



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Graham Walton
graham.walton@bromley.gov.uk

DIRECT LINE: 020 8461 7743

FAX: 020 8290 0608

DATE: 27 August 2013

To: Members of the

**EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Councillor Eric Bosshard (Chairman)

Councillor Russell Mellor (Vice-Chairman)

Councillors Nicholas Bennett J.P., Peter Fookes, Ellie Harmer, Will Harmer, David Hastings, Brian Humphrys, William Huntington-Thresher, Kate Lymer, Nick Milner, Tony Owen, Tom Papworth, Ian F. Payne, Neil Reddin FCCA and Pauline Tunncliffe

A meeting of the Executive and Resources Policy Development and Scrutiny Committee will be held at Bromley Civic Centre on **WEDNESDAY 4 SEPTEMBER 2013 AT 7.00 PM**

MARK BOWEN

Director of Corporate Services

*Copies of the documents referred to below can be obtained from
www.bromley.gov.uk/meetings*

PART 1 AGENDA

Note for Members: Members are reminded that Officer contact details are shown on each report and Members are welcome to raise questions in advance of the meeting.

STANDARD ITEMS

- 1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 DECLARATIONS OF INTEREST**
- 3 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 29th August 2013.

- 4 **MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 18TH JULY 2013 (EXCLUDING EXEMPT ITEMS)** (Pages 5 - 18)
- 5 **MATTERS ARISING FROM PREVIOUS MEETINGS** (Pages 19 - 22)
- 6 **FORWARD PLAN OF PRIVATE AND KEY DECISIONS** (Pages 23 - 30)

HOLDING THE RESOURCES PORTFOLIO HOLDER TO ACCOUNT

- 7 **QUESTIONS TO THE PORTFOLIO HOLDER FROM MEMBERS OF THE PUBLIC AND COUNCILLORS ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to the Resources Portfolio Holder must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 29th August 2013.

- 8 **RESOURCES PORTFOLIO - PRE-DECISION SCRUTINY**

The Resources Portfolio Holder to present scheduled reports for pre-decision scrutiny on matters where he is minded to make decisions.

- a **CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2013/14**
(Pages 31 - 38)
- b **TREASURY MANAGEMENT - ANNUAL REPORT 2012/13 & PERFORMANCE Q1 2013/14** (Pages 39 - 58)

HOLDING THE EXECUTIVE TO ACCOUNT

- 9 **HOLDING THE CHIEF EXECUTIVE TO ACCOUNT**
- 10 **PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS** (Pages 59 - 62)

Members of the Committee are requested to bring their copy of the agenda for the Executive meeting on 11th September 2013.

POLICY DEVELOPMENT AND OTHER ITEMS

- 11 **UPDATES FROM PDS CHAIRMEN** (Pages 63 - 64)
- 12 **WORK PROGRAMME 2013/14** (Pages 65 - 70)

PART 2 AGENDA

- 13 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006, AND THE FREEDOM OF INFORMATION ACT 2000**

The Chairman to move that the Press and public be excluded during consideration of the items of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

Items of Business

Schedule 12A Description

- 14 EXEMPT MINUTES OF THE MEETING HELD ON 18TH JULY 2013. (Pages 71 - 74)**
- 15 PRE-DECISION SCRUTINY OF EXEMPT RESOURCES PORTFOLIO HOLDER REPORTS**
- a ENHANCEMENT OF BROMLEY PENSIONS SOFTWARE (Pages 75 - 78)** Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- b LYNWOOD HOUSE, CROFTON ROAD, ORPINGTON (Pages 79 - 82)** Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- Farnborough & Crofton Ward
- c THE LAURELS, NORHEADS LANE, BIGGIN HILL (Pages 83 - 86)** Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- Biggin Hill Ward
- d ISARD HOUSE, GLEBE HOUSE DRIVE, HAYES (Pages 87 - 92)** Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- Hayes & Coney Hall Ward
- e FORMER CARETAKER'S HOUSE, EDUCATION DEVELOPMENT CENTRE, PRINCES PLAIN, BROMLEY (Pages 93 - 96)** Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- Bromley Common & Keston Ward
- 16 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS**

This page is left intentionally blank

EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 18 July 2013

Present:

Councillor Eric Bosshard (Chairman)
Councillors Nicholas Bennett J.P., William Huntington-Thresher, Russell Mellor (Vice-Chairman), Nick Milner, Tom Papworth, Ellie Harmer, Peter Fookes, David Hastings, Tony Owen, Neil Reddin FCCA, Pauline Tunncliffe, Will Harmer and Kate Lymer

Also Present:

Councillor Graham Arthur, Councillor Robert Evans and Councillor Richard Scoates

344 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Brian Humphrys. Councillor Tom Papworth apologised for having to leave early.

345 DECLARATIONS OF INTEREST

There were no declarations of interest at the start of the meeting.

During consideration of the report on 116-118 Anerley Park (Minute 352A), Councillors William Huntington-Thresher and Nicholas Bennett declared interests as members of the Affinity Sutton London Regional Scrutiny Board.

During consideration of the report on Manorfields, Avalon Road, Orpington, Cllr Pauline Tunncliffe declared an interest as she knew one of the Directors of one of the bidders.

346 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

347 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 5th JUNE 2013 (EXCLUDING EXEMPT ITEMS)

RESOLVED that the minutes of the meeting held on 5th June 2013 (excluding exempt information) be confirmed.

348 MATTERS ARISING FROM PREVIOUS MEETINGS
Report RES13115

The Committee received an update on matters arising from previous meetings and raised the following matters.

Minute 317 (Publication of Internal Audit Reports): Councillor Nicholas Bennett asked whether there was any case-law on publication of Internal Audit reports and expressed the view that Bromley should be more transparent and open in making these reports available. The results of an informal survey of other authorities, mainly in London, was attached to the report which showed that although some did not publish any information about Internal Audit reports, many were more transparent than Bromley and published summaries of limited/no assurance reports in committee reports. One authority, LB Newham, published limited/no assurance reports in full in committee reports. Councillor Bennett also commented that the House of Commons Public Accounts Committee published extensive information in its reports, and that publication would not necessarily reveal opportunities for other potential fraudsters, as gaps in the Council's procedures would have already been addressed. Officers advised that it was indeed essential to ensure that potential gaps were closed down before information was published, and that there was also a concern not to have an adverse impact on confidence in the Council amongst both residents and other organisations and businesses.

Minute 336 (Provisional Final Accounts): Councillor Tony Owen asked whether there had been sufficient progress on assets held for sale. Officers responded that a number of properties had been sold in recent months.

349 FORWARD PLAN OF PRIVATE AND KEY DECISIONS

The Committee received the latest version of the Forward Plan of Private and Key Decisions. It was noted that the report due on Anerley Town Hall would now be submitted to the Executive's meeting on 11th September.

350 CONTRACTS REGISTER

The Committee received extracts from the corporate Contracts Register showing (A) Resources Portfolio contracts above £50k, and (B) all contracts above £200k.

Councillor Tony Owen questioned why some contracts were subject to CPI. Officers explained that these were mainly contracts made under framework arrangements where Bromley was not the lead organisation or older contracts. A review of these older contracts had been carried out about two years previously.

Cllr Owen asked about the extended Mobile Phone contract with 02 (UK) Ltd – the Government Procurement Service e-auction had been delayed, but

officers reported that it was still worth waiting for the new framework to be in place, which was now expected to be in November 2013.

Cllr Owen also asked for further details about the Microsoft Enterprise Agreement – this would be supplied by email.

351 QUESTIONS TO THE PORTFOLIO HOLDER FROM MEMBERS OF THE PUBLIC AND COUNCILLORS ATTENDING THE MEETING

One question for written reply had been received from Councillor John Getgood and three questions for oral reply had been received from the Royston Estate Residents Association. The questions and answers are set out in the appendix to these minutes.

352 RESOURCES PORTFOLIO - PRE-DECISION SCRUTINY

The Committee considered the following report for pre-decision scrutiny where the Resources Portfolio Holder was minded to take a decision.

352.1 116-118 Anerley Park, Penge Report DRR13/094

116 and 118 Anerley Park had already been declared surplus to Council requirements in 2007, but due to the pressure on accommodation had remained in hostel use, run by Affinity Sutton, until June 2013. They were now considered to be unsuitable for hostel use and had been handed back to the Council.

Members questioned whether the Council might not get a better outcome by converting them into two large four or five bedroom units, but the greatest need was now for two bedroom units, partly as a result of the benefits changes. They also suggested that the estimated capital receipt of £700,000 appeared to be too low, even for properties in a dilapidated condition.

Officers confirmed that a number of options for different uses had been examined, but the layout of the properties with split levels meant that they would be difficult and costly to adapt. They would also require considerable improvement beyond basic cosmetic works which alone would cost in the region of £50,000. Affinity Sutton's responsibility had been to maintain the properties and keep them in a state of basic good repair.

It was proposed to sell the properties via an estate agent, as in view of the type of prospective purchaser it would be helpful for officers to be able to accept an offer quickly rather than have to await the next PDS Committee meeting. Members suggested that an auction would achieve a quick sale, but officers were of the view that this would result in a lower sale price.

Members also commented that the report stated that ward Members had not been consulted; officers clarified that ward Members had been consulted and apologised that the report was incorrect.

During consideration of this report Councillors William Huntington-Thresher and Nicholas Bennett declared interests as members of the Affinity Sutton London Regional Scrutiny Board.

RESOLVED that the recommendation that authority to accept an offer or offers on these properties be delegated to the Director of Regeneration and Transformation in consultation with the Resources Portfolio Holder to enable the sale to be progressed quickly be supported.

353 SCRUTINY SESSION - THE RESOURCES PORTFOLIO HOLDER

Councillor Graham Arthur, Portfolio Holder for Resources, attended the meeting to update the Committee on his work and answer questions. He summarised the following issues –

- Only 99 members of staff were still resisting the move to local pay and conditions, and appeal hearings were now taking place.
- The annual accounts for 2012/13 had now been completed before the deadline, despite more complicated requirements being introduced, and Tracey Pearson and her team were to be congratulated for this.
- Key meetings were taking place to scrutinise baseline expenditure.
- The recent Finance Seminar on 16th July had been very useful, underlining the importance of policy development, and the Director of Finance had issued a series of briefings on current finance and benefits issues.
- It was still too early to assess the impact of the introduction of the benefit cap. Housing staff were carrying out face-to face interviews with the people involved.
- Commissioning assessments were being carried out on ten service areas – it was important to ensure that services were streamlined and efficient before they were outsourced.
- £15m had been spent on property from the new investment fund – this was now achieving returns of 6%. An in-depth analysis of the Council's property requirements was being carried out so that any surplus sites could be released.
- All aspects of the Council's expenditure were being examined – for example, the Council was using 38% less paper than a year ago.

- The Coalition Government's policies meant that the Council would be rewarded for creating new jobs and businesses and reducing unemployment.
- Action was being taken in partnership with Liberata on empty homes.
- Action against Single Person Discount Fraud had now raised £800,000.
- The projected overspend for 2013/14 shown in the Budget monitoring report on the Executive's current agenda showed that it was crucial to maintain financial discipline.

Councillor Arthur took questions from the Committee and made the following points in response –

- Reserves would not be used to support overspends. The current concerns were a shortfall on property investment income and an overspend in Care Services. He had spoken at length with the Director of Education, Care and Health Services who had clear ideas for the medium and longer terms, but there were still concerns about what could be done in the short term. The situation would require more stringent gatekeeping, close examination of existing care packages and working with health service partners.
- The current estimate was that the Chancellors' statement in June would mean a reduction in grant for Bromley in the region of £17m, but better figures would be available in September/October.
- Funding for building maintenance had reduced considerably, but the Council was compiling asset registers and selling surplus property. All assets were being monitored.
- In terms of making services efficient and ready for the market, Assistant Directors were showing initiative and enthusiasm. Having looked at LB Barnet and their outsourcing programme, he was convinced that Bromley's real resource was its staff, who were already delivering services with the lowest cost per head in London. He confirmed that Peopletoo were still involved.

Councillor Arthur offered to provide a written summary of progress so far with the commissioning programme. He confirmed that Education sold services was now at the third stage, report to the Board, before being reported to Members for decision.

354 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the agenda for the meeting of the Executive on 24th July 2013.

(5) London Highways Alliance Contract

Report ES13073

The report summarised the results of a tender exercise for the London Highways Alliance Contract (LoHAC) - the South London LoHAC contract had been awarded to Enterprise Mouchel. Councillor William Huntington-Thresher confirmed that the proposals had been supported by the Environment PDS Committee.

RESOLVED that the recommendations be supported.

(6) Update on the Implementation of the Flooding and Water Act 2010

Report 13072

The report provided an update on the Council's second year of operation as a Lead Local Flood Authority and asked the Executive to release £220,000 from Central Contingency to implement proposals to meet responsibilities under the Act.

RESOLVED that the recommendations be supported.

(7) Budget Monitoring 2013/14

Report RES13138

The Committee received the first budget monitoring report for 2013/14 based on expenditure and activity levels up to the end of May 2013. It was noted that a net overspend was currently projected.

A range of management actions were being taken to address the budget pressures in Assessment and Care Management. One of these was ensuring that where clients had continuing healthcare needs those costs were met in full by the Clinical Commissioning Group (CCG). Members questioned whether this implied that this had not been examined before; officers confirmed that there was Guidance that could be followed and with closer relationships between care and health services the Council could expect to be more successful in ensuring that the CCG accepted its share of the costs.

A Member asked about the Extra Care Housing voids that were contributing to an overspend of £284k. These were due to the time taken to fill the new schemes at Regency and Sutherland Courts, and to higher average care package costs than anticipated in the financial model (14 hours per week rather than 10 hours.) The level of care being provided was being reviewed by officers, and it was expected that the voids would reduce to two by September. The needs of clients always determined their placements, but Extra Care Housing was considerably cheaper than Nursing or Residential

Care, so it was important that clients were directed there if this addressed their needs. There were also concerns about delays in implementing the invest to save proposals for services for clients with physical disabilities and about the overspend in the Community Equipment Service – action had been taken to reduce the number of authorising officers to just five.

Housing needs was showing a projected overspend of £970,000 with Bed and Breakfast Placements increasing at a rate of about 15 per month, rather than the stable 6 a month seen during most of 2012/13. This was partly due to the impact of welfare reform, and officers were investigating the causes. It was estimated that about 40% of new clients were as a result of evictions from private sector accommodation. Members requested further data on the reasons behind the increasing levels of homelessness.

Members noted that income from the Glades during 2013/14 was unlikely to be above the minimum rent share; it was confirmed that there were still a large number of vacancies.

The Fixed Penalty Notice littering offence trial was showing a net deficit for the first two months of £12,000. Members questioned whether the projections had been too optimistic, or whether people had now learned about the scheme and had altered their behaviour.

A shortfall in Trade Waste collection income of £100,000 was projected. Members questioned whether this was a service that the Council had to provide, whether it was competitive what market share the Council held. The Council was required to provide this service and it made a small surplus, so there was no cost to the Council.

It was noted that in paragraph 3.7.1 concerning General Fund Balances the year should be 2014, not 2013.

RESOLVED that the recommendations be supported.

(8) Capital Programme Monitoring 2013/14
Report RES13141

The report summarised the current position on capital expenditure and receipts following the first quarter of 2013/14 and sought the Executive's approval to a revised capital programme.

RESOLVED that the recommendations be supported.

(9) Opportunity Site G - Churchill Place – Selection of a Preferred Development Partner
Report DDR13/095

The Committee considered the report which set out the response to the development brief issued as part of the procurement process for the selection of a development partner for Churchill Place (Site G). It was recommended

that the Council grant Muse Developments preferred developer status and enter into an exclusivity period of 12 months to allow for further negotiations. Members were disappointed that the other two potential developers had dropped out of the process, but officers emphasised that there had still been a thorough evaluation of their bid. This was a significant opportunity for them in a tough market.

RESOLVED that the recommendations be supported.

(10) Update on the Special Educational Needs and Disability (SEND) Pathfinder

Report ED13069

The report requested the Executive to release funds held in Central Contingency to the Bromley Pathfinder budget. The report had already been considered by the Education PDS Committee on 2nd July and they had supported the recommendations.

RESOLVED that the recommendations be supported.

(11) Adults Social Care

Report CS13017

The report set out proposed management and organisational changes in adult social care, allowing staff to focus on assessment, safeguarding, quality assurance and more robust gatekeeping. Authority was also sought to market test the services currently being provided by the Council's in-house social care direct service division.

Members congratulated the Director of Education, Care and Health Services for providing a particularly well written report.

RESOLVED that the recommendations be supported.

355 REVENUES SERVICE MONITORING REPORT

Report RES13133

The Committee received a summary of Revenues Service performance by Liberata up to the end of March 2013, including a letter and statistical data from Liberata's Contract Director, Amanda Inwood-Field, who attended the meeting with her senior managers.

Members asked for further details of companies in default on NNDR.

It was explained that in respect of debts entered as awaiting probate, the table advised of the date that the invoice was raised, not the length of time for which probate had been outstanding.

The introduction of the new system of Council Tax Support had not had a great effect on collection rates, which were just 0.2% below the previous year at this stage.

Councillor Will Harmer requested further information on the payment methods used to collect Council Tax; he thought that too many people were still using the more expensive options rather than direct debit. Officers confirmed that it was in the interests of Liberata as well as the Council to drive people towards cheaper means of payment and Liberata confirmed that they tried each year to find ways to increase collection.

A settlement had been agreed with British Telecom over their debt and £183k had since been paid with a further 3103k of invoices being cancelled. This had reduced the balance to £128k of which £85k was over 90 days old. Liberata offered to provide a full breakdown of utility debt for Members.

Liberata confirmed that they could reinforce their teams with additional staff at busy times – business was driven by demand from Council departments and factors such as quarterly accounts.

Liberata were asked what processes they had to distinguish overdue invoices. It was confirmed that all Bromley invoices were for immediate payment and were counted by the number of days overdue, although there were different processes for different types of debt. Liberata were always very proactive in following up debt, and they confirmed that a great deal of effort was put into working with Housing on collecting Nightly Paid Accommodation charges and making contact with clients within fourteen days when new rent accounts were set up. Officers confirmed that the accounts assumed a high level of bad debt in this area which involved working with around 400 clients who moved in and out of temporary accommodation and often disappeared. However, any benefits went direct to the rent account. Liberata offered to provide more information on this.

The Chairman thanked Liberata for attending the meeting and for the good work that they were doing.

RESOLVED that the information contained in the report and the letter from Liberata be noted.

356 HOUSING AND COUNCIL TAX BENEFIT SERVICE
MONITORING REPORT
Report RES13134

The Committee received a report detailing levels of performance in 2012/13 provided by the Benefits Service run by Liberata. The report also included, at Appendix 10, Bromley's Discretionary Housing Payments Policy, introduced in April 2013.

Officers confirmed that activity appeared to be higher in March because every claim was re-assessed then.

A Member asked whether Housing Associations paid Council Tax on empty properties – in most cases they could claim a charity exemption.

There had been a large increase in claimants for discretionary housing payments, about three times the level of last year. Discretionary Housing Payments did not form part of the Housing Benefit scheme and as a result there was no independent appeals process but there was a right of review by another officer. The awards were, in the main, intended as short-term or one-off payments; however, on occasion a longer term award might be made. An example of this was where a dwelling had been adapted to meet the needs of a disabled resident, thereby making it desirable for the person being able to remain in that property. A Member commented that the purpose of the Working Tax Credit to get people back into work should be mentioned in the Policy. Members asked whether there were any changes to legislation required that they should be lobbying for.

Members asked whether legislation required housing benefit correspondence to be sent by letter when more could be done by email or online.

Asked whether Appendix 8 (caseloads) showed a significant trend, officers confirmed that Inner London authorities had reported a slight reduction in caseloads in recent years, and there was a suspicion that this reflected some claimants moving to outer London.

It was the person liable for Council Tax who could appeal against their Council Tax band; officers confirmed that, despite the recent changes, there had not been an increase in appeals.

The Chairman asked for a breakdown of the length of Discretionary Housing Payments for review by the Committee in six months.

RESOLVED that the service performance for 2012/13 be noted and the Discretionary Housing Payment policy at Appendix 10 to the report be supported.

357 UPDATES FROM PDS CHAIRMEN
Report RES13097

Updates from the following PDS Committee Chairmen had been circulated –

- Cllr Kate Lymer: Public Protection and Safety PDS Committee, 18th June (Typing errors were noted in section 1, where “2012/13” should read “2013/14” and in section 7, where “restricting” should read “re-structuring”)
- Cllr Pauline Tunnicliffe: Care Services PDS Committee, 18th June
- Cllr William Huntington-Thresher, Environment PDS Committee, 25th June
- Cllr Nicholas Bennett: Education PDS Committee, 2nd July

358 WORK PROGRAMME 2013/14
Report RES13 118

The Committee received an update on its work programme for 2013/14 and on currently active working groups and Sub-Committees and members updated the committee as follows –

- Councillor Peter Fookes expressed an interest in a working group on Community Budgets.
- Councillor Will Harmer reported that he hoped to be able to provide a further report from the New Technology Working Group in September.
- Councillor Nicholas Bennett reported that the School Governance Working Group had now completed its work and the Primary School Development Working Group would be meeting on 2nd September.
- Councillor William Huntington-Thresher informed the Committee that there was no intention that the Highway Assets Working Group would need to meet in the current year.

359 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006, AND THE FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

The following summaries
refer to matters
involving exempt information

360 EXEMPT MINUTES OF THE MEETING HELD ON 5TH JUNE 2013

The exempt minutes of the meeting held on 5th June 2013 were confirmed.

361 PRE-DECISION SCRUTINY OF EXEMPT RESOURCES PORTFOLIO HOLDER REPORTS

The Committee scrutinised the following proposed decisions of the Resources Portfolio Holder.

361.1 Manorfields, Avalon Road, Orpington

The Committee recommended that the Portfolio Holder accept one of the top two offers for the site.

361.2 20 SNOWDOWN CLOSE, PENGE

The Committee considered a request from Bromley Citizens Advice Bureau to surrender its lease for this property and supported a proposal to allow interested parties to put forward proposals before a further report is submitted.

361.3 WINSFORD, GARDEN ROAD, PENGE

The Committee supported recommendations to declare Winsford, Garden Road, Penge, surplus to requirements and to authorise its advertisement for sale.

362 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

The Committee scrutinised reports on the Executive's part 2 agenda for the meeting on 24th July 2013 concerning the Acquisition of Property to Support the Objectives of the Bromley Town Centre Area Action Plan, Castlecombe Children and Family Centre, Residential Property Acquisitions – Capital Funding Proposal, Award of Contract for Care and Support Services in Two Supported Living Schemes, a reference from Education PDS Committee and Audit Sub-Committee and an update on Capital Receipts.

The Meeting ended at 9.51 pm

Chairman

APPENDIX 1

Questions to Cllr Graham Arthur, Resources Portfolio Holder, for oral response from Lorraine Boley, Royston Estate Residents' Association (RERA)

1. What weight will the Portfolio holder give to community needs in the area immediately surrounding the CAB building in Snowdown Close, as opposed to commercial interests, particularly in light of recent events?

Reply -

Cllr Arthur responded that he was at a disadvantage because the report was on part 2 of the agenda, but as a result of local concern, he was being recommended to give interested parties time in which to put forward proposals for the future of this property. It had been suggested that options should be considered in October.

2. What opportunity will there be for meaningful prior public consultation with the local community about future use of the CAB building?

Reply -

Local groups will be given an opportunity to put forward their proposals as part of the process being proposed, and he was minded to delay a decision until these had been considered.

3. What safety and security measures will the Council put in place for the building and the surrounding area, in particular the car park which acts as a public right of way to Royston Field, for example will providing adequate exterior lighting be a lease condition?

Reply -

The Council does not own the access to Royston Field or the whole of the car park area and therefore will not be able to enforce such measures over land not in its ownership. If the property is leased, the Council could require the tenant to undertake safety and security measures in relation to the land included in the lease.

Ms Boley did not have any supplementary questions, but she asked if their association could put further questions to Cllr Arthur outside the meeting if necessary. He confirmed that this would be acceptable.

Question to Cllr Graham Arthur, Resources Portfolio Holder, for written response from Cllr John Getgood

The CAB had to vacate their premises in Snowdown Close SE20 on 1st April, following a reduction in the grant from Bromley Council. Please will he clarify

whether Bromley CAB is continuing to have to pay rent or is incurring any other costs on these premises under a previous or existing contract?

Reply –

The proposal in the report is that the CAB's lease is surrendered with effect from 25th March 2013. If this is agreed, the CAB will only be obliged to pay rent up to and including 24th March. Until the lease is surrendered, the CAB remains responsible for repairs, utilities and securing the building. As a charitable organisation, the CAB does not have to pay business rates.

Agenda Item 5

Report No.
RES13152

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 4th September 2013

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

Title: MATTERS ARISING FROM PREVIOUS MEETINGS

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 Appendix 1 to this report updates Members on matters arising from previous meetings which continue to be "live." Five matters are listed concerning the Winter Health Project, potential Working Groups and requests for further information on contracts, the Revenues Service and the Housing Benefit Service.

2. **RECOMMENDATION(S)**

The Committee is invited to consider progress on matters arising from previous meetings.

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: Democratic Services
 4. Total current budget for this head: £363,070
 5. Source of funding: 2013/14 revenue budget
-

Staff

1. Number of staff (current and additional): 8 posts (7.22 fte)
 2. If from existing staff resources, number of staff hours: Monitoring the Committee's matters arising takes a few hours between each meeting.
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Committee
-

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/Finance/Legal/Personnel
Background Documents: (Access via Contact Officer)	Minutes of previous meetings

Appendix 1

Minute Number/ Title/Date	PDS Request	Update	Action By	Completion Date
336 Executive Reports: (12) Winter Health Project (5 th June 2013)	The Committee requested an update in a year's time	The issue will be included in the Work Programme	Public Health Associate Director	May 2014
340 Work Programme (5 th June 2013)	The Chairman asked that suggestions for any issues for consideration by Working Groups should be submitted to him.	To be considered as necessary under the Work Programme report.	Committee Members	September 2013
350 Contracts Register (18 th July 2013)	Cllr Owen requested further information about the Microsoft Enterprise Agreement	Information was supplied to Cllr Owen on 6 th August.	Head of Procurement and Acting Head of ICT	August 2013
355 Revenues Service Monitoring Report (18 th July 2013)	Members asked for information about companies in default on NNDR. Cllr Will Harmer requested information on the numbers of people using different payment methods for Council Tax.	Information is being collated by Liberata	Head of Revenues and Benefits	September 2013

Minute Number/ Title/Date	PDS Request	Update	Action By	Completion Date
356 Housing and Council Tax Benefit Service Monitoring Report (18 th July 2013)	The Chairman asked for a breakdown of the length of Discretionary Housing Payments for review by the Committee in six months.	The issue has been added to the Committee's work programme.	Head of Revenues and Benefits	January 2014

LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON 13TH AUGUST 2013

PERIOD COVERED: August 2013 - November 2013

DATE FOR PUBLISHING THE NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 17TH SEPTEMBER 2013

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
COUNCIL						
EXECUTIVE						
FORMAL CONSULTATION ON OUTLINE SERVICE PROPOSALS AND PROCUREMENT STRATEGY - CUSTOMER SERVICES	Executive	11 September 2013 Executive and Resources PDS Committee	Meeting	Contact Officer: Sarah Lyons Tel: j020 8313 4384 Sarah.Lyons@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
ANERLEY TOWN HALL	Executive	11 September 2013 Executive and Resources PDS Committee	Meeting	Contact Officer: Colin Brand Tel: 0208 313 4107 colin.brand@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person/body.</u>	Part 2 report - confidential
AWARD OF CONTRACT - INTERMEDIATE CARE	Executive	11 September 2013 Executive and Resources PDS Committee	Meeting	Contact Officer: Lorna Blackwood Tel: 020 8313 4110 lorna.blackwood@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person/body.</u>	Part 2 report - confidential

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
ADOPTION REFORM GRANT (PART A) DRAWDOWN	Executive	11 September 2013 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Ian Leadbetter Tel: 020 8313 4116 ian.leadbetter@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
LASPO (FINANCIAL IMPLICATIONS OF CHANGES ARISING FROM THE LEGAL AID SENTENCING AND PUNISHMENT OF OFFENDERS ACT 2012)	Executive	11 September 2013 Care Services PDS Committee, Public Protection and Safety PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Paul King Tel: 020 8461 7572 paul.king@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
GLEBE SCHOOL DRAWDOWN OF FUNDS	Executive	11 September 2013 Education Portfolio Holder (at a public meeting to which Education PDS Members and Co-opted Members can attend to offer views) and Executive and Resources PDS Committee	Meetings	Contact Officer: Robert Bollen Tel: 020 8313 4697 Robert.Bollen@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
GATEWAY REVIEW - PROCUREMENT OF EDUCATION SERVICES	Executive	11 September 2013 Executive and Resources PDS Committee	Meeting	Contact Officer: Wendy Norman Tel: 020 8313 4212 Wendy.Norman@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
ADULT SOCIAL CARE (REPORT FOLLOWING-UP ON GATEWAY REPORT, JULY EXECUTIVE MEETING)	Executive	16 October 2013 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Terry Parkin Tel: 020 8313 4060 Terry.Parkin@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
BUSINESS RATES RELIEF SCHEME FOR ECONOMIC DEVELOPMENT	Executive	16 October 2013 Executive and Resources PDS Committee	Meeting	Contact Officer: Martin Pinnell Tel: 020 8313 4457 martin.pinnell@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
TACKLING TROUBLED FAMILIES - GRANT DRAW-DOWN	Executive	16 October 2013 Executive and Resources PDS Committee (Care Services PDS Committee considered an update on delivery of the Tackling Troubled Families Programme in Bromley at their meeting on 18 th June 2013)	Meeting	Contact Officer: Mark Thorn Tel: 0208 461 7578 Mark.Thorn@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
EDUCATION SERVICES COMMISSIONING PLANS	Executive	16 October 2013 Education PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Laurence Downes Tel: 0208 313 4805 Laurence.Downes@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
RECRUITMENT AND RETENTION STRATEGY - CHILDREN'S SOCIAL CARE	Executive	20 November 2013 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Mathew Brooks Tel: 020 8313 4350 Mathew.Brooks@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
WELFARE REFORM - BUDGET PRESSURES	Executive	20 November 2013 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Sara Bowrey Tel: 020 8313 4013 sara.bowrey@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
CARE SERVICES PORTFOLIO						
EDUCATION PORTFOLIO						
CHANNEL SHIFT - ONLINE APPLICATIONS (PRIMARY TRANSFER AND MEALS)	Portfolio Holder for Education	Not before 17 September 2013 Education PDS Committee	Meeting	Contact Officer: Iain Johncock Tel: 020 8313 4865 iain.johncock@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
SPEECH AND LANGUAGE THERAPY FOR CHILDREN WITH SPECIAL EDUCATIONAL NEEDS - GATEWAY	Portfolio Holder for Education	Not before 12 November 2013 Education PDS Committee	Meeting	Contact Officer: Hilary Rogers Tel: 020 8776 3172 Hilary.Rogers@bromley.gov.uk	<u>Public Meeting</u>	Report and relevant background documents
BAEC BUSINESS CASE FOR PREFERRED DELIVERY MODEL	Portfolio Holder for Education	Not before 12 November 2013 Education PDS Committee	Meetings	Contact Officer: Carol Arnfield Tel: 020 8461 8659 Carol.Arnfield@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
ENVIRONMENT PORTFOLIO						
TFL FUNDED WORK PROGRAMME 2014/15	Portfolio Holder for Environment	Between 25 September 2013 and 04 October 2013 Environment PDS Committee	Meeting	Contact Officer: Steven Heeley Tel: 020 8461 7472 Steven.Heeley@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
TRANSPORTATION HIGHWAYS AND ENGINEERING CONSULTANCY SERVICES CONTRACT	Portfolio Holder for Environment	Not before 19 November 2013 Environment PDS Committee.	Meeting	Contact Officer: Paul Redman Tel: 020 8313 4930 Paul.Redman@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person/body.</u>	Part 2 report - confidential

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
------------------------	----------------------------	---	---------------------------------------	--	---	---

PUBLIC PROTECTION AND SAFETY PORTFOLIO

RENEWAL AND RECREATION PORTFOLIO

RESOURCES PORTFOLIO

London Borough of Bromley: 020 8464 3333 www.bromley.gov.uk

Contact Officer: Keith Pringle, Chief Executive's Department: 020 8313 4508, keith.pringle@bromley.gov.uk

Report No.
RES13144

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: RESOURCES PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive & Resources PDS Committee on 4th September 2013

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

Title: CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2013/14

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

Chief Officer: Director of Finance

Ward: All

1. Reason for report

On 24th July 2013, the Executive received the 1st quarterly capital monitoring report for 2013/14 and agreed a revised Capital Programme for the four year period 2013/14 to 2016/17. The report also covered any detailed issues relating to the 2012/13 Capital Programme outturn, which had been reported in summary form to the June meeting of the Executive. This report highlights in paragraphs 3.1 to 3.4 changes agreed by the Executive in respect of the Capital Programme for the Resources Portfolio. The revised programme for this portfolio is set out in Appendix A, details on the 2012/13 outturn are included in Appendix B and detailed comments on scheme progress as at the end of the first quarter of 2013/14 are shown in Appendix C.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to confirm the changes agreed by the Executive in July.

Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring and review is part of the planning and review process for all services. Capital schemes help to maintain and improve the quality of life in the borough. Affective asset management planning (AMP) is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. The Council continuously reviews its property assets and service users are regularly asked to justify their continued use of the property. For each of our portfolios and service priorities, we review our main aims and outcomes through the AMP process and identify those that require the use of capital assets. Our primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in the Community Plan and in "Building a Better Bromley".
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Total increase of £0.4m over the 4 years 2013/14 to 2016/17, due to re-phasing of expenditure from 2012/13 (see para 3.4).
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £16.5m for the Resources Portfolio over four years 2013/14 to 2016/17
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
-

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: Not Applicable
-

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Capital Monitoring – variations agreed by the Executive on 24th July 2013

3.1 A revised Capital Programme was approved by the Executive in July, following final outturn figures for 2012/13 and a detailed monitoring exercise carried out after the 1st quarter of 2013/14. The base position was the revised programme approved by the Executive on 6th February 2013, as amended by variations approved at subsequent Executive meetings. All changes on schemes in the Resources Programme are itemised in the table below and further details are included in paragraphs 3.2 to 3.4. The revised Programme for the Resources Portfolio is attached as Appendix A. Appendix B includes details of the final outturn in 2012/13 and Appendix C shows actual spend against budget in the first quarter of 2013/14, together with detailed comments on individual schemes.

	2013/14	2014/15	2015/16	2016/17	TOTAL 2013/14 to 2016/17
	£000	£000	£000	£000	£000
Programme approved by Executive 06/02/13	2,948	775	775	0	4,498
Property Acquisitions funded by Property Investment Fund					
- acquisitions approved by Executive 16/05/13 & 05/06/13	2,905				2,905
- acquisitions approved by Executive 12/06/13 (see para 3.2)	8,580				8,580
Emergency works on surplus sites - block provision adjustment approved by Executive 13/03/13 (see para 3.3)	79				79
Approved Programme prior to 1st Quarter's Monitoring	14,512	775	775	0	16,062
<u>Variations approved by Executive 24/07/13</u>					
Net underspendings in 2012/13 rephased into 2013/14 (see para 3.4)	430				430
Total Amendment to the Capital Programme	430	0	0	0	430
Total Revised Resources Programme	14,942	775	775	0	16,492

3.2 Property acquisitions – approval of additional properties

At its meetings in May and June, the Executive approved further acquisitions in Bromley High Street, the cost of which will be met by a revenue contribution from the Property Investment Fund. Further property investment opportunities will be reported to the Executive as they are identified.

3.3 Emergency works on surplus sites – carry-forward of underspend in 2012/13

In March, the Executive agreed to carry forward into 2013/14 the 2012/13 underspend of £79k on the capital budget for emergency works to prepare surplus sites for disposal.

3.4 Net underspendings in 2012/13 re-phased into 2013/14

The 2012/13 Capital Outturn was reported to the Executive on 12th June 2013. The final capital outturn for the year for Resources Portfolio schemes was £5,697k compared to a revised budget of £6,197k approved by the Executive in February. After allowing for the underspend that was accounted for in the block provision adjustment set out in paragraph 3.2 (£79k) and a small overspend on High Street property acquisitions (£9k), a total of £430k has been re-phased into 2013/14. Details of the 2012/13 outturn for this Portfolio are set out in Appendix B.

Post-Completion Reports

3.5 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. After major slippage of expenditure in recent

years, Members confirmed the importance of these as part of the overall capital monitoring framework. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme’s non-financial objectives. While no post-completion reports are currently due for completed Resources Portfolio schemes, this quarterly report will monitor the future position and will highlight any future reports required.

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services.

5. FINANCIAL IMPLICATIONS

5.1 These were reported in full to the Executive on 24th July 2013. Changes agreed by the Executive for the Resources Portfolio Capital Programme are set out in the table in paragraph 3.1.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns June 2013. Approved Capital Programme (Executive 06/02/13). Capital Outturn report (Executive 12/06/13) and Q1 monitoring report (Executive 24/07/13).

RESOURCES PORTFOLIO - APPROVED CAPITAL PROGRAMME 24th JULY 2013								
Capital Scheme/Project	Total Approved Estimate	Actual to 31.3.13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/06	Estimate 2016/17	Responsible Officer	Remarks
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's		
CHIEF EXECUTIVE'S DEPARTMENT								
Transformation & Regeneration Division (Strategic Property)								
Office accommodation strategy	2400	2321	79				Marc Hume	Supplementary estimate £400k (Executive 12/9/12)
Former Chartwell Business Centre, Central Depot - improvement works	870	788	82				Marc Hume	Invest to Save (Executive £300k 20/7/11); £418k from planned maintenance in 11/12; addl funding £152k agreed by Executive 7/3/12
Emergency Works on Surplus Sites	192	83	109				Heather Hosking	Essential to maximise capital receipts: £79k c/fwd from 12/13 into 13/14
Property Investment Fund	15272	3787	11485				Marc Hume	Various High Street property acquisitions - met from Property Investment Fund
TOTAL TRANSFORMATION & REGENERATION DIVISION	18734	6979	11755	0	0	0		
Chief Executive's Division								
Capital Ambition - Efficiency and Transformation Funding	100	0	100				Doug Patterson	100% funding to support improvement and efficiency activity
TOTAL CHIEF EXECUTIVE'S DIVISION	100	0	100	0	0	0		
Corporate Services Division								
Civic Centre cabling renewal	400	362	38				Stuart Elsey	
Server Virtualisation	300	267	33				Stuart Elsey	
Upgrade of Core Network Hardware	1050	178	872				Stuart Elsey	
Increasing Network Security	400	395	5				Stuart Elsey	
Joint Web platform	240	143	97				Mark Bowen	Invest to Save scheme
Performance Management/Children's Services - information technology	500	290	210				Stuart Elsey	Approved by Executive 16/06/10
Replacement of Storage Area Networks	1980	0	480	750	750		Stuart Elsey	Business continuity - need to keep data secure and accessible
Rollout of Windows 7 and Office 2000	520	0	520				Stuart Elsey	Upgrade of all desktops and laptops
Replacement of MD110 telephone switch	760	0	760				Stuart Elsey	Essential replacement of switch that was installed in 1999 and will not be maintained after 2015
TOTAL CORPORATE SERVICES DIVISION	6150	1635	3015	750	750	0		
Financial Services Division								
Financial systems upgrade/replacement of unsupported software	1025	978	47				Neil Graham	Essential replacement to enable continued financial management
Digital Print Strategy	125	50	25	25	25		Dave Starling	Invest to Save - Multi-Functional Devices
TOTAL FINANCIAL SERVICES DIVISION	1150	1028	72	25	25	0		
TOTAL RESOURCES PORTFOLIO	26134	9642	14942	775	775	0		

RESOURCES PORTFOLIO - CAPITAL PROGRAMME OUTTURN 2012/13					
Capital Scheme/Project	2012/13 OUTTURN				Comments / action taken
	Actual to 31.3.12	Approved Estimate Feb 2013	Final Outturn	Variation (under-spend '-')	
	£'000's	£'000's	£'000's	£'000's	
CHIEF EXECUTIVE'S DEPARTMENT					
Transformation & Regeneration Division (Strategic Property)					
Office accommodation strategy	1689	711	632	-79	2012/13 underspend rephased into 2013/14
Former Chartwell Business Centre, Central Depot - improvement works	44	826	744	-82	2012/13 underspend rephased into 2013/14
Emergency Works on Surplus Sites	77	85	6	-79	Block provision - £79k carry-forward approved by Executive 13/03/13
Property Investment Fund	0	3778	3787	9	Small overspend on fees, costs, etc
TOTAL TRANSFORMATION & REGENERATION DIVISION	1810	5400	5169	-231	
Chief Executive's Division					
Capital Ambition - Efficiency and Transformation Funding	0	0	0	0	
TOTAL CHIEF EXECUTIVE'S DIVISION	0	0	0	0	
Corporate Services Division					
Civic Centre cabling renewal	362	38	0	-38	2012/13 underspend rephased into 2013/14
Server Virtualisation	267	33	0	-33	2012/13 underspend rephased into 2013/14
Upgrade of Core Network Hardware	0	230	178	-52	2012/13 underspend rephased into 2013/14
Increasing Network Security	377	23	18	-5	2012/13 underspend rephased into 2013/14
Joint Web platform	82	95	61	-34	2012/13 underspend rephased into 2013/14
Performance Management/Children's Services - information technology	167	183	123	-60	2012/13 underspend rephased into 2013/14
Replacement of Storage Area Networks	0	0	0	0	
Rollout of Windows 7 and Office 2000	0	0	0	0	
Replacement of MD110 telephone switch	0	0	0	0	
TOTAL CORPORATE SERVICES DIVISION	1255	602	380	-222	
Financial Services Division					
Financial systems upgrade/replacement of unsupported software	855	170	123	-47	2012/13 underspend rephased into 2013/14
Digital Print Strategy	25	25	25	0	
TOTAL FINANCIAL SERVICES DIVISION	880	195	148	-47	
TOTAL RESOURCES PORTFOLIO	3945	6197	5697	-500	#

£430k of total underspend rephased into 2013/14 (the £79k underspend on emergency works on surplus sites was taken into account in the adjustment reported to the Executive on 12th June 2013 and the £9k overspend on High Street acquisitions was not adjusted in 2013/14)

RESOURCES PORTFOLIO - APPROVED CAPITAL PROGRAMME 2013/14 - 1ST QUARTER MONITORING					
Capital Scheme/Project	1st QUARTER 2013/14				Responsible Officer Comments
	Actual to 31.3.13	Approved Estimate Feb 2013	Actual to 19/6/13	Revised Estimate July 2013	
	£'000's	£'000's	£'000's	£'000's	
CHIEF EXECUTIVE'S DEPARTMENT					
Transformation & Regeneration Division (Strategic Property)					
Office accommodation strategy	2321	0	-41	79	An additional supplementary capital allocation of £400,000 to ensure the successful completion of the programme of works and reoccupation of the North Block was approved. North Block has now been reoccupied and the remaining moves completed in January 13. There are still some outstanding IT works for the decommissioning of the empty buildings, but these costs are not substantial. The project is expected to be under budget, subject to calculation of final account. £79k rephased from 2012/13 into 2013/14.
Former Chartwell Business Centre, Central Depot - improvement works	788	0	46	82	The construction work is completed and the project is on budget, subject to receipt of the final account. £82k rephased from 2012/13 into 2013/14.
Emergency Works on Surplus Sites	83	30	1	109	Owing to the nature of this work it is difficult to predict expenditure. £79k carry-forward from 2012/13 into 2013/14 approved by Executive 13/03/13.
Property Investment Fund	3787	0	0	11485	A number of properties in Bromley High Street have been acquired to provide an income which exceeds that which can be achieved from Treasury management. Two purchases were completed in 2012/13 and further acquisitions were approved by the Executive at its May and June meetings. This estimate is subject to amendment in the light of final cost figures and may be increased if further acquisitions are identified.
TOTAL TRANSFORMATION & REGENERATION DIVISION	6979	30	6	11755	
Chief Executive's Division					
Capital Ambition - Efficiency and Transformation Funding	0	100	0	100	£100K capital grant was paid to all authorities that were members of the London Councils following a decision by their Leader's Committee in December 2010. This related to CLG grant administered by the Capital Ambition Board. The grant was to be used for Improvement & Efficiency projects in line with priorities and criteria set by Capital Ambition. Boroughs are expected to provide London Councils with a brief explanation of how the grant has been spent and the benefits / impact of the activity. It had been intended that this grant would be used to support small scale 'invest to save' or 'invest to improve' projects'. A 'Staff Innovation' Event was proposed for 12-13, but this did not take place and consequently the budget was re-phased to 13-14. COE are reviewing the use of this grant.
TOTAL CHIEF EXECUTIVE'S DIVISION	0	100	0	100	
Corporate Services Division					
Civic Centre cabling renewal	362	0	0	38	Underspend on IT schemes in 2012/13 mainly resulted from delays in processing work by the contractor and have been rephased into 2013/14. The contractor has been asked to develop solutions for all new works and their proposals are expected by the end of July. There is considerable inter-dependency between the projects and they need to be considered as a whole. Once the strategy has been developed, it will be more apparent what the time frame will be for each element and any further need for re-phasing will be reported.
Server Virtualisation	267	0	0	33	See comment re Civic Centre Cabling Renewal scheme.
Upgrade of Core Network Hardware	178	820	2	872	See comment re Civic Centre Cabling Renewal scheme.
Increasing Network Security	395	0	-14	5	See comment re Civic Centre Cabling Renewal scheme.
Joint Web platform	143	63	10	97	The underspend of £34k in 2012/13 was mainly due to a delay in delivering a server for the GIS project (enabling searching for and displaying geographical information online), which resulted in a delay in commissioning development work on the project. The underspend was, therefore, re-phased into 2013/14. The remaining £63K will be used to continue funding two major project streams, the critical transforming of the web site to respond to the wider range of devices now used to access it and some initial work towards developing a "one account" per customer concept.
Performance Management/Children's Services - information technology	290	150	-20	210	See comment re Civic Centre Cabling Renewal scheme.
Replacement of Storage Area Networks	0	480	0	480	Business Continuity - need to keep data secure and accessible. Project starting in 2013/14.
Rollout of Windows 7 and Office 2000	0	520	0	520	Upgrade of all desktops and laptops. Project starting in 2013/14.
Replacement of MD110 telephone switch	0	760	0	760	Essential replacement of switch that was installed in 1999 and will not be maintained after 2015. Project starting in 2013/14.
TOTAL CORPORATE SERVICES DIVISION	1635	2793	-22	3015	
Financial Services Division					
Financial systems upgrade/replacement of unsupported software	978	0	0	47	The 2012/13 underspend of £47k has been re-phased into 2013/14. This sum is expected to be required for further enhancements relating to the Oracle R12 upgrade.
Digital Print Strategy	50	25	0	25	This scheme relates to the implementation of Multi-Functional Devices. It was originally assumed that the machines would be funded from the Capital scheme, however it was subsequently decided that they could be funded from Revenue and the cost of rolling out these machines was funded by the One-Way programme. Following the implementation of these machines, a further review was undertaken of the revised business need and service requirements. In order to make best use of the print facilities, control and scanning software was purchased (uni-flow and eco) and a need for additional hardware was identified. £200k had originally been allocated for this scheme, however following the review, a budget of £125K in total was retained to allow for a spend of £25K per annum from 11/12 to 15/16 to fund the lease purchase of the software and the additional hardware. The scheme was re-phased to reflect this. The project has generated Revenue budget savings of £147K, and the Capital scheme budget was reduced by £75K.
TOTAL FINANCIAL SERVICES DIVISION	1028	25	0	72	
TOTAL RESOURCES PORTFOLIO	9642	2948	-16	14942	

This page is left intentionally blank

Report No.
RES13151

London Borough of Bromley

Agenda
Item No.

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

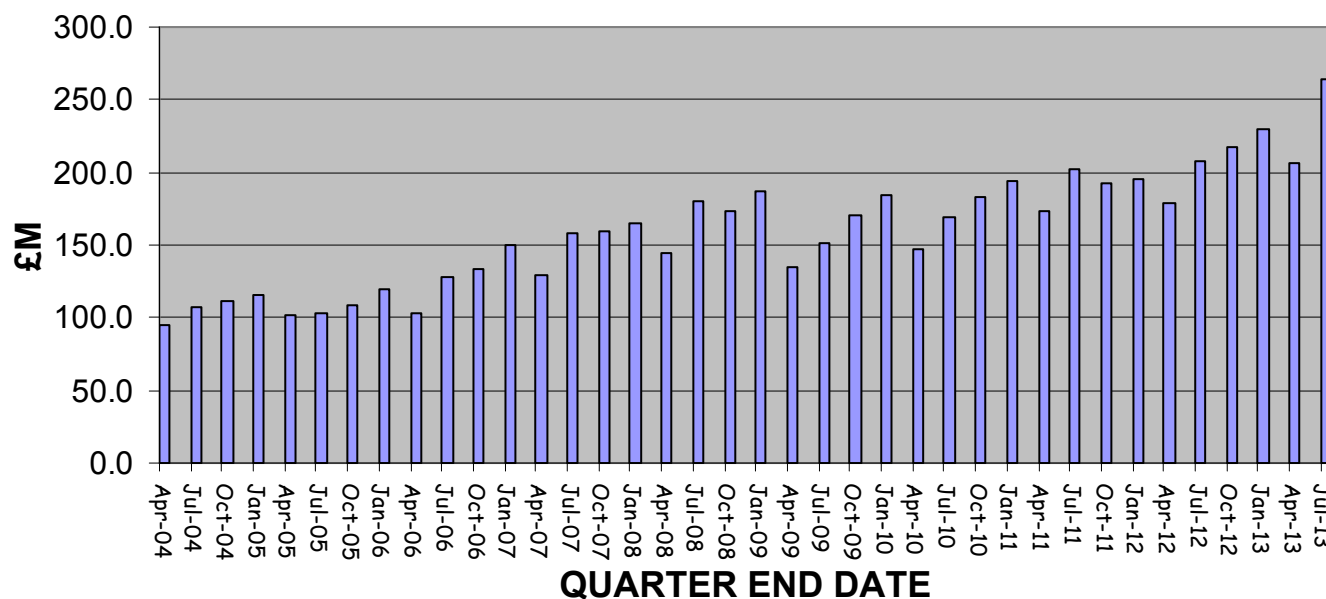
- 3.3 Borrowing: The Council's healthy cashflow position continued through the whole of 2012/13 and into 2013/14, as a result of which no borrowing has been required at all since 2010/11, when one small overnight loan (for £800k) was taken out (in March 2011).
- 3.4 Investments: The following table sets 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.

TOTAL INVESTMENT PORTFOLIO



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

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	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	£163.1m	£143.0m	£170.3m	£170.3m
carried forward 31 March	£170.3m	£143.1m	£176.7m	£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.

This page is left intentionally blank

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>			

Report No.
RES13153

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 4th September 2013

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

Title: PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

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 This report draws the Committee's attention to reports on the draft agenda for the next meeting of the Executive on 11th September 2013. Members are requested to bring a copy of their Executive agenda to the PDS Committee's meeting.

2. RECOMMENDATION(S)

The Committee is recommended to select priority issues from the Executive agenda for pre-decision scrutiny.

Corporate Policy

1. Policy Status: Existing Policy: One of the major roles of PDS Committees is to scrutinise proposals coming before executive bodies for decision. This supports the “Excellent Council” BBB priority.
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £363,070
 5. Source of funding: 2013/14 Revenue budget
-

Staff

1. Number of staff (current and additional): 10 (8.55 fte)
 2. If from existing staff resources, number of staff hours: Preparing this report takes less than one hour of staff time.
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of Members of the Committee.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 At each meeting, Members of this Committee have the opportunity to carry out pre-decision scrutiny of items for decision at forthcoming Executive meetings. This report identifies the reports expected for the next meeting of the Executive on 11th September 2013 and suggests which ones the Committee may wish to prioritise for scrutiny. At the time of writing, this is the draft list of reports and the Executive's agenda may change before it is published on 28th August 2013.

Part 1

Budget Monitoring 2013/14 ¹

Procurement Strategy for Customer Services ^{1 2}

Adoption Reform Grant Drawdown ²

Framework Agreement for Three Floor Lifts and Stairlifts – Disabled Facilities Grants

Glebe School Capital Funds for Building Works ²

Gateway Review – Dynamic Purchasing Frameworks ^{1 2}

Part 2

Former Town Hall and South Street Car Park ^{1 2}

Award of Contract for Intermediate Care ²

** (Reports marked ¹ are recommended for pre-decision scrutiny by this Committee; reports marked ² are key or private decisions.)*

3.2 Under the Council's arrangements for decision making by individual executive portfolio holders, reports covering the Resources Portfolio Holder's proposed decisions are set out under separate headings on this agenda.

Non-Applicable Sections:	Policy/Finance/Legal/Personnel
Background Documents: (Access via Contact Officer)	Forward Plan 13 th August 2013

This page is left intentionally blank

Report No.
RES13154

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive and Resources PDS Committee

Date: 4th September 2013

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

Title: BRIEF UPDATES FROM PDS CHAIRMEN

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 020 8461 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 This report provides an opportunity for PDS Committee and Sub-Committee Chairmen to report on the recent work of their Committees. Since this Committee's last meeting on 18th July 2013 the only meeting has been the Education Budget PDS Sub-Committee meeting held on 23rd July 2013.

2. RECOMMENDATION

The Committee is asked to note the updates provided by PDS Committee Chairmen.

Corporate Policy

1. Policy Status: Existing Policy: One of the roles of PDS Committees is to scrutinise proposals coming before executive bodies for decision – this supports the Excellent Council BBB priority.
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £363,070 (2013/14 controllable budget)
 5. Source of funding: Existing revenue budget.
-

Staff

1. Number of staff (current and additional): There are 10 posts (8.55 fte) in the Democratic Services Team.
 2. If from existing staff resources, number of staff hours: Preparing this report takes less than one hour of staff time per meeting.
-

Legal

1. Legal Requirement: None
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Committee.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	None

Report No.
RES13118

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 4th September 2013

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

Title: WORK PROGRAMME 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 This report offers the Committee the opportunity to consider its work programme for 2013/14, including scheduled meetings and all PDS working groups. The Committee now has eight meetings scheduled during 2013/14 – the dates are set out in Appendix 1, with a list of the items to be considered. The report summarises Sub-Committees and working groups from across all PDS Committees – these are listed at Appendix 2.
-

2. **RECOMMENDATIONS**

- 2.1 The Committee is requested to consider its work programme for 2013/14 and the appointment of PDS Working Groups.

Corporate Policy

1. Policy Status: Existing Policy: All PDS Committee receive a report on their work programmes.
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £363,070
 5. Source of funding: 2013/14 revenue budget
-

Staff

1. Number of staff (current and additional): 10 posts (8.55fte)
 2. If from existing staff resources, number of staff hours: Maintaining the work programme takes less than an hour between meetings.
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable: This report does not involve an executive decision
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Committee.
-

Ward Councillor Views

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

3. COMMENTARY

Meeting Schedule

- 3.1 Each PDS Committee determines its own work programme, balancing the roles of (i) holding the Executive to account, (ii) policy development and review and (iii) external scrutiny. This Committee has the additional role of providing a lead on scrutiny issues and coordinating PDS work.
- 3.2 PDS Committees need to prioritise their key issues. The work programme also needs to allow room for items that arise through the year, including Member requests, call-ins and referrals from other Committees. Committees need to ensure that their workloads are realistic and balanced, allowing sufficient time for important issues to be properly scrutinised. Members also need to consider the most appropriate means to pursue each issue – the current overview and scrutiny arrangements offer a variety of approaches, whether through a report to a meeting, a time-limited working group review, a presentation, a meeting focused on a single key issue or any other method.
- 3.3 A schedule of the Committee’s meetings in 2013/14 is attached at [Appendix 1](#). The timing of meetings is tied to the need to pre-scrutinise Executive agendas. Question sessions with the Leader, Resources Portfolio Holder and Chief Executive have been added to the programme throughout the year.

Sub-Committees and Working Groups

- 3.4 In [Appendix 2](#), PDS Sub-Committees, Working Groups and other sub-groups are set out following the first PDS meetings of 2013/14 for both for this Committee and other PDS Committees. The Policy Development and Scrutiny Toolkit suggests that each Committee should aim to carry out no more than two or three full scale reviews each year, and it offers guidance and techniques for prioritising reviews. At a time of pressure on Member and officer resources it is important that any additional work is carefully targeted at priority issues where improvements can be achieved. In recent years, this Committee has examined a number of issues through its Working Groups - part of the Committee’s workload may include follow-up work on some of these reviews (such as the work of the New Technology Working Group).
- 3.5 At the start of the Council year this is an opportunity for all PDS Committees to review and prioritise which Working Groups are actually needed, and to consider their membership. At the meeting on 5th June 2013 Councillor Peter Fookes suggested a number of issues for possible consideration by working groups, including welfare reform, housing and employment. The Chairman invited Members of the Committee to submit any ideas for Working Groups to him.

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	Previous Work Programme reports.

COMMITTEE MEETING SCHEDULE 2013/14

Meeting 1: Wednesday 12th June 2013

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)
Section 106 Monitoring
Membership of London Councils

Meeting 2: Wednesday 18th July 2013

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)
Contracts Register (Resources and Corporate)
Housing Benefits and Revenues Monitoring Reports
Resources Portfolio Holder

Meeting 3: Wednesday 4th September 2013

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)
Scrutiny of the Chief Executive

Meeting 4: Thursday 10th October 2013

Standard items (Matters Arising/Forward Plan/ Executive Agenda/PDS Updates/Work Programme)
Scrutiny of the Leader
Project Management
Report from the New Technology Working Group

Meeting 5: Wednesday 13th November 2013

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)
Contracts Register (Resources and Corporate)

Meeting 6: Wednesday 8th January 2014

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)
Resources Portfolio Holder
Discretionary Housing Payments

Meeting 7: Wednesday 5th February 2014

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)
Scrutiny of the Chief Executive

Meeting 8: Thursday 27th March 2014

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)
Contracts Register (Resources and Corporate)
Annual PDS Report 2013/14
Scrutiny of the Leader
Further Update on 2012/13 Winter Health Programme

PDS SUB-COMMITTEES AND WORKING GROUPS

SUBJECT	DURATION	MEMBERSHIP
EXECUTIVE & RESOURCES PDS		
New Technology Working Group	Originally reported in May 2011. Reconvened January 2013. Last met on 26 th June and will report again in October.	Cllrs Will Harmer, Nicholas Bennett, Judi Ellis, Roxhannah Fawthrop and Kate Lymer.
CARE SERVICES PDS		
Health Scrutiny Sub-Committee	Two meetings are scheduled a year – next meeting is due to be on 14 th October 2013.	All PDS Members.
EDUCATION PDS		
Education Budget Sub-Committee	Four meetings scheduled a year –next meeting is on 2 nd October 2013.	Cllrs Bance, Benington, Nicholas Bennett, Grainger, McBride and Reddin.
Primary School Development Plan Working Group	Meeting on 2 nd September 2013	Cllrs Nicholas Bennett, Fortune, Phillips and Reddin
Behaviour Services Working Group	Last met on 2 nd April 2013 – due to meet 23 rd July 2013.	Cllrs Nicholas Bennett, Fortune and Phillips.
ENVIRONMENT PDS		
Local Implementation Plan (LIP) Working Group	Established at the meeting on 25 th June 2013.	Cllrs William Huntington-Thresher, Judi Ellis, Julian Grainger and Milner.

Parking Working Group	Due to meet autumn 2013	Cllrs Samaris Huntington-Thresher and William Huntington-Thresher.
Highways Assets Working Group	Not met in 2012/13	Cllrs William Huntington-Thresher, Reg Adams, Judi Ellis and Samaris Huntington-Thresher
PUBLIC PROTECTION & SAFETY PDS		
RENEWAL & RECREATION PDS		
Penge Town Centre Working Group	Established at the meeting on 11 th June 2013.	

Agenda Item 14

Document is Restricted

This page is left intentionally blank

Agenda Item 15a

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

Document is Restricted

This page is left intentionally blank

Agenda Item 15b

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

Document is Restricted

This page is left intentionally blank

Agenda Item 15c

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

Document is Restricted

This page is left intentionally blank

Agenda Item 15d

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

Document is Restricted

This page is left intentionally blank

Agenda Item 15e

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

Document is Restricted

This page is left intentionally blank