulations (GPSRs) are not going to solve this problem.

Investigations into the supply of NPS indicate retailers and suppliers are going to extreme lengths to provide test certificates to show products are “legal” or that adequate labelling is used to circumvent legislation in the event they become the subject of interest by trading standards.

At present there are no licensing laws which would allow the local authority to apply restrictions on the activities of these shops and neither are there any planning laws.

Supplementary Question:

Councillor Papworth stated that this was what he had expected to hear, that the Council’s powers were nigh on zero. He asked, in view of the fact that Skunkworks had recently opened a shop in Anerley, what action the Portfolio Holder and his colleagues had taken to liaise with other organisations active in the borough that might be able to have some impact on whether this shop could trade and to make sure that it did not encourage anti-social behaviour in the area.

Reply:

Councillor Stevens responded that Trading Standards were monitoring these shops in Anerley and Orpington. Councillor Owen had been making representations to Jo Johnson MP and had asked him to raise this in Parliament. The Portfolio Holder hoped that a change in the law could be

made so that it was easier to control what these shops were selling and to stop them selling what the Council considered to be harmful drugs.

4. From Councillor Peter Fookes of the Portfolio Holder for Care Services (answered by the Leader)

What is the criteria for accessing extra care housing at Sutherland Court in Penge?

Reply:

Places in extra care housing schemes are allocated on the basis of individual needs assessed in accordance with the Council's eligibility criteria for social care services. Extra care housing provides accommodation with care for people who are no longer able to live in their own home even with support and who do not need the level of help given by a care home.

Supplementary Question:

Councillor Fookes asked why he had recently been contacted by two residents from Shortlands and Crystal Palace who had been denied access to this facility when reports to committee had stated that budgets were overspent. He found it bizarre that the Council had a facility that was not being used.

Reply:

Councillor Carr responded that there was demand for Council facilities but everything possible was done to support vulnerable people and to ensure that people did receive services. There had been issues with vacancies at extra care housing sites some years ago but he understood that there was more pressure now. There would potentially be waits to get access to this type of accommodation in the future.

Councillor Carr offered to look into the individual cases raised by Councillor Fookes.

5. From Councillor Kathy Bance MBE to the Portfolio Holder for the Environment

When will the consultation on the changes to the bus routes in Bromley North Village conclude?

Reply:

TfL's consultation has already ended.

Supplementary Question:

Councillor Bance asked whether, as the Council had a report from the Bromley Mobility Forum explaining the hardship that the proposals would cause, further changes could be looked at, also taking into account the impact on the High Street with EW Payne closing and other shops being affected.

Reply:

In response Councillor Smith read a letter he had sent on 28th June 2013 to the Forum –

“Dear Miss Marks,

I confirm I am in receipt of your letter dated 3rd June. With reference to your public meeting with TfL and LBB’s Mr Cole on 10th April it is my understanding that many differing views and opinions were expressed by those attending on the day as well as that no clear conclusion was reached amongst those doing so either. I am further led to understand that your concerns regarding TfL’s consultation being “inadequate” were raised directly with TfL who undertook to take away a number of points raised at that meeting and feed back to you with their findings in due course. I have subsequently been updated that this commitment on their part was discharged as recently as 25th June when their response was circulated at a meeting of the Bromley Mobility Forum and endorsed/accepted by those attending. If that is not the case or should you have further concerns it would be helpful for you to consult either Cllr Morgan or myself to understand precisely what they were. “

Councillor Smith stated that there was no clear consensus on what would provide a perfect arrangement in Bromley North. He and Councillor Morgan believed that this was the best available opportunity to secure improvements and that seemed to have been broadly understood by the Bromley Mobility Forum.

6. From Councillor David McBride of the Portfolio Holder for Public Protection and Safety

Will he join me in asking the Environment Agency to permanently remove the licence for the Waste4Fuel site in St Paul's Cray?

Reply:

Whilst I completely agree and understand your concerns, we may have to leave matters in the hands for the Environment Agency who license this site, and although Waste4Fuel, have missed the first deadline they are being closely monitored by the Environment Agency.

As frustrating as it is for us locally the resolution to this problem does indeed lie with the Environment Agency.

I am happy to advise Councillor McBride, that some local Councillors have been involved with meeting with the Environment Agency to resolve this problem and will continue to be so. The Council will continue to monitor the site with the expectation that all the rubbish will be cleared by the end of August which has been agreed by the Environment Agency.

Supplementary Question:

Councillor McBride mentioned that there had been six blazes at the site in the last three months, including a nine day fire in March, numerous enforcement and health and safety improvement notices and six breaches of the Health and Safety at Work Act. He understood that the Portfolio holder could not shut the site down, but he asked that he join with residents and write to the Environment Agency stating that the Council thought that the licence should be removed.

Reply:

Councillor Stevens stated that he had made the Council's position very clear – this was a private site, it was licensed by the Environment Agency and it was not licensed by the Council. The Environment Agency were working very closely with officers from the Council and the London Fire Brigade and at this stage the council would be guided by these professionals and would not be making any decisions. The Environment Agency had issued a clear deadline that they expected the site to be cleared by the end of August. He was totally in sympathy with the residents and all parties wanted to work together to find the right resolution to this problem. It had to be left in the hands of the Environment Agency; the Council had made its views very clear but they were leading on this matter.

Further Supplementary Question:

Councillor Peter Fookes asked whether it would be possible to hold a special PDS meeting and invite the Environment agency and Bob Neill MP to attend to try to resolve the matter before the end of August.

Reply:

Councillor Stevens responded that it had not been possible to arrange for the matter to be discussed at short notice at Environment PDS Committee, but Public Protection and Safety PDS Committee would consider this at its next meeting in September, and he had asked the Director to ensure that the Environment Agency were present so that they could be questioned by Councillors.

7. From Councillor Nicholas Bennett of the Portfolio Holder for Resources

Why was the answer to my question at the February meeting on the total gas and electricity consumption not, as requested, based on the same criteria as the original question in 2008 - thus making any meaningful comparison impossible and preventing any judgement as to whether the Council's carbon reduction programme has been successful? If he will now provide the information in the format requested or else state why it cannot be provided?

Reply:

The response to the original question in 2008 referred to "council buildings" Unfortunately the response did not specify which council buildings were included, nor did the response specify the source of the information provided. It is believed that the 2008 information was based on procurement data multiplied by the then unit rates, but as the officers who provided the original information in 2008 are no longer employed by the Council, it is not possible to say definitively on what basis the 2008 information was calculated and therefore produce information in 2013 that provides a direct comparison.

The answer provided in 2013 clearly states the building (Civic Centre) and the source of the data, so that if the information is requested in the future a direct comparison can be possible.

A more complete picture concerning progress in relation to carbon reduction / energy demand management across the board (expressed as carbon but derived from kWh consumption) is provided in the Carbon Management Programme Executive 2011/12 Report (Executive: 28 November 2012) which shows *inter alia*:

- Tables 1 & 2: Progress against baseline and annual progress
- Table 4: Avoided consumption and spend – i.e. the positive impact of measures undertaken

2012/13 consumption data is currently being compiled and electricity and gas data (inc. Schools and SL) and will be reported to the Executive in the Carbon Management Programme 2012/13 Report in due course.

Supplementary Question:

Councillor Bennett asked for an assurance that should the current officers leave the Council then their successors could not claim that it was impossible to provide comparative data.

Reply:

Councillor Arthur responded that it would be difficult to give an assurance of this type, but he did commend the report he had mentioned which showed an increasingly positive picture.

8. From Councillor Peter Fookes of the Portfolio Holder for Care Services (answered by the Leader)

What provision is being made by the Council for those people who are forced out of the private rented sector by the cuts imposed by your government?

Reply:

We provide advice and assistance for those households at risk of losing private rented accommodation as a result of the recent changes to welfare reform. In the first instance this will involve pursuing a range of options to try and prevent homelessness occurring including negotiations with the landlord regarding rental levels and payment terms, assistance to the household to access training and employment. Where this is not possible we will assist the household to consider a range of alternative housing options which may be available based on their individual circumstances for example, moving to less expensive areas, possibly moving to live near or with relatives and so on. We have however seen an increase in the number of households who are statutory homeless following loss of private rented accommodation and where alternative housing options are not viable those households who become unintentionally homeless through this route and fall within a priority need category, are assisted by the Council through the statutory homelessness route and are provided with temporary accommodation whilst a more settled housing solution can be accessed.

Supplementary Question:

Councillor Fookes suggested that this was going against the Council policy of having balanced and mixed communities and that the Council should be accepting these residents onto the housing register rather than making it increasingly difficult for people to get on.

Reply:

The Leader stated that he disagreed with Councillor Fookes and that therefore his answer was “no.”

9. From Councillor Kathy Bance MBE of the Portfolio Holder for Public Protection and Safety

How many mobile CCTV cameras are there in Bromley and how long is the waiting list for their use?

Reply:

We have six mobile systems that we can use outdoors. Each system can accommodate up to six cameras, used together to obtain the necessary views and we also have four mobile systems that we can use indoors.

We have two covert surveillance vehicles, although one vehicle is currently out of use as it is being refitted at this time.

We are currently deploying all systems plus the single vehicle that we have, although one of the systems (two cameras) were recently stolen and are in the process of being replaced.

Supplementary Question:

Councillor Bance thanked the Portfolio Holder for the work being done in her area of the borough and asked whether there was any opportunity to increase the number of mobile cameras to deal with specific hotspots. She stated that there had been two murders in known hotspots in the last four years and there were still several other hotspots that should be monitored to prevent any further incidents.

Reply:

Councillor Stevens responded that he was aware of the terrible circumstances of the two murders in Penge. The Council had reacted on the first occasion by placing a camera on the bridge and was waiting to hear from the Safer Neighbourhood Team to see whether there was a need for further cameras in the area after the recent incident. When that bid came in the Council would consider whether there was a camera available and how much the cost would be and act on the advice of the Police as it had done across the borough in recent years where a number of cameras had been installed at the request of councillors.

Further Supplementary Question:

Councillor Tom Papworth asked whether the Council had good coverage of the theft of the two cameras, or was the film too grainy to be used?

Reply:

Councillor Stevens declined to answer what he considered to be a frivolous question.

10. From Councillor Nicholas Bennett of the Portfolio Holder for the Environment

What representations has he made to *Transport for London* regarding the Mayor's proposal to extend the Bakerloo Line to Hayes over the existing Network Rail Tracks?

Reply:

Councillor Smith stated that there had been numerous and on-going conversations not only with Transport for London but perhaps more importantly with the GLA family about the potential to extend the Bakerloo Line to Hayes. It remained firmly the Council's view that the priority for the borough was to extend the DLR in whatever form to Bromley North and ideally to Bromley South. This would cost approximately £800m as opposed to extending the Bakerloo line which would cost roughly £2.2bn but would also provide less direct connections into London for Bromley residents living along that route.

There had been a significant number of discussions, these remained on-going, and recent meetings had been attended not only by himself but also the Leader and the Portfolio Holder for Renewal and Recreation. It was necessary to stick with these discussions as it was likely that the borough could only expect one major project to be implemented soon, and it was vital that this was the right one to regenerate Bromley town centre, create jobs and enhance business rate retention. Bromley town centre was the focus of the message.

Supplementary Question:

Councillor Bennett asked whether the Portfolio Holder shared his concern and that of his constituents in West Wickham that they would be getting a raw deal if full sized trains were replaced with smaller tube trains meaning more people would have to stand for a slower service, not going to the parts of London where the train currently went.

Reply:

Councillor Smith stated that he agreed that this was a real risk. It would be necessary to look at the level of detail were TfL determined to press ahead with their scheme. He hoped that they would listen to the fact that this was not a local political priority.

11. From Councillor Peter Fookes to the Portfolio Holder for Public Protection and Safety

Why are charities being threatened with prosecution when rubbish is dumped on their land?

Reply:

As with any landowner or business Charities would have a responsibility to manage this “dumping” on their land, as the owner becomes legally responsible for the rubbish, once it is dumped.

Also, in disposing of any unwanted material, they must ensure that it is done in accordance with current legal requirements for the disposal of waste.

Supplementary Question:

Councillor Fookes stated that it was very unfair on property owners, for example in Penge where the Council was threatening to prosecute the Salvation Army, when it should be prosecuting the perpetrators of the crime. He asked why the Council was not addressing the underlying problem.

Reply:

Councillor Stevens agreed that it would be better to prosecute the perpetrators but the problem was that the Council had to follow the law which was quite clear. He was aware that charity shops put up notices to explain when donations could be received but they had to take responsibility for what was left on their forecourts.

Further Supplementary Question:

Councillor Nicholas Bennett asked whether Councillor Stevens was aware of the situation at The Studio. Councillors for Clock House Ward and himself had raised the issue of tyres piled up there that had been dumped. Part of the problem was that there was no CCTV and the gate to the premises was not very secure. There was clearly a responsibility both on the perpetrators but also on the people who owned such sites to make sure that proper precautions were in place such as CCTV so that they could establish who was responsible for dumping things.

Reply:

Councillor Stevens responded that he was not aware of this situation, but the director would investigate and respond.

Appendix 1 (Question 2)

Bromley Palace Park, 23rd June 2014

Fly a Flag for our Forces

Mayoral and Civic Services will organise the annual morning commemoration. Since signing the Armed Forces Covenant in April 2013 the list of invitees will be larger than in previous years. In addition the event will be publicised for the first time allowing residents to take part.

RAF large ensemble band

A request has been placed with the RAF for a band to play as part of the Fly a Flag for our Forces commemoration. The request is for music from the arrival of guests through to their departure (approximately 1 hour in total). We will be informed early in 2014 if our request has been successful.

The Queen's Own Royal West Kent Regiment Living History Group (50th & 97th)*

will be on site for the whole day offering an opportunity for invited guests, staff, local residents and schools to learn about the uniforms, weapons, equipment, training and everyday life of the Great War soldiers. It is anticipated the public will visit this display in the morning with schools invited to attend in support of National Curriculum activities in the afternoon.

1st July – 4th August 2014

Subject to a successful Heritage Lottery Fund grant application by Bromley Local Studies and Archives Service:

Bromley at War exhibitions

Exhibitions will be held at Bromley Museum and in Beckenham and Bromley. The main exhibition will be at the museum with pop-up taster exhibitions at the other two locations that will signpost visitors to the museum's main exhibition.

Bromley at War talks

Bromley Museum's Curator, will take a programme of World War One talks on a tour of the borough's libraries.

Bromley at War handling sessions

Bromley Museum's Service will deliver handling and craft activities for families at Bromley Museum and on an outreach basis in libraries around the borough.

WWI Artefacts Day

Bromley's local communities will be invited to a special day at Bromley Museum where they can bring their own family memorabilia to discuss and show to other members of the community, museum, local studies and archives staff. The day seeks to encourage reminiscence, inter-generational connection and oral histories.

October – November 2014

Subject to a successful Heritage Lottery Fund grant application by Bromley Local Studies and Archives Service:

Bromley at War school sessions

Bromley Museum's Education Officer, will deliver handling and learning sessions in schools around the borough on World War One and tied in to Remembrance Sunday.

COUNCIL MEETING

1ST JULY 2013

WRITTEN QUESTIONS FROM MEMBERS OF THE COUNCIL

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

My question to Council of the 27th February omitted to provide the salary scales as requested, can you provide the appropriate information.

Reply:

The salary scales for staff including Management Grade staff are posted on OneBromley under 'Localised Pay.'

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

I would be obliged if the Leader could advise me as to the scale, or scales, of compensation that an owner can claim if the Community Right to Bid under the Localism Act 2011 is not activated by a Community Group prior to the cessation of the Moratorium period.

Reply:

If an owner of a listed asset notifies the Council of their intention to dispose of the asset, the interim 6 week moratorium period commences. During this period the Council must publicise locally the owner's intention to dispose, amend the list and notify the nominating group. Any community group has until the end of the interim moratorium period to make a written request to be treated as a potential bidder. When this happens the full moratorium period of 6 months applies.

An owner can claim compensation for loss and expense incurred through the asset being listed. The claim can be for delay in entering into a binding agreement to sell which is wholly caused by the interim or full moratorium period and for legal expenses associated with a successful appeal to a Tribunal. The owner must make his/her claim in writing, state the amount and provide supporting evidence. The Council must then consider the claim and provide written reasons for its decision.

3. From Councillor David McBride of the Portfolio Holder for Public Protection and Safety?

When will there be an operational CCTV camera in Star Lane?

Reply:

The proposed camera for Star Lane has been installed and connected to the system and it is currently subject to testing. It should be fully operational and viewable in the Civic Centre control room by June 30th.

**4. From Councillor Nicholas Bennett of the Portfolio Holder for
Renewal and Recreation**

If he will provide the following statistics to update the answer given by his predecessor on 20th November 2006 and that on 28th June 2010, how many borrowings and visitors were recorded at each library for each year since 2009-10?

Reply:

See appendix 1 attached.

**5. From Councillor Nicholas Bennett of the Chairman of the
Development Control Committee**

If he will provide for each of the past three years the following information;

- i. Number of planning applications received;
- ii. Number approved under delegated powers;
- iii. Number refused under delegated powers;
- iv. Number approved by committee;
- v. Number refused by committee;
- vi. Number approved on appeal;
- vii. Number refused on appeal?

Reply:

The answers are set out in appendix 2. These figures are based on the statutory government returns. The numbers of applications and appeals received and determined do not exactly tally as some applications are submitted and determined in different financial years, hence the three separate tables.

**6. From Councillor Nicholas Bennett of the Portfolio Holder for
Education**

What progress he has made with the Catholic Archdiocese of Southwark with regard to the establishment of a Catholic Secondary School in the borough?

Reply:

The local authority has met representatives of the Catholic Archdiocese of Southwark and discussed the proposal for a secondary school in the context of the review.

Numbers would be justified by the anticipated growth in rolls and should not represent a concern to other schools given the timescale needed to consult, to secure funding and to build.

There is a desire for a five forms of entry (5FE) mixed school with a sixth form. However, the Archdiocese are not planning that this would be on the existing All Saints site and would want to release this site for disposal.

Other sites in the ownership of the Archdiocese have been put forward. These are more central to the borough and the local authority has requested that the Archdiocese commissions an option appraisal, on an agreed brief, to determine which of these may be suitable and to inform the review process.

Approval of a new site would be a necessary condition for the disposal of All Saints and planning considerations are key.

Options for funding the capital costs would also need to be discussed, whether by the Basic Need Grant or through the Free School route.

This would be reported to PDS Committee in the autumn

7. From Councillor Peter Fookes of the Portfolio Holder for Resources –

Given that I have raised the issue of the Lodge in Penge Recreation Ground on many occasions, is it not now time for the Council to make this property fit for human habitation and to put a charge on it accordingly?

Reply:

Penge Lodge is in excellent condition internally and externally and requires only decoration in the living room and white goods in the kitchen prior to being let or sold.

The owner has spent in excess of £70,000 refurbishing the property to a high standard. The windows and door have been replaced, but remain boarded externally to prevent vandalism.

The Empty Property Officer remains in regular contact with the owner who has previously offered to show members around the property if they wish to view.

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

Given that Bromley are now responsible for the administration of crisis loans with effect from April 2013, what provision is being made for this service being available to the residents of Bromley?

Reply:

Full details of the proposed scheme for Bromley residents was contained in a report to the Resources Portfolio Holder at the meeting of Executive and Resources PDS Committee on 27th March 2013 entitled "Local Welfare Provision (Bromley Welfare Fund)". Appendix 1 to the report advised of the objectives and eligibility criteria of the scheme.

Members agreed the proposals contained in the report relating to the new Bromley Welfare Fund.

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

What is the procedure for residents and charities who contact the Council out of hours with a client who is homeless and does this apply to people from overseas?

Reply:

There is a statutory requirement for us to run a 24 hour emergency service. Essentially if anyone is homeless out of hours they will contact the Council's emergency out of hours number, this takes them through to the call centre who will undertake initial triage of the case to provide basic advice and establish whether they are actually immediately homeless. If this is the case then they will be passed through to the housing needs officer who is on duty at this time. They are able to provide emergency advice and if appropriate make a placement into temporary accommodation, women's refuge etc as required. In terms of persons from abroad then the assistance provided will depend on their immigration status and eligibility for services in terms of the homelessness legislation, Children's act, national assistance act etc. the call centre provides the initial point of contact for both housing and social care and will direct as appropriate. If status is not clear then the case will be passed across to the duty officers who will liaise and agree on a way forward to assist.

10. From Councillor Tony Owen of the Portfolio Holder for Public Protection and Safety

What is the borough strategy towards so called 'legal highs' be they obtained from khat (an illegal drug in USA) or products bought from the Skunkworks franchise shops?

Reply:

Trading Standards and Police have carried out visits to the Orpington premises and found no illegal activity. The products on sale are at present legal. They do not fall under the control of the Misuse of Drugs Act 1971.

I will continue to lobby for the introduction of effective legislation, both in prohibiting these substances and to introduce a licensing scheme in order that local authorities can control the emerging trends of these retail outlets. I will continue to seek updates on the current legislative position in relation to the on-going criminal sanctions which are taking place in Hampshire, and I will ensure Trading Standards and Police are working together to closely monitor the activities of these shops.

11. From Councillor Tony Owen of the Portfolio Holder for Resources

Is there any chance of Members getting decent access to the internet from Council laptops?

At present access can only be made via Citrix using an obsolete version of Internet Explorer that is not supported by many websites and is known to be insecure.

Reply:

The internet can be accessed from a Bromley laptop in two ways. The first is as suggested via Citrix. The other is to use the local internet connection either from a home broadband service or from a Wi-Fi hotspot which will give unrestricted access to the internet, subject to any local restrictions or policies.

With regards to the browser we are in the final stages of Internet Explorer 8 (IE8) compatibility testing with the Bromley Line of Business systems, and will shortly be rolling it out across the estate as part of the changes to the HR self-service system. If any Member would like to be upgraded to IE8 in advance of the main rollout, please contact Democratic Services and this can be arranged.

We are working with Capita on two projects for the laptops. The first is to update the existing XP laptop build to bring about some speed improvements following problems that some users have experienced since we changed to a new internet service provider. The second is the Windows 7 project, which will change and greatly simplify the way we use the Laptops and give a much better user experience. This will have the latest version of internet explorer possible. We are also looking at options for supporting other browsers such as Google Chrome and would welcome any feedback regarding other browsers that people use.

The members New Technology Working Group have made recommendations regarding the provision of ICT equipment in the future, based upon tablets and simplifying the requirements, and these will be worked up into firm proposals for Member approval.

12. From Councillor Kathy Bance MBE of the Portfolio Holder for Renewal and Recreation:

At the June Executive meeting, He promised that action was imminent over the Porcupine Pub in Mottingham. When will his special meeting be held?

Reply:

A special meeting to consider an Article 4 Direction is not required at the present time as Lidl have confirmed that they will not demolish the building before submitting their planning application to redevelop the site.

The Council have refused the 'Part 31' prior approval application in respect of the proposed demolition of the Porcupine. Bob Neill MP recently met with Lidl and they have agreed that they will submit a full planning application for the redevelopment of the site and will not pursue the demolition via permitted development.

The Article 4 Direction would have prevented the exercising of permitted development rights which allowed demolition, so as Lidl are not proposing to use those rights, we are not proposing to consider the Article 4 Direction in the foreseeable future. Should a further Part 31 application be submitted, we could consider an Article 4 Direction at that time. The building cannot be demolished without either approval under a 'Part 31' application, or as part of a planning permission. A planning application would be reported to Plans Sub Committee once received and considered.

13. From Councillor John Getgood of the Portfolio Holder for Renewal and Recreation:

What penalty clauses have been imposed on the contractor as a result of the relaying of paving in Orpington High Street?

Reply:

As the defects in Orpington High Street were identified during the two year guarantee period, and remedial works completed by the contractor at their expense within an agreed timescale, no penalty payments have been charged to the contractor.

14. From Councillor John Getgood of the Portfolio Holder for Care Services

How many homes in Bromley are empty and what efforts are being made to get them back into use? Will the Council use Compulsory Purchase Powers if the land owner does not wish to engage?

Reply:

883 homes were registered empty for more than 6 months as at 26th May 2013.

The Empty Property Officer is in contact with all owners of long term empty properties and currently mailing them in batches to advise of funding opportunities and to offer advice and assistance to help bring properties back into use. Where properties are giving rise to specific nuisance issues then statutory action is taken to resolve the issues via Planning, Building Control and Public Protection and Council Tax and this action is usually coordinated by the Empty Property officer.

Where owners will not engage and the properties exceed a member agreed rating system for an Empty Dwelling Management Order (EDMO), then this process is commenced. An EDMO allows the Council to take control of a property, undertake repairs and let the property. The next hearing for an

application for an EDMO is the 5th of August for a property in Penge. Two other long term empties are also being prepared for an interim EDMO application. Compulsory Purchase is used very infrequently as it has a high cost to the Council and not all costs can be recovered. The EDMO process is an effective and cost neutral alternative.

15. From Councillor John Getgood of the Portfolio Holder for Resources

What is the procedure for informing all councillors when a contractor goes into receivership? Should the Portfolio Holder not be required to report this to the next meeting of his/her PDS?

Reply:

The action required will depend on the value, nature and impact of the contract including, for example, the impact on the service to residents and alternative provision available. In the event of any issues with contractors which might present a risk to service officers would normally brief the Portfolio Holder at an early stage. Once the impact was clear and there were decisions to be made which required Portfolio Holder or wider Member approval, officers would prepare a formal report and normally this would be pre-scrutinised by relevant PDS Committee.

Such situations for high value contacts would also be reported within the contract register which is submitted to PDS Committees.

Not all circumstances would result in the need for Portfolio Holder approval/ decision.

16. From Councillor Simon 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 44 Householder pre-application meetings and 43 Non-Householder Minor pre-application meetings between 23rd February and 24th June 2013.

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

Appendix 1 – Question 4

Issues	2009-10	2010-11	%change	2011-12	%change	2012-13	%change
Anerley	36,460	34,649	-5.0	32,796	-5.3	29,492	-10
Beckenham	283,234	266,756	-6.0	260,838	-2.2	233,254	-11
Biggin Hill	71,903	91,494	27.5	81,377	-11.1	73,311	-10
Burnt Ash	22,239	22,951	3.2	19,736	-14.0	17,928	-9
Central	458,214	430,402	-6.0	393,099	-8.7	353,046	-10
Chislehurst	115,246	112,964	-2.0	104,305	-7.7	91,673	-12
Hayes	43,848	40,805	-7.0	38,815	-4.9	33,929	-13
Mobile Library	31,636	30,978	-2.0	27,381	-11.6	22,046	-19
Mottingham	35,081	32,243	-8.0	31,837	-1.3	28,788	-10
Orpington	273,713	249,401	-9.0	265,623	6.5	233,988	-12
Penge	38,560	39,661	3.0	36,236	-8.6	33,187	-8
Petts Wood	135,546	129,473	-4.5	120,171	-7.2	102,598	-15
Shortlands	52,976	49,465	-6.5	46,728	-5.5	41,196	-12
Southborough	68,203	63,531	-7.0	57,243	-9.9	54,583	-5
St Pauls Cray	42,148	40,369	-4.0	34,725	-14.0	29,149	-16
West Wickham	151,411	145,897	-4.0	134,743	-7.6	118,671	-12
Total	1,860,418	1,781,039	-4.0	1,685,653	-7.0	1,496,839	-11.0

Visits	2009-10	2010-11	%change	2011-12	%change	2012-13	%change
Anerley	63,922	58,371	-8.6	53,572	-8.2	54,107	1
Beckenham	204,014	200,148	-2.0	199,063	-0.5	177,477	-11
Biggin Hill	91,284	209,577	130.0	244,853	16.8	247,462	1
Burnt Ash	32,375	30,794	-5.0	28,432	-7.7	28,221	-1
Central	640,172	603,270	-5.5	551,873	-8.5	475,449	-14
Chislehurst	100,354	97,700	-2.5	93,525	-4.3	88,440	-5
Hayes	38,207	36,596	-4.0	35,718	-2.4	33,236	-7
Mobile Library	27,775	28,757	3.5	23,886	-16.9	20,561	-14
Mottingham	46,955	45,015	-4.0	46,729	3.8	41,870	-10
Orpington	199,028	186,977	-6.0	320,772	71.6	319,180	-0.5
Penge	99,386	95,257	-4.0	88,324	-7.3	81,902	-7
Petts Wood	112,214	116,731	4.0	109,687	-6.0	102,727	-6
Shortlands	43,238	42,019	-3.0	38,365	-8.7	34,706	-12
Southborough	34,407	33,620	-2.3	34,684	3.2	33,662	-3
St Pauls Cray	59,856	55,339	-7.5	47,942	-13.4	44,121	-8
West Wickham	149,386	149,629	0.2	140,536	-6.1	130,344	-7
Total	1,942,573	1,989,800	2.0	2,057,961	3.4	1,913,465	-7.0

Appendix 2 – Question 5

Total Planning Applications Received	
Financial Year	Total Number of Applications
FY201-11	3,074
FY2011-12	3,163
FY 2012-13	3,173
FY 2013-14 (to 28 June)	777

Total Applications Received by Method of Determination						
Financial Year	Delegated Decisions		Committee Decisions		Totals	
	Permitted	Refused	Permitted	Refused	Permitted	Refused
FY201-11	2,081	452	266	109	2,533	375
FY2011-12	2,053	619	254	101	2,672	355
FY2012-13	1,972	667	231	117	2,649	348
FY 2013-14 (to 28 June)	563	169	49	33	732	82

Total Planning Applications Decided			
Financial Year	Allowed	Dismissed	Totals
FY2010-11	93	144	237
FY2011-12	84	116	200
FY 2012-13	91	144	235
FY 2013-14 (to 28 June)	30	29	59

Agenda Item 9

Report No.
RES13162

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 23 September 2013

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

Title: CODE OF CORPORATE GOVERNANCE

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 At its meeting on 17th July 2013 the General Purposes and Licensing Committee considered and approved a revised Code of Corporate Governance for adoption by full Council. This had previously been considered by Audit Sub-Committee on 6th June 2013. The revised Code removes some of the duplication in the previous version (agreed by Council in April 2011) and takes account of the key elements that need to be included in the Annual Governance Statement.
- 1.2 The report considered by the Committee is attached – the old Code, with the changes made by officers and by Audit Sub-Committee at its meeting on 6th June 2013 showing, is attached at appendix 1; the new, revised Code is attached at appendix 2.

2. RECOMMENDATION

That Council adopts the revised Code of Corporate Governance (appendix 2 to the attached report.)

Corporate Policy

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

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Internal Audit
 4. Total current budget for this head: £552k, including £250k net cost for fraud partnership
 5. Source of funding: General Fund, Admin Subsidy, Admin Penalties, legal cost recoveries, provision of sold services to academies.
-

Staff

1. Number of staff (current and additional): 6.4fte, including 0.5fte to cover risk management
 2. If from existing staff resources, number of staff hours: 208 days per quarter
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable: This report does not involve an executive decision
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
-

Ward Councillor Views

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

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	See attached report

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 17 July 2013

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

Title: CODE OF CORPORATE GOVERNANCE

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 At its meeting on 6th June 2013, the Audit Sub-Committee considered and approved a revised Code of Corporate Governance for adoption by full Council. The revised Code removes some of the duplication in the version previously agreed by Council in April 2011 and takes account of the key elements that need to be included in the Annual Governance Statement.
-

2. **RECOMMENDATION(S)**

That Council be recommended to adopt the revised Code of Corporate Governance (appendix 2).

Corporate Policy

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

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs:
 3. Budget head/performance centre: Internal Audit
 4. Total current budget for this head: £552k including £250 k net cost for fraud partnership
 5. Source of funding: General Fund, Admin subsidy, Admin penalties, legal cost recoveries, provision of sold services to academies.
-

Staff

1. Number of staff (current and additional): 6.4fte, including 0.5fte to cover risk management
 2. If from existing staff resources, number of staff hours: 208 days per quarter
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

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: Not Applicable

3. COMMENTARY

- 3.1 As part of the Annual Governance Statement review opportunity the opportunity has been taken to update the Code of Corporate Governance. Following a review of the *Delivering Good Governance in Local Government: Framework 2007*, to ensure that it remains 'fit for purpose', CIPFA/SOLACE has issued a revised guidance note which is intended to assist authorities in reviewing their governance arrangements. The guidance removes some of the duplication and more operational aspects previously attributable to the 'Role of the Chief Financial Officer' that is currently reflected in our own code which was approved by full Council in April 2011. We have also taken account of the key elements that should be included in the Annual Governance Statement when updating the code.
- 3.2 The revised code consists of four parts -
- An introduction
 - The Code itself
 - A glossary
 - An appendix showing the key policies and processes that underpin Bromley's compliance with the Code
- 3.3 At its meeting on 6th June 2013 the Audit Sub-Committee considered the revised Code, and with one amendment (in Core Principle 1:3, second section) approved it for adoption by full Council.
- 3.4 The new, revised code is attached at appendix 2; a version showing the old code and the changes made by officers and by the Audit Sub-Committee is also attached at appendix 1.

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	

BROMLEY - CODE OF CORPORATE GOVERNANCE (2011)

Introduction:

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Bromley Council recognises that:

- Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.
- Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk.
- All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

The Council's corporate governance framework is based upon guidance issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and recommended as best practice.

The CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework identifies four key roles of a local authority:

1. To engage in effective partnerships and provide leadership for and with the community
2. To ensure the delivery of high quality local services whether directly or in partnership or by commissioning
3. To perform a stewardship role which protects the interests of local people and makes the best use of resources
4. To develop citizenship and local democracy

The framework is based upon the following six core principles of good governance:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
2. Members and Officers working together to achieve a common purpose with clearly defined function and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of Members and Officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability

The six core principles each have a number of supporting principles with associated requirements and the attached Code of Corporate Governance sets out how the Council aims to meet these requirements.

Bromley Council is committed to applying these principles and is satisfied that it already has a well established and robust Constitution and other good governance documents and arrangements in place. Bromley's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. Some of the procedures are required by law such as the Code of Conduct for Councillors, while others are a matter for the Council. The key policies and processes that underpin the Council's compliance with these principles are set out in Appendix A.

Annual Governance Review

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

The outcome of the review is detailed in the Annual Governance Statement which is published with the Annual Report and Statement of Accounts

May 2013

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.	
Supporting Principles:	The Council will:
1. Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users	develop and promote the Council's purpose and vision
	review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements
	ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners
	publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance
2. Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning	decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available
	put in place effective arrangements to identify and deal with failure in service delivery
3. Ensuring that the Council makes the best use of resources and that tax payers and service users receive excellent value for money	decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively
	<i>Amendment by Audit Sub-Committee:</i> Will consider measuring the sustainability and environmental impact of policies, plans and decisions. (delete: measure the sustainability environmental impact of policies, plans and decisions)
	ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the Council meets its policy and service objectives and provides effective stewardship of public money and value for money in its use
	ensure that the Council maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance maintained and takes corrective action when necessary
	ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles.	
Supporting Principles:	The Council will:
1. Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function	set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice
	set out a clear statement of the respective roles and responsibilities of other Council Members, Members generally, senior officers and of the leadership team and its members individually
	ensure that the Chief Finance Officer (CFO) reports directly to the Chief Executive and is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact
2. Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard	determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for the collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required
	make the Chief Executive (and Head of Paid Service) responsible and accountable to the Council for all aspects of corporate and operational management
	develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained
	make the Finance Director Director of Finance (who is currently the Chief Finance Officer and Section 151 Officer) responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control
	ensure that Bromley's financial management arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Chief Financial Officer in Local Government</i>
	appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the Role of the CFO in Local Government and ensure that they are properly understood throughout the authority

	<p>ensure that the Council's governance arrangements allow the CFO direct access to the Chief Executive and to other leadership team members</p>
	<p>ensure that the CFO:</p> <ul style="list-style-type: none"> • leads the promotion and delivery by the whole organisation of good financial management so that public money is used appropriately, economically, efficiently and effectively at all times • has a line of professional accountability for finance staff throughout the organisation
	<p>ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance</p>
	<p>ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role</p>
	<p>make the Director of Corporate Services Resources (who is currently the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with</p>
	<p>ensure that Chief Officers contribute to the overall leadership of the Council, and work collectively on the strategic management of the Council and the co-ordination of Council-wide initiatives and projects to develop cross service policies through regular meetings of the Chief Officers' Executive Council Directors</p>
3. Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other	<p>develop protocols to ensure effective communication between Members and Officers in their respective roles</p>
	<p>set out the terms and conditions for the remuneration of Members and Officers and an effective structure for managing the process, including an effective remuneration panel</p>
	<p>ensure that effective mechanisms exist to monitor service delivery</p>
	<p>ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p>
	<p>establish a medium term business and financial planning process to deliver strategic objectives</p>

	<p>including:</p> <ul style="list-style-type: none"> • a medium term financial strategy to ensure sustainable finances • a robust annual budget process that ensures financial balance • a monitoring process that enables this to be delivered <p>ensure that these are subject to regular review to confirm the continuing relevance of assumptions used</p>
	<p>when working in partnership:</p> <ul style="list-style-type: none"> • ensure that Members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council • ensure that there is clarity about the legal status of the partnership • ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 3: Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	
Supporting Principles:	The Council will:
1. Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect
	ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols
	put in place arrangements to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice
2. Ensuring that the organisational values are put into practice and are effective	develop and maintain shared values including leadership values both for the Council and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.
	put in place arrangements to ensure that procedures, operations, systems and processes including those for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice
	develop and maintain an effective Standards Committee promote and maintain high standards of conduct by Councillors and co-opted members of the Council
	use it's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council
	in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values will be demonstrated by partners' behaviour both individually and collectively

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.	
Supporting Principles:	The Council will:
1. Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible
	develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based
	put in place arrangements to safeguard Members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice
	develop and maintain an effective Audit Committee which is independent of the executive and scrutiny functions
	ensure an effective internal audit function is resourced and maintained
	ensure that Bromley's assurance arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Head of Internal Audit</i>
	ensure that the Council's governance arrangements allow the CFO direct access to the Audit Committee and external audit
	put in place effective, transparent and accessible arrangements for dealing with complaints
2. Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs	ensure that those making decisions whether for the Council or a partnership are provided with information that is fit for the purpose - relevant, timely and gives clear explanations of technical and financial issues and their implications
	ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately
	ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority
	ensure the Council's governance arrangements allow the CFO to bring influence to bear on all

	material decisions
	ensure that advice is provided on the levels of reserves and balances in line with good practice guidance (Local Authority Accounting Panel Bulletin 77 – Local Authority Reserves and Balances)
3. Ensuring that an effective risk management system is in place	ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their job
	ensure the Council's arrangements for financial and internal control and for managing risk are addressed in annual governance reports
	ensure the Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes
	ensure that effective arrangements for whistle blowing are in place to which Officers, staff and all those contracting with or appointed by the Council have access
4. Using their legal powers to the full benefit of the citizens and communities in their area	actively recognise the limits of lawful activity placed on the Council by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of the community
	recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law
	observe all specific legislative requirements placed upon the Council, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into its procedures and decision making processes

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 5: Developing the capacity and capability of Members and Officers to be effective.	
Supporting Principles:	The Council will:
1. Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles	provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis
	ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council
	ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role
	review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised
	provide the finance function with the resources, expertise and systems necessary to perform its role effectively
2. Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively
	embed financial competencies in person specifications and appraisals
	ensure that Members' roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training and tools on an ongoing basis to help them discharge their responsibilities
	develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed
	ensure that effective arrangements are put in place for reviewing the performance of the Council as a whole and of individual Members and agreeing an action plan which might, for example, aim to address any training or development needs
3. Encouraging new talent for membership of the Council so that the best use can be made of individuals' skills and resources in balancing continuity and renewal	ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council
	ensure that career structures are in place for Officers and support for Members to encourage participation and development

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.	
Supporting Principles:	The Council will:
1. Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships	make clear to itself, all staff and the community to whom it is accountable and for what
	consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required
	produce an annual report on the activity of the scrutiny function
2. Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning	ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively
	hold all formal councillor or partnership meetings in public unless there are good reasons for confidentiality
	ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and will establish explicit processes for dealing with these competing demands
	establish a clear policy on the types of issues it will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result
	publish an annual performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period
	ensure that the Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so
3. Making best use of human resources by taking an active and planned approach to meet responsibilities to staff	develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

BROMLEY - CODE OF CORPORATE GOVERNANCE

GLOSSARY OF TERMS	
TERM	DEFINITION
Chief Executive	The Council's Head of the Paid Service, and chief policy adviser. The Chief Executive heads the Council Directors, which is the officer managerial board including all the departmental Chief Officers.
Chief Finance Officer	The Chief Finance Officer is responsible for the administration of the financial affairs of the Council. In Bromley this is the Director of Finance.
Chief Officers	Chief Officers have a strategic role, advising Members on their areas of particular expertise, and contributing to the overall leadership of the Council; and also a managerial role, ensuring that the services they are responsible for focus on delivering excellent customer service, and making the most effective use of departmental resources to achieve that goal.
CIPFA	The Chartered Institute of Public Finance and Accountancy is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards.
Constitution	Sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. Some of the procedures are required by law such as the Code of Conduct for Councillors , while others are a matter for the Council to decide.
Head of Paid Service	Every Council must designate one of its officers as its Head of Paid Service. They are responsible for the staffing of the authority; ensuring that the work of officers is effectively co-ordinated and making sure the organisation runs efficiently. In Bromley this is the Chief Executive.
Members	Locally elected councillors.
Monitoring Officer	Every Council must designate one of its officers as its Monitoring Officer. They are responsible for ensuring the lawfulness and fairness of Council decision making, compliance with Codes and Protocols, and promoting good governance and high ethical standards. In Bromley this is the Director of Corporate Services.
Officers	Paid council employees.
Section 151 Officer	Every Council must designate one of its officers as its Section 151 Officer. They are responsible for the proper administration of the organisation's financial affairs, preparing the Council's statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud. In Bromley this is the Director of Finance.
SOLACE	The Society of Local Authority Chief Executives and Senior Managers is the representative body for senior strategic managers working in the public sector. The Society promotes public sector management excellence and provides professional development for its Members who come from all areas of the public sector.

BROMLEY - CODE OF CORPORATE GOVERNANCE

Introduction:

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Bromley Council recognises that:

- Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.
- Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk.
- All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

The Council's corporate governance framework is based upon guidance issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and recommended as best practice.

The CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework identifies four key roles of a local authority:

5. To engage in effective partnerships and provide leadership for and with the community
6. To ensure the delivery of high quality local services whether directly or in partnership or by commissioning
7. To perform a stewardship role which protects the interests of local people and makes the best use of resources
8. To develop citizenship and local democracy

The framework is based upon the following six core principles of good governance:

7. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
8. Members and Officers working together to achieve a common purpose with clearly defined function and roles
9. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

10. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
11. Developing the capacity and capability of Members and Officers to be effective
12. Engaging with local people and other stakeholders to ensure robust public accountability

The six core principles each have a number of supporting principles with associated requirements and the attached Code of Corporate Governance sets out how the Council aims to meet these requirements.

Bromley Council is committed to applying these principles and is satisfied that it already has a well established and robust Constitution and other good governance documents and arrangements in place. Bromley's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. Some of the procedures are required by law such as the Code of Conduct for Councillors, while others are a matter for the Council. The key policies and processes that underpin the Council's compliance with these principles are set out in Appendix A.

Annual Governance Review

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

The outcome of the review is detailed in the Annual Governance Statement which is published with the Annual Report and Statement of Accounts

July 2013

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.	
Supporting Principles:	The Council will:
1. Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users	develop and promote the Council's purpose and vision
	review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements
	ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners
	publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance
2. Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning	decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available
	put in place effective arrangements to identify and deal with failure in service delivery
3. Ensuring that the Council makes the best use of resources and that tax payers and service users receive excellent value for money	decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively
	Will consider measuring the sustainability and environmental impact of policies, plans and decisions.
	ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles.	
Supporting Principles:	The Council will:
1. Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function	set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice
	set out a clear statement of the respective roles and responsibilities of other Council Members, Members generally, senior officers and of the leadership team and its members individually
2. Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard	determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for the collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required
	make the Chief Executive (and Head of Paid Service) responsible and accountable to the Council for all aspects of corporate and operational management
	develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained
	make the Director of Finance (who is currently the Chief Finance Officer and Section 151 Officer) responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control
	ensure that Bromley's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in local Government

	<p>make the Director of Corporate Services (who is currently the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with</p>
	<p>ensure that Chief Officers contribute to the overall leadership of the Council, and work collectively on the strategic management of the Council and the co-ordination of Council-wide initiatives and projects to develop cross service policies through regular meetings of Council Directors.</p>
<p>3. Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other</p>	<p>develop protocols to ensure effective communication between Members and Officers in their respective roles</p>
	<p>set out the terms and conditions for the remuneration of Members and Officers and an effective structure for managing the process, including an effective remuneration panel</p>
	<p>ensure that effective mechanisms exist to monitor service delivery</p>
	<p>ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p>
	<p>when working in partnership:</p> <ul style="list-style-type: none"> • ensure that Members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council • ensure that there is clarity about the legal status of the partnership • ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 3: Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	
Supporting Principles:	The Council will:
1. Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect
	ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols
	put in place arrangements to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice
2. Ensuring that the organisational values are put into practice and are effective	develop and maintain shared values including leadership values both for the Council and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.
	put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice
	promote and maintain high standards of conduct by Councillors and co-opted members of the Council
	use it's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council
	in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values will be demonstrated by partners' behaviour both individually and collectively

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.	
Supporting Principles:	The Council will:
1. Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible
	develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based
	put in place arrangements to safeguard Members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice
	develop and maintain an effective Audit Committee which is independent of the executive and scrutiny functions
	ensure an effective internal audit function is resourced and maintained
	ensure that Bromley's assurance arrangements conform with the governance requirements of the <i>CIPFA Statement in the Role of the Head of Internal Audit</i>
	put in place effective, transparent and accessible arrangements for dealing with complaints
2. Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs	ensure that those making decisions whether for the Council or a partnership are provided with information that is fit for the purpose - relevant, timely and gives clear explanations of technical and financial issues and their implications
3. Ensuring that an effective risk management system is in place	ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their job
	ensure that effective arrangements for whistle blowing are in place to which Officers, staff and all

	those contracting with or appointed by the Council have access
4. Using their legal powers to the full benefit of the citizens and communities in their area	actively recognise the limits of lawful activity placed on the Council by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of the community
	recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law
	observe all specific legislative requirements placed upon the Council, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into its procedures and decision making processes

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 5: Developing the capacity and capability of Members and Officers to be effective.	
Supporting Principles:	The Council will:
1. Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles	provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis
	ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council
2. Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively
	develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed
	ensure that effective arrangements are put in place for reviewing the performance of the Council as a whole and of individual Members and agreeing an action plan which might, for example, aim to address any training or development needs
3. Encouraging new talent for membership of the Council so that the best use can be made of individuals' skills and resources in balancing continuity and renewal	ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council
	ensure that career structures are in place for Officers and support for Members to encourage participation and development

BROMLEY – CODE OF CORPORATE GOVERNANCE

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.	
Supporting Principles:	The Council will:
1. Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships	make clear to itself, all staff and the community to whom it is accountable and for what
	consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required
	produce an annual report on the activity of the scrutiny function
2. Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning	ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively
	ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and will establish explicit processes for dealing with these competing demands
	establish a clear policy on the types of issues it will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result
	publish an annual performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period
	ensure that the Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so
3. Making best use of human resources by taking an active and planned approach to meet responsibilities to staff	develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

BROMLEY - CODE OF CORPORATE GOVERNANCE

GLOSSARY OF TERMS	
TERM	DEFINITION
Chief Executive	The Council's Head of the Paid Service, and chief policy adviser. The Chief Executive heads the Council Directors, which is the officer managerial board including all the departmental Chief Officers.
Chief Finance Officer	The Chief Finance Officer is responsible for the administration of the financial affairs of the Council. In Bromley this is the Director of Finance.
Chief Officers	Chief Officers have a strategic role, advising Members on their areas of particular expertise, and contributing to the overall leadership of the Council; and also a managerial role, ensuring that the services they are responsible for focus on delivering excellent customer service, and making the most effective use of departmental resources to achieve that goal.
CIPFA	The Chartered Institute of Public Finance and Accountancy is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards.
Constitution	Sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. Some of the procedures are required by law such as the Code of Conduct for Councillors , while others are a matter for the Council to decide.
Head of Paid Service	Every Council must designate one of its officers as its Head of Paid Service. They are responsible for the staffing of the authority; ensuring that the work of officers is effectively co-ordinated and making sure the organisation runs efficiently. In Bromley this is the Chief Executive.
Members	Locally elected councillors.
Monitoring Officer	Every Council must designate one of its officers as its Monitoring Officer. They are responsible for ensuring the lawfulness and fairness of Council decision making, compliance with Codes and Protocols, and promoting good governance and high ethical standards. In Bromley this is the Director of Corporate Services.
Officers	Paid council employees.
Section 151 Officer	Every Council must designate one of its officers as its Section 151 Officer. They are responsible for the proper administration of the organisation's financial affairs, preparing the Council's statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud. In Bromley this is the Director of Finance.
SOLACE	The Society of Local Authority Chief Executives and Senior Managers is the representative body for senior strategic managers working in the public sector. The Society promotes public sector management excellence and provides professional development for its Members who come from all areas of the public sector.

CODE OF CORPORATE GOVERNANCE – CORE PRINCIPLES AND RELATED KEY POLICIES AND PROCESSES APPENDIX

<p align="center">Core Principles</p> <p>Key Policies / Processes</p>	<p>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</p>	<p>Members and Officers working together to achieve a common purpose with clearly defined functions and roles</p>	<p>Promoting the values for the authority and demonstrating , good governance, conduct and behaviour</p>	<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risks</p>	<p>Developing the capacity and capability of Members and Officers to be effective</p>	<p>Engaging with local people and other stakeholders to ensure robust public accountability</p>
Annual Audit Letter			•	•		
Annual Governance Statement	•			•		
Annual Report and Statement of Accounts	•					•
Anti-Fraud and Corruption Strategy			•			
Building a Better Bromley	•	•				•
Capital Strategy	•					
Code of Conduct for Members			•	•		
Communications Strategy	•				•	•
Constitution		•		•		•
Contract Procedure Rules / Standing Orders	•		•	•		
Corporate Induction Process			•		•	
Corporate Operating Principles	•					
Customer Access Strategy					•	•
Customer Service Charter	•					
Executive and Resources PDS Committee Annual Report				•		•
Financial Regulations			•	•		
Financial Strategy	•	•	•			

CODE OF CORPORATE GOVERNANCE – CORE PRINCIPLES AND RELATED KEY POLICIES AND PROCESSES

Core Principles Key Policies / Processes	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area	Members and Officers working together to achieve a common purpose with clearly defined functions and roles	Promoting the values for the authority and demonstrating , good governance, conduct and behaviour	Taking informed and transparent decisions which are subject to effective scrutiny and managing risks	Developing the capacity and capability of Members and Officers to be effective	Engaging with local people and other stakeholders to ensure robust public accountability
Forward Plan of Key Decisions	•			•		•
Foundation Strategies	•					
'Getting it Right' - complaints, compliments and suggestions	•	•		•		•
Gifts and Hospitality Code of Conduct			•			
Learning and Development			•	•	•	
Local Development Framework	•					
Member / Officer Protocol		•	•	•		
Performance Appraisal and Development Scheme	•				•	
Portfolio Plans	•					
Public Consultations / Meetings		•			•	•
'Raising Concerns' whistle blowing			•	•		•
Register of Interests			•	•		
Risk Management Strategy	•		•	•		
Scheme of Delegation		•	•			
Treasury Management Strategy	•	•	•			

Report No.
RES13163

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 23 September 2013

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

Title: TREASURY MANAGEMENT - ANNUAL REPORT 2012/13 AND PERFORMANCE QUARTER 1, 2013/14

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 At its meeting on 4th September 2013 the Executive and Resources PDS Committee received the Treasury Management Annual Report for 2012/13 and recommended that the Resources Portfolio Holder propose certain changes to the authority's investment strategy to Council for approval. The report considered by the PDS Committee and the Portfolio Holder is attached.
-

2. **RECOMMENDATIONS**

Council is recommended to

- (1) **Note the Treasury Management Annual Report for 2012/13 and approve the actual prudential indicators in the report.**
- (2) **Approve an increase in the limit for investments with other local authorities from 2 years to 3 years and the inclusion of collective (pooled) investment schemes as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years.**

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: ££2,691k (net) in 2012/13 (final outturn £2,673k); Budget £1,591k in 2013/14 (currently on target)
 5. Source of funding: Net Investment Income
-

Staff

1. Number of staff (current and additional): 0.25fte
 2. If from existing staff resources, number of staff hours: 9 hours per week
-

Legal

1. Legal Requirement: Statutory Requirement Non-Statutory - Government Guidance None: Further Details
 2. Call-in: Applicable Not Applicable: Further Details
-

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: Not applicable

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
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

PART 1 - PUBLIC

Decision Maker: Resources Portfolio Holder
Council

Date: For pre-decision scrutiny by Executive and Resources PDS Committee
on 4th September 2013
Council meeting 23rd September 2013

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

Title: **TREASURY MANAGEMENT - ANNUAL REPORT 2012/13 &
PERFORMANCE Q1 2013/14**

Contact Officer: Martin Reeves, Principal Accountant (Technical & Control)
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance

Ward: All

1. Reason for report

- 1.1 This report includes the Treasury Management Annual Report for 2012/13, which is required to be reported to full Council, and also contains details of investment performance in the 1st quarter of 2013/14. The report also includes an update on the Council's investment with Heritable Bank (paragraphs 3.14 and 3.15) and proposes changes to the Council's Annual Investment Strategy in the form of an increase in the maximum duration for loans to other local authorities from 2 years to 3 years and the inclusion of collective (pooled) investment schemes as eligible investment vehicles (see paragraphs 3.18 to 3.24). These changes will require the approval of full Council. Investments as at 31st March 2013 totalled £201.1m (excluding the balance of the Heritable investment) and £259.1m as at 30th June 2013. There was no external borrowing in the whole of 2012/13 or in the 1st quarter of 2013/14.
-

RECOMMENDATION(S)

The PDS Committee and the Portfolio Holder are requested to:

- (a) Note the Treasury Management Annual Report for 2012/13;
- (b) Approve the actual prudential indicators within the report; and
- (c) Recommend to Council that the limit for investments with other local authorities be increased from 2 years to 3 years and that collective (pooled) investment schemes be included as eligible investment vehicles in the Council's Investment Strategy with an

**overall limit of £25m and a maximum duration of 5 years (see paragraphs 3.18 to 3.24);
and**

- (d) Subject to approval of (c) above, any investment in a collective (pooled) investment scheme will require the approval of the Director of Finance in consultation with the Resources Portfolio Holder.**

Council is requested to:

- (a) Note the Treasury Management Annual Report for 2012/13;**
- (b) Approve the actual prudential indicators within the report;**
- (c) Consider comments from the PDS Committee; and**
- (d) Approve an increase in the limit for investments with other local authorities from 2 years to 3 years and agree that collective (pooled) investment schemes be included as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years.**

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: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £2,691k (net) in 2012/13 (final outturn £2,673k); Budget £1,591k in 2013/14 (currently on target)
 5. Source of funding: Net investment income
-

Staff

1. Number of staff (current and additional): 0.25 fte
 2. If from existing staff resources, number of staff hours: 9 hours per week
-

Legal

1. Legal Requirement: Non-statutory - Government guidance.
 2. Call-in: Call-in is 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? N/A.
2. Summary of Ward Councillors comments: N/A

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 comparing actual activity to the strategy. In practice, the Director of Finance 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. This report includes details of investment performance in the final quarter of 2012/13 and in the 1st quarter of 2013/14, as well as the annual report for 2012/13. It also proposes changes to the investment criteria that form part of the Council's Annual Investment Strategy in the form of an increase in the maximum duration for loans to other local authorities from 2 years to 3 years and the inclusion of collective (pooled) investment schemes as eligible investment vehicles (see paragraphs 3.18 to 3.24).
- 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 Director of Finance confirms that he 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.

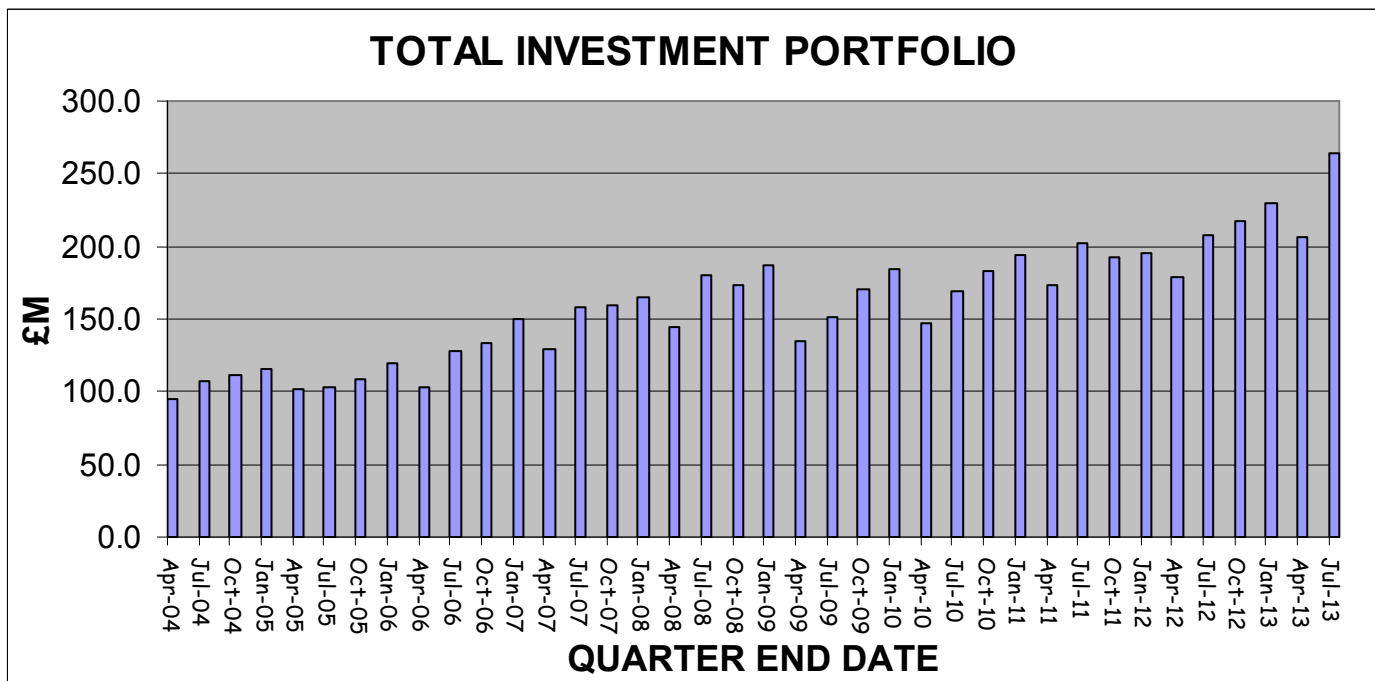
Treasury Performance in the quarter and year ended 31st March 2013 and in the quarter ended 30th June 2013

- 3.3 Borrowing: The Council's healthy cashflow position continued through the whole of 2012/13 and into 2013/14, as a result of which no borrowing has been required at all since 2010/11, when 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 and June quarters and during the whole of 2012/13:-

Main investment portfolio	Qtr ended 31/3/13		Year ended 31/3/13		Qtr ended 30/6/13	
	Deposits £m	Ave Rate %	Deposits £m	Ave Rate %	Deposits £m	Ave Rate %
Balance of "core" investments b/f	150.00	1.93	152.50	2.23	167.50	1.88
New investments made in period	120.00	0.64	321.50	1.12	32.50	0.73
Investments redeemed in period	-102.50	1.62	-306.50	1.50	-35.00	0.73
"Core" investments at end of period	167.50	1.88	167.50	1.88	165.00	1.00
Money Market Funds	6.10	para xxx	6.10	para xxx	64.10	para xxx
RBS 95 day notice account	12.50	para xxx	12.50	para xxx	15.00	para xxx
Payden Sterling Reserve Fund	15.00	para xxx	15.00	para xxx	15.00	para xxx
Total investments at end of period	201.10	n/a	201.10	n/a	259.10	n/a
Heritable deposit - frozen (para xxxx)					5.00	6.42

- 3.5 Details of the outstanding investments at 31st March 2013 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 0.64% which may be compared with the average 3 month LIBID rate of 0.38% and the average 7 day rate of 0.36%. The average return on new investments placed in the year 1st April to 31st March 2013 was 1.12% compared to the average 3 month rate of 0.56% and the average 7 day rate of 0.39%. In the latest quarter (ended 30th June 2013), the average return on new investments was 0.73%, compared to the average 3 month and 7 day rates of 0.38% and 0.36% respectively. Investments held as at 30th June 2013 are shown in Appendices 3 and 4.

- 3.6 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 2016. This is clearly also the view of the Bank of England, whose governor, Mark Carney, has said that the Bank will not consider raising interest rates until the jobless rate has fallen to 7% or below. This would require the creation of around 750,000 jobs and could take 3 years or more. The estimated date for the next increase in base rate has slipped back significantly in the last two years and it is possible that it will slip further. Reports to previous meetings, most recently to the January 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, Santander UK and Nationwide and all of these have reduced their interest rates significantly.
- 3.7 Our external advisers, Sector, have continued to recommend caution and, between September 2011 and January 2013, were recommending that no investment be placed for longer than 3 months with any bank other than Lloyds and RBS (a maximum of 1 year was recommended in their case). In January 2013, however, they lifted their temporary investment duration cap due to a perceived improvement in market conditions, namely a reduction in some of the excess fears surrounding the continued existence of the Eurozone and improvements in liquidity in financial markets. This enabled us to invest in the final quarter of 2012/13 with some of our eligible UK counterparties for up to 6 months instead of 3, which will have had a small beneficial impact on interest earnings. In the final quarter of 2012/13, we also placed investments with three other local authorities: two for two years at 0.85% and one for one year at 0.50%. In July, we dealt forward with another local authority for two years out of April 2014 at a rate of 1.14%. While these rates do not sound particularly attractive, they are better than we are currently able to obtain elsewhere in the market and are, in the view of Sector and other experts, likely to prove good deals in the fullness of time.
- 3.8 Lloyds TSB has consistently offered better rates than other UK banks, but has reduced its rates significantly in the last year and is currently offering 0.70% for 3 months up to 1.01% for 1 year (they were paying 3.00% for 1 year as recently as July 2012). All the other UK banks and building societies on our lending list are now paying around 0.45% for 3 months (the maximum period Sector have, until recently, been recommending) and around 0.53% for 6 months. The “core” investments placed during the last quarter of 2012/13 and the 1st quarter of 2013/14 were all placed for between 3 months and a year (in accordance with Sector’s advice) or in instant access money market funds. The Director of Finance will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.
- 3.9 The graph below shows total investments (including the Icelandic bank deposit with Heritable Bank) 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 7 AAA-rated Money Market Fund accounts, with Prime Rate, Ignis, Insight, Morgan Stanley, Blackrock, Fidelity and Legal & General, all of which have a maximum investment limit of £15m. In common with market rates for fixed-term investments, interest rates on money market funds have fallen considerably in recent years. The Ignis, Prime Rate and Morgan Stanley funds currently offer the best rate (0.42% to 0.43%), which is around the level currently being offered for 3 months by most of our eligible UK banks and building societies. The total balance held in Money Market Funds (£64.1m as at 30th June 2013) has increased significantly in the past year as bank credit rating downgrades have restricted counterparty eligibility.

Money Fund	Market	Date Account Opened	Ave. Rate 2012/13	Ave. Daily Balance 2012/13	Actual Balance 31/03/13	Actual Balance 30/06/13	Ave. Rate Q1 2013/14	Actual Balance 20/08/13	Current Rate 20/08/13
			%	£m	£m	£m	%	£m	%
Prime Rate		15/06/2009	0.61	14.7	-	15.0	0.44	15.0	0.42
Ignis		25/01/2010	0.62	14.0	6.1	15.0	0.43	15.0	0.43
Insight		03/07/2009	0.54	11.4	-	15.0	0.39	-	0.39
Morgan Stanley		01/11/2012	0.44	3.9	-	15.0	0.40	9.9	0.42
Legal & General		23/08/2012	0.46	4.5	-	4.1	0.34	-	0.34
Blackrock		16/09/2009	0.46	3.7	-	-	0.31	-	0.31
Fidelity		20/11/2002	0.41	0.3	-	-	-	-	0.31
TOTAL				52.5	6.1	64.1		39.9	

3.11 Notice Accounts

In April 2012, the Council placed £15m in a 35-day notice account with Svenska Handelsbanken (Sweden). The total of £15m remained invested until mid-December when it was withdrawn following a reduction in the interest rate from 0.85% to 0.40% and then to 0.30%. The average daily balance from April to December 2012 was £10.1m. In March 2013, RBS announced a new 95-day notice account paying a rate of 0.80%. The Council made an initial deposit of £12.5m in

March and has since increased this to £15m, but notice has recently been received that the rate will reduce to 0.60% in October, at which point the deposit will be reviewed.

3.12 Payden Sterling Reserve Fund

At its meeting on 12th November 2012, the Council approved the addition of corporate bonds (minimum credit rating AA-, maximum period 5 years) and the Payden Sterling Reserve Fund to our lending list. To date, no corporate bond issues have been considered sufficiently attractive in consultation with our external advisers, Sector, but, later in November 2012, £15m was invested in the Payden Fund. The longer-term nature of the Payden Fund means that a better return will be secured by holding to maturity, although we could at any time withdraw our money by giving 3 days' notice. As at 31st March 2013, the value of the Council's investment had increased to £15,086k and, as at 31st July 2013, to £15,097k. In a commentary on the Fund's performance to 30th June 2013, Payden states:

"The Fund remained invested in a diversified range of sterling-denominated, highly-rated and very liquid government agency securities and corporate fixed- and floating-rate and covered bonds. During the quarter, duration was reduced by about 0.3 years to 0.9 years. The portfolio's structure remained broadly unchanged as we continued to favour highly-rated quasi-government and corporate securities and covered bonds as they provide attractive yield pick-ups over Gilts and money market instruments. We reduced our exposure to government agency notes in favour of a higher allocation to covered bonds. The Fund delivered a small negative return during the quarter, the first negative quarterly return since the Fund's inception. However, returns for 2013 are in excess of returns achievable by money market funds and bank deposits. The Fund performed well in April, supported by its duration positioning and the relatively attractive yields. However, the unexpectedly sharp rise in bond yields in May and June and the associated credit spread widening in all non-government bond market sectors more than offset these gains, resulting in minor losses in May and June".

3.13 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 2012/13, Tradition UK achieved a return of 1.53% (mainly as a result of two longer term investments placed with Lloyds TSB in August 2011 and July 2012, when rates were around 3%, both of which matured in the 2nd quarter of 2013/14). Tradition UK work to the same counterparty list as the Council's in-house team and so 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.

Bank	Sum	Start Date	Maturity	Period	Rate
HSBC	£12.5m	26/03/13	26/03/14	1 year	0.65%
Lloyds TSB	£2.5m	04/07/13	04/07/14	1 year	1.01%
Lloyds TSB	£5m	16/08/13	18/08/14	1 year	1.01%

3.14 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. An initial dividend was paid to the Council in July 2009 and, since then, a further 13 dividends have been received. To date, 94.0% (£4,783k) of our total claim (£5,087k) has been returned to us, leaving a balance of £304k (6.0%). Council officers and our external advisers remain hopeful of a full recovery.

3.15 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. An improvement in the administrator's recovery estimate in 2011 to between 86% and 90% (previously it was between 79% and 85%) enabled us to reverse a further £730k of the impairment in 2011/12. The Council's accounts include a provision for a net loss of £610k as at 31st March 2013 (12% of the claim, based on the midpoint of the administrator's estimate), but, as we have now recovered 94%, we will be able to reverse more of the impairment in 2013/14. We are currently waiting for an update from the administrator.

Actual prudential indicators for 2012/13

3.16 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 Appendix 5 sets out the actual performance against those indicators.

Economic Background (provided by Sector)

3.17 Comments on the economic background during 2012/13 and the first quarter of 2013/14 are attached at Appendix 6.

Proposed changes to the Annual Investment Strategy

3.18 As outlined in paragraphs 3.6, counterparty credit rating downgrades in recent years 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. 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 £55m is currently invested in instant access accounts (including £40m in money market funds), £15m is invested in 95-day notice money and a further £15m in the Payden Sterling Reserve Fund. These are currently earning an overall average rate of around 0.53% (£450k in a full year).

3.19 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". This would currently enable an extra £40m to be invested with these two banks at around 1% for a year. The position has been kept under review since that decision was made and no further action is proposed at this time.

3.20 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 as follows:

- Increase the limit for local authorities from 2 years to 3 years.
- Include Collective (pooled) Investment Schemes as a specific category of approved investments.

3.21 Limits for investments with other local authorities

The 2013/14 Strategy includes deposits with other local authorities as approved investments with a total limit of £15m per authority and a maximum duration of 2 years. While most local authorities do not have a credit rating, they are considered to be very secure and investments with them are considered to be low risk. Historically, they have offered lower rates than banks and building societies, but the “gap” has narrowed in recent years. To give Members an idea of the current local authority market, we have recently dealt forward for 2 years out of April 2014 at 1.14% and have had an “offer” to invest for 5 years at 2.25%. It is proposed that the duration limit for investments with other local authorities be extended to 3 years to provide extra flexibility in future. Any potential deals will continue to be discussed in advance with Sector.

3.22 Collective (pooled) investment schemes

These are currently included in our Strategy as “specified investments” – i.e. we are only permitted to invest for up to a year. The category includes money market funds and the Payden Sterling Reserve Fund. It is proposed that pooled investment funds that meet the definition of a collective investment scheme as defined in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended by SI 2004 No 534, SI 2007 No 573 and SI 2012 No 265 (i.e. investments would not count as capital expenditure) be added to the list of permitted investments with a total monetary limit of £25m and a duration limit of 5 years. This could include property, equity and bond funds and would diversify the portfolio from pure cash investments, add value and spread risk over a variety of asset classes. Investment opportunities will be considered on a case-by-case basis, taking account of Sector’s advice, and it is proposed that investments will be subject to the approval of the Director of Finance in consultation with the Resources Portfolio Holder.

3.23 Prior to the “credit crunch” period of 2007/08, the Council regularly placed investments for up to 5 years. The fragility of the banking sector has, however, resulted in shorter term lending of up to 1 year to reflect the risk to the capital sum.

3.24 In considering a Treasury Management Strategy, the key factors are security, liquidity and yield (in that order), which reflects CIPFA guidance. With current lending rates so low, there is effectively a capital risk as a result of the Council receiving returns lower than inflation. The Strategy has previously been revised to include corporate bonds and this report proposes the inclusion of additional collective investment vehicles that meet the following unique requirements:

- In recognition of the need to protect capital, a longer term period of 3 – 5 years will be required, where the capital risk is expected to be minimal;
- The returns will be expected to be higher than normal secured fixed term lending to eligible financial institutions by at least 2%;
- Investments must be able to be sold within 6 months (9 months for property), which provides more flexibility than lending to banks for longer periods;
- The investment vehicle must have a proven track record over a 3 – 5 year period, although it is accepted that looking back is no guarantee of returns for the future;
- Historically, volatility has been low; and
- The Council’s external advisers, Sector, must support the proposals using their extensive financial expertise.

Regulatory Framework, Risk and Performance

3.25 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.

3.26 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 1.31% was achieved in 2012/13, including 1.12% 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 2012/13 was £2,673k compared to the budget of £2,691k. In June 2012, the Executive agreed that the 2011/12 actual 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 2013/14, an average rate of 1% has been assumed for interest on new investments in the 2013/14 revenue budget, in line with the estimates provided by the Council's external treasury advisers, Sector, earlier in the year and with officers' views. The Bank of England base rate is still expected to rise, but the expected start of the rise has been put back to 2016 and could be even later. The latest financial forecast assumes 1% for new investments

in all years from 2013/14 to 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 2013/14 outturn will be broadly in line with the 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 Services

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INVESTMENTS HELD AS AT 31st MARCH 2013

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m	Note
FIXED TERM DEPOSITS					
SUMITOMO MITSUI BANKING CORP	02/01/13	02/04/13	0.47000	10.0	
LLOYDS TSB BANK	30/04/12	11/04/13	3.00000	5.0	
ROYAL BANK OF SCOTLAND	19/04/11	19/04/13	2.40000	2.5	
HSBC	16/05/12	20/05/13	0.50000	17.5	1
LLOYDS TSB BANK	27/07/12	04/07/13	3.00000	2.5	
NATIONWIDE BUILDING SOCIETY	16/01/13	16/07/13	0.59000	5.0	
NATIONWIDE BUILDING SOCIETY	04/02/13	05/08/13	0.60000	5.0	
BARCLAYS BANK PLC	04/02/13	05/08/13	0.59000	6.0	
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	
BARCLAYS BANK PLC	25/03/13	25/09/13	0.54000	4.0	
SANTANDER UK	28/03/13	30/09/13	0.56000	10.0	
LLOYDS TSB BANK	26/10/12	28/10/13	2.25000	15.0	
ROYAL BANK OF SCOTLAND	16/11/12	15/11/13	1.50000	10.0	
LLOYDS TSB BANK	19/11/12	19/11/13	1.90000	5.0	
ROYAL BANK OF SCOTLAND	18/01/13	17/01/14	0.82000	10.0	
BIRMINGHAM CITY COUNCIL	11/02/13	11/02/14	0.50000	5.0	
ROYAL BANK OF SCOTLAND	05/03/13	05/03/14	0.75000	5.0	
HSBC	26/03/13	26/03/14	0.65000	12.5	
LLOYDS TSB BANK	28/03/13	28/03/14	1.10000	5.0	
LANCASHIRE COUNTY COUNCIL	18/02/13	18/02/15	0.85000	15.0	
NORTHUMBERLAND COUNTY COUNCIL	01/03/13	02/03/15	0.85000	10.0	
				<u>167.5</u>	
OTHER					
Payden Sterling Reserve Fund	Instant access account		0.46	15.0	
RBS 95 day notice account	95 day notice			12.5	
Ignis Sterling Liquidity Fund	Instant access account		0.48	6.1	
TOTAL INVESTMENTS AS AT 31st MARCH 2013				<u>201.1</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 31/03/13				<u>-3,931,302</u>	
Principal sum unrecovered as at 31/03/13				<u>1,155,763</u>	
Provision in accounts for non-recovery (12% of total claim)				<u>610,000</u>	

Notes

1. HSBC - deal placed for 1 year @ 3 months Libor + 10 basis points. Rate updated and interest paid quarterly.

INVESTMENTS HELD AS AT 31/03/13

	FROM	TO	RATE	£m	TOTAL £m	LIMIT	REMAINING	Notes
UK BANKS								
HSBC BANK plc	16/05/12	20/05/13	0.50000	17.5				1
HSBC BANK plc	26/03/13	26/03/14	0.65000	12.5	30.0	30.0	0.0	
BARCLAYS BANK PLC	25/03/13	25/09/13	0.54000	4.0				
BARCLAYS BANK PLC	04/02/13	05/08/13	0.59000	6.0	10.0	10.0	0.0	
SANTANDER UK	28/03/13	30/09/13	0.56000	10.0	10.0	10.0	0.0	
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				
LLOYDS TSB BANK	26/10/12	28/10/13	2.25000	15.0				
LLOYDS TSB BANK	19/11/12	19/11/13	1.90000	5.0				
LLOYDS TSB BANK	28/03/13	28/03/14	1.10000	5.0	40.0	40.0	0.0	
ROYAL BANK OF SCOTLAND	19/03/13	95 day notice	0.80000	12.5				
ROYAL BANK OF SCOTLAND	19/04/11	19/04/13	2.40000	2.5				
ROYAL BANK OF SCOTLAND	16/11/12	15/11/13	1.50000	10.0				
ROYAL BANK OF SCOTLAND	05/03/13	05/03/14	0.75000	5.0				
ROYAL BANK OF SCOTLAND	18/01/13	17/01/14	0.82000	10.0	40.0	40.0	0.0	
SUMITOMO MITSUI BANKING CORP	02/01/13	02/04/13	0.47000	10.0	10.0	10.0	0.0	
UK BUILDING SOCIETIES								
NATIONWIDE BUILDING SOCIETY	04/02/13	05/08/13	0.60000	5.0				
NATIONWIDE BUILDING SOCIETY	16/01/13	16/07/13	0.59000	5.0	10.0	10.0	0.0	
OTHER LOCAL AUTHORITIES								
BIRMINGHAM CITY COUNCIL	11/02/13	11/02/14	0.50000	5.0	5.0	15.0	10.0	
LANCASHIRE COUNTY COUNCIL	18/02/13	18/02/15	0.85000	15.0	15.0	15.0	0.0	
NORTHUMBERLAND COUNTY COUNCIL	01/03/13	02/03/15	0.85000	10.0	10.0	15.0	5.0	
OTHER ACCOUNTS								
Payden Sterling Reserve Fund		Instant access		15.0	15.0	15.0	0.0	
Ignis Sterling Liquidity Fund		Instant access		6.1	6.1	15.0	8.9	
TOTAL INVESTMENTS AS AT 31/03/13					201.1	201.1		
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 31/12/12				-3,931,302				
Principal sum unrecovered as at 31/12/12				<u>1,155,763</u>				

Notes

1. HSBC - deal placed for 1 year @ 3 months Libor + 10 basis points. Rate updated and interest paid quarterly.

INVESTMENTS HELD AS AT 30th JUNE 2013

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m
FIXED TERM DEPOSITS				
SUMITOMO MITSUI BANKING CORP	02/04/13	02/07/13	0.49	10.0
LLOYDS TSB BANK	27/07/12	04/07/13	3.00	2.5
NATIONWIDE BUILDING SOCIETY	16/01/13	16/07/13	0.59	5.0
NATIONWIDE BUILDING SOCIETY	04/02/13	05/08/13	0.60	5.0
BARCLAYS BANK PLC	04/02/13	05/08/13	0.59	6.0
LLOYDS TSB BANK	17/08/11	16/08/13	2.80	5.0
LLOYDS TSB BANK	19/09/11	19/09/13	2.75	2.5
BARCLAYS BANK PLC	25/03/13	25/09/13	0.54	4.0
SANTANDER UK	28/03/13	30/09/13	0.56	10.0
LLOYDS TSB BANK	26/10/12	28/10/13	2.25	15.0
ROYAL BANK OF SCOTLAND	16/11/12	15/11/13	1.50	10.0
LLOYDS TSB BANK	19/11/12	19/11/13	1.90	5.0
ROYAL BANK OF SCOTLAND	18/01/13	17/01/14	0.82	10.0
BIRMINGHAM CITY COUNCIL	11/02/13	11/02/14	0.50	5.0
ROYAL BANK OF SCOTLAND	05/03/13	05/03/14	0.75	5.0
HSBC	26/03/13	26/03/14	0.65	12.5
LLOYDS TSB BANK	28/03/13	28/03/14	1.10	5.0
LLOYDS TSB BANK	11/04/13	11/04/14	1.10	5.0
HSBC	20/05/13	20/05/14	0.65	17.5
LANCASHIRE COUNTY COUNCIL	18/02/13	18/02/15	0.85	15.0
NORTHUMBERLAND COUNTY COUNCIL	01/03/13	02/03/15	0.85	10.0
				<u>165.0</u>
OTHER				
Payden Sterling Reserve Fund	Instant access account			15.0
RBS 95 day notice account	95 day notice			15.0
Prime Rate Sterling Liquidity Fund	Instant access account			15.0
Ignis Sterling Liquidity Fund	Instant access account			15.0
Insight Sterling Liquidity Fund	Instant access account			15.0
Morgan Stanley Sterling Liquidity Fund	Instant access account			15.0
Legal & General Sterling Liquidity Fund	Instant access account			4.1
TOTAL INVESTMENTS AS AT 30th JUNE 2013				<u>259.1</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 30/06/13				<u>-3,931,302</u>
Principal sum unrecovered as at 30/06/13				<u>1,155,763</u>
Provision in accounts for non-recovery (12% of total claim)				<u>610,000</u>

INVESTMENTS HELD AS AT 30/06/13

	FROM	TO	RATE	£m	TOTAL £m	LIMIT	REMAINING
UK BANKS							
HSBC BANK plc	26/03/13	26/03/14	0.65	12.5			
HSBC BANK plc	20/05/13	20/05/14	0.65	17.5	30.0	30.0	0.0
BARCLAYS BANK PLC	04/02/13	05/08/13	0.59	6.0			
BARCLAYS BANK PLC	25/03/13	25/09/13	0.54	4.0	10.0	10.0	0.0
SANTANDER UK	28/03/13	30/09/13	0.56	10.0	10.0	10.0	0.0
LLOYDS TSB BANK	27/07/12	04/07/13	3.00	2.5			
LLOYDS TSB BANK	17/08/11	16/08/13	2.80	5.0			
LLOYDS TSB BANK	19/09/11	19/09/13	2.75	2.5			
LLOYDS TSB BANK	26/10/12	28/10/13	2.25	15.0			
LLOYDS TSB BANK	19/11/12	19/11/13	1.90	5.0			
LLOYDS TSB BANK	28/03/13	28/03/14	1.10	5.0			
LLOYDS TSB BANK	11/04/13	11/04/14	1.10	5.0	40.0	40.0	0.0
ROYAL BANK OF SCOTLAND	19/03/13	95 day notice	0.80	15.0			
ROYAL BANK OF SCOTLAND	16/11/12	15/11/13	1.50	10.0			
ROYAL BANK OF SCOTLAND	18/01/13	17/01/14	0.82	10.0			
ROYAL BANK OF SCOTLAND	05/03/13	05/03/14	0.75	5.0	40.0	40.0	0.0
SUMITOMO MITSUI BANKING CORP	02/04/13	02/07/13	0.49	10.0	10.0	10.0	0.0
UK BUILDING SOCIETIES							
NATIONWIDE BUILDING SOCIETY	16/01/13	16/07/13	0.59	5.0			
NATIONWIDE BUILDING SOCIETY	04/02/13	05/08/13	0.60	5.0	10.0	10.0	0.0
OTHER LOCAL AUTHORITIES							
BIRMINGHAM CITY COUNCIL	11/02/13	11/02/14	0.50	5.0	5.0	15.0	10.0
LANCASHIRE COUNTY COUNCIL	18/02/13	18/02/15	0.85	15.0	15.0	15.0	0.0
NORTHUMBERLAND COUNTY COUNCIL	01/03/13	02/03/15	0.85	10.0	10.0	15.0	5.0
OTHER ACCOUNTS							
Payden Sterling Reserve Fund	Instant access account			15.0	15.0	15.0	0.0
Prime Rate Sterling Liquidity Fund	Instant access account			15.0	15.0	15.0	0.0
Ignis Sterling Liquidity Fund	Instant access account			15.0	15.0	15.0	0.0
Insight Sterling Liquidity Fund	Instant access account			15.0	15.0	15.0	0.0
Morgan Stanley Sterling Liquidity Fund	Instant access account			15.0	15.0	15.0	0.0
Legal & General Sterling Liquidity Fund	Instant access account			4.1	4.1	15.0	10.9
TOTAL INVESTMENTS AS AT 30/06/13					259.1	259.1	
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 30/06/13				-3,931,302			
Principal sum unrecovered as at 30/06/13				<u>1,155,763</u>			

Prudential and Treasury Indicators – Actual 2012/13

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. The table below shows the actual performance in relation to the indicators in 2011/12 and compares the actual in 2012/13 with the original estimates approved in February 2012 and the revised estimates (“probable”) reported in the mid-year review in October 2012. Further details on capital expenditure outturn were reported to the Executive on 19th June 2013.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009) was adopted by full Council on 15th February 2010.

PRUDENTIAL INDICATORS	2011/12	2012/13	2012/13	2012/13
	actual	estimate	probable	3 actual
Total Capital Expenditure	£48.8m	£31.8m	£31.7m	£28.4m
Ratio of financing costs to net revenue stream	-1.3%	-1.5%	-1.5%	-1.5%
Net borrowing requirement (net investments for Bromley) brought forward 1 April carried forward 31 March	£163.1m £170.3m	£143.0m £143.1m	£170.3m £176.7m	£170.3m £197.3m
in year borrowing requirement (movement in net investments for Bromley)	+£7.2m	£0.1m	£6.4m	£27.0m
Capital Financing Requirement as at 31 March	£3.6m	£6.9m	£3.3m	£3.8m
Annual change in Cap. Financing Requirement	-£3.9m	£3.3m	-£0.3m	£0.2m
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum	-	-	-	-

TREASURY MANAGEMENT INDICATORS	2011/12	2012/13	2012/13	2012/13
	actual	estimate	probable	actual
Authorised Limit for external debt -				
borrowing	£30.0m	£30.0m	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt -				
borrowing	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£10.0m	£10.0m	£10.0m
TOTAL	£30.0m	£20.0m	£20.0m	£20.0m
Actual external debt	£3.6m	£6.9m	£3.3m	£3.8m
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 for more than 364 days beyond year-end dates	£173.9m	£80.0m	£80.0m	£201.1m

Economic Background (provided by Sector)

The year 2012/13

1. The financial year 2012/13 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. The original expectation for 2012/13 was that Bank Rate would start to slowly increase from quarter 4 2014. However, economic growth in the UK was disappointing during the year due to the UK austerity programme, weak consumer confidence and spending, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the European Union (EU). The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Moody's followed up this warning by actually downgrading the rating to AA+ in February 2013 and Fitch then placed their rating on negative watch, after the Budget statement in March. Key to retaining the AAA rating from Fitch and S&P will be a return to strong economic growth in order to reduce the national debt burden to a sustainable level, within a reasonable timeframe. Weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing by £50bn in July to a total of £375bn. Bank Rate ended the year unchanged at 0.5% while CPI inflation fell from 3% at the start of the year to end at 2.8% in March, with an anticipated fall back to below 2% pushed back to quarter 1 2016. The EU sovereign debt crisis was an ongoing saga during the year with first Greece and then Cyprus experiencing crises which were met with bailouts after difficult and fraught negotiations.
2. Gilt yields oscillated during the year as events in the ongoing Eurozone debt crisis ebbed and flowed, causing corresponding fluctuations in safe haven flows into / out of UK gilts. This, together with a further £50bn of QE in July and widely expected further QE still to come, combined to keep PWLB rates depressed for much of the year at historically very low levels.
3. Deposit rates: The Funding for Lending Scheme, announced in July, resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling sharply in the second half of the year. However, perceptions of counterparty risk have improved after the ECB statement in July that it would do "whatever it takes" to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.

Quarter ended 30th June 2013

4. During the quarter ended 30th June:
 - Indicators suggested that the economy accelerated;
 - Stronger household spending, both on and off the high street;
 - Inflation remained stubbornly above the MPC's 2% target;
 - The MPC remained in a state of limbo ahead of Mark Carney's arrival;

- 10-year gilt yields rose above 2.5% and the FTSE 100 fell below 6,100;
 - The Federal Reserve discussed tapering the pace of asset purchases under Quantitative Easing 3 (QE3).
5. After avoiding recession in the first quarter with a 0.3% quarterly expansion, it looks likely that the economy grew even more strongly in Q2. On the basis of past form, the CIPS/Markit business surveys for April and May point to 0.5% quarterly growth in the second quarter of 2013. Official output data echoed the message from the business surveys. The 3m/3m change in industrial production reached 0.9% in April, the strongest pace since July 2010. Similarly, the service sector expanded by 0.8% on the same basis. And while output in the volatile construction sector in April was 1% lower than a year ago, it was the smallest annual fall since the end of 2011, raising the prospect that the sector supported the recovery in Q2.
 6. There have been signs of renewed vigour in household spending in the second quarter. May's 2.1% monthly rise in retail sales overturned April's 1.1% fall. This tallied with information from the Bank of England agents, who reported a further pick-up in retail sales values in May. Non-high street spending looks to have been robust too, with new car registrations up by 20% in the year to May.
 7. The pick-up in economic growth appears to have supported the labour market, with employment rising by 24,000 in the three months to April. Admittedly, this was a lot slower than the 113,000 quarterly gain in employment seen on average over the past twelve months. But the rise in employment was still strong enough to reduce the level of unemployment further. The ILO measure fell by 5,000 in the three months to April while the timelier claimant count measure reported an 8,600 fall in May. Meanwhile, pay growth rebounded strongly in April, though this was mostly driven by high earners delaying bonuses until after April's cut in the additional rate of income tax. Excluding bonuses, earnings rose by just 1.3% y/y, well below the rate of inflation at 2.7% in May.
 8. Meanwhile, the Bank of England extended its Funding for Lending Scheme (FLS) into 2015 and sharpened the incentives for banks to extend more business funding. To date, the mortgage market still appears to have been the biggest beneficiary from the scheme, with the quoted interest rate on a 2-year fixed rate mortgage at a 90% loan-to-value ratio now 4.6%, around 130 basis-points lower in May than when the FLS was introduced in August 2012.
 9. Alongside the Government's Help to Buy scheme, which provides equity loans to credit-constrained borrowers, this is helping to boost demand in the housing market. Mortgage approvals by high street banks, as measured by the BBA, rose from 33,000 to 36,100 in May. Excluding a stamp-duty holiday related spike in January 2012, this was the highest level for over three years. The rise in demand has helped to push up house prices, with both the Halifax and Nationwide measures reporting a 0.4% monthly gain in May. On an annual basis, measured prices were up by 3.7% and 1.1% respectively.
 10. Turning to the fiscal situation, the public borrowing figures continued to be distorted by a number of one-off factors. On an underlying basis, borrowing in Q2

looked to be broadly in line with last year's figures, highlighting the government's difficulty in reducing borrowing while economic growth is relatively lacklustre.

11. Meanwhile, the 2013 Spending Review, covering only 2015/16, made no changes to the headline Government spending plan. Total expenditure was still forecast to be broadly flat in real terms in 2015/16 and the £50bn planned capital expenditure announced for that fiscal year was identical to the amount already outlined in March's Budget.
12. On the monetary policy front, June's MPC meeting, the last chaired by the outgoing Governor Mervyn King, showed that the Committee remained in limbo ahead of the arrival of his replacement, Mark Carney. The Committee voted 6-3 to keep the level of asset purchases unchanged at £375bn, with the majority judging that the current stimulus and Funding for Lending Scheme would be sufficient to support growth in the context of price stability.
13. Having fallen from 2.8% to 2.4% in April, CPI inflation rose to 2.7% in May. May's rise mostly reflected price changes due to the earlier timing of Easter, which depressed inflation in April. Even so, inflation is still likely to have risen further in June due to base effects, with last year's fuel price falls providing an unfavourable annual comparison. That said, underlying price pressures do seem to be easing, with wages and producer prices both growing at subdued rates. Indeed, if anything, the inflation outlook brightened over the second quarter, with the price of oil falling from \$108pb to \$103pb while sterling appreciated by around 1.5% on a trade-weighted basis.
14. Having continued to rally over April and May, financial markets sold off in June following a Federal Reserve statement that suggested the central bank may 'taper' its asset purchases earlier than anticipated. The resulting rise in US Treasury yields was replicated in the UK, with 10 year gilt yields rising to 2.5% from 1.8% at the start of the quarter. Equities were hit too, with the FTSE 100 falling from 6,411 at the start of the quarter to below 6,100 before ending the quarter a bit higher at 6,240.
15. In the US, the statement from the Fed took the limelight. The Fed's comments sparked a sharp sell-off in the Treasury market, with 10-year Treasury yields hitting 2.54%. The Fed move was a response to the improving economic outlook in the US. Indeed, payroll figures showed that the US added 175,000 new jobs in May, helping to pull the unemployment rate down to 7.6%, from 8.2% a year ago. In the housing market, house prices rose by 12% in the year to April, which helped to bring more households out of negative equity.
16. Meanwhile, tensions in the Eurozone eased over the second quarter, but there remained a number of triggers for a potential flare-up. For example, the Democratic Left party left the Greek governing coalition in June, causing 10 year Greek government bond yields to surge to 11.5% from around 8% a month ago. And while the economic survey data improved consistently over the first half of the year, the composite Eurozone PMI is still pointing to a further contraction in output in Q2. If this materialises, it would be the seventh quarter of Eurozone recession, the longest on record.