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DATE: 27 May 2014

To: **ALL MEMBERS OF THE COUNCIL**

EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Subject to the Executive and Resources Policy Development and Scrutiny Committee being reconstituted and members of the Committee being appointed, there will be a meeting of the Executive and Resources PDS Committee held at Bromley Civic Centre on **THURSDAY 5 JUNE 2014 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 Friday 30th May 2014.

**4 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING
HELD ON 27TH MARCH 2014 (EXCLUDING EXEMPT ITEMS) (Pages 5 - 16)**

5 MATTERS ARISING FROM PREVIOUS MEETINGS (Pages 17 - 20)

6 FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS (Pages 21 - 24)

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 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 Friday 30th May 2014.

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 BROMLEY YOUTH EMPLOYMENT PROJECT (Pages 25 - 38)

b TREASURY MANAGEMENT - ANNUAL REPORT 2013/14 (Pages 39 - 52)

HOLDING THE EXECUTIVE TO ACCOUNT

9 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS (Pages 53 - 56)

Members of the Committee are requested to bring their copy of the agenda for the Executive meeting on 10th June 2014.

POLICY DEVELOPMENT AND OTHER ITEMS

10 WORK PROGRAMME 2014/15 (Pages 57 - 60)

PART 2 AGENDA

11 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

12 EXEMPT MINUTES OF THE MEETING HELD ON 27TH MARCH 2014 (Pages 61 - 64)

13 PRE-DECISION SCRUTINY OF EXEMPT RESOURCES PORTFOLIO HOLDER REPORTS

- | | |
|---|--|
| <p>a RENEWAL OF CASUALTY INSURANCE POLICIES (Pages 65 - 70)</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |
| <p>b LEASE OF AIRSPACE AT OAK LODGE PRIMARY SCHOOL (To Follow)</p> <p>West Wickham</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |
| <p>c CHELSEFIELD RECREATION GROUND (To Follow)</p> <p>Chelsfield and Pratts Bottom</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |

14 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

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EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 27 March 2014

Present:

Councillor Eric Bosshard (Chairman)
Councillors Reg Adams, Douglas Auld,
Nicholas Bennett J.P., John Getgood, Ellie Harmer,
Will Harmer, Brian Humphrys, William Huntington-
Thresher, Nick Milner, Ian F. Payne, Neil Reddin FCCA
and Pauline Tunnicliffe

Also Present:

Councillor Graham Arthur, Councillor Stephen Carr,
Councillor Robert Evans and Councillor Stephen Wells

450 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Peter Fookes (replaced by Councillor John Getgood), Kate Lymer (replaced by Councillor Douglas Auld), Tom Papworth (replaced by Councillor Reg Adams), Russell Mellor and Tony Owen.

451 DECLARATIONS OF INTEREST

There were no declarations of interest.

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

No questions had been received.

453 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 5TH FEBRUARY 2014 (EXCLUDING EXEMPT ITEMS)

RESOLVED that the minutes of the meeting held on 5th February 2014 (excluding exempt information) be confirmed.

454 MATTERS ARISING FROM PREVIOUS MEETINGS Report CSD14051

The Committee noted matters arising from previous meetings.

455 FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS

The Committee noted the latest edition of the Forward Plan of Key and Private Executive Decisions as published on 4th March 2014.

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

(1) From Councillor Katherine Bance MBE (for written reply)

Are there any circumstances when a school operating in Bromley, whether LEA, Academy or Free, would have its deeds held by the DfE?

Reply:

The Council holds the deeds of all community schools and, where it owns the playing fields of church schools, it holds those deeds too.

In the case of academies, if the school was not foundation before its conversion the Council continues to hold the freehold deeds and in each case the lease is handed over to the academy's solicitors to register on completion. If a school was already foundation then, on conversion, it will hold its own freehold deeds. So far the Council has not completed the grant of a lease of any free schools but where the Council was a landlord of a free school the same procedure would happen as with academies.

The Council has no information as to the arrangements academies and free schools have for keeping their deeds nor of any specific requirements that may be imposed by the Secretary of State.

(2) From Glenn Paten, Christ Central Church, Penge (for oral reply – question asked by Peter Heath of Christ Central Church)

At the time of the murder in 2013 the Portfolio Holder for Public Protection and Safety made a commitment to improve community safety for local people. Local youth and family services are surely a 'Big Society' solution to changing the face of our immediate community. This is a unique opportunity to build a better Penge.

Even at this late stage, will the Committee recognise the community need in Penge for the services Christ Central Church is providing at Snowdown Close and accept our lower offer for the former CAB building in the best interests of community cohesion, community safety and the well being of disadvantaged young people?

At the Chairman's invitation, Mr Heath explained that the Church had been operating at Snowdown Close since August 2013, with a variety of activities for the community including education, youth work, dance classes and debt

advice. Recognising the need in the community, the Church was keen to scale up its activities at Snowdown Close.

Reply:

The Portfolio Holder thanked Mr Heath for his question and the documentation supplied by the Church, and commented that the Council recognised the good work that Christ Central Church was doing for the community at Snowdown Close. The Council had looked at a variety of options for the property; in July 2013 proposals to dispose of it had been delayed to give community groups an opportunity to submit alternative proposals. He stated that he would consider all the representations that had been received, including the petition, the views of the ward members and of the Committee before making a decision.

The Chairman invited questions from other Members. Responding to questions from Councillor Getgood, who was a ward member, Mr Heath explained that the Church was engaging with up to 100 children with ages ranging from 5 to 19 and around 50 families from the estate. Positive activities were arranged to encourage the community, including sessions on debt advice, relationship counselling, street dance and sound production. An after-school homework club was proving particularly useful for parents whose first language was not English. All activities were provided by Church volunteers and the Church had spent about £2,000. The Church had started its work with a Soccer School about a week after the murder in the area – there had been some scepticism initially, but they had been welcomed by the Police and local Residents Associations. The building was being well-used, and the Church wanted to carry out further improvements. Mr Heath estimated that the Church had been carrying out about half of these activities before from its own premises in Green Lane. He was not personally aware of the Council's legal position regarding the building, but he thought that Glen Paten was more aware of this.

The Chairman thanked Mr. Heath for his attendance and contributions.

457 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.

457.1 CAPITAL PROGRAMME MONITORING Q3 2013/14 AND ANNUAL CAPITAL REVIEW 2014 TO 2018
Report FSD 14029

At its meeting on 12th February the Executive had received a report summarising the current position on capital expenditure and receipts following the third quarter of 2013/14 and presenting for approval the new capital schemes supported by Directors in the annual capital review process. One new scheme was proposed for the Resources Portfolio - £1.5m for the upgrade/replacement of the Sharepoint Productivity Platform.

RESOLVED that the recommendation to note the changes to the Resources Capital Programme be supported.

458 SCRUTINY OF THE LEADER OF THE COUNCIL

The Leader of the Council, Councillor Stephen Carr, attended the meeting to update the Committee on his work and answer questions. He began by emphasising that, despite the 2014/15 budget having been agreed and the forthcoming elections, much work was currently going on to address the future shape of the authority as it moved towards a slimmer, commissioning model, including taking independent advice and consulting with other authorities on shared services. Numerous baseline reviews had now been carried out and the results would be coming to Members after the election period. There had been recent success in investing in property, and the move to local pay and conditions for staff had been successfully managed. The Council was working closely with local housing associations on benefit reforms and Council tax collection continued to be good. Generating additional income would be particularly important in the future, both through the new homes bonus and business rate growth. The Leader remained optimistic about the Crystal Palace development, which would bring much needed jobs, investment and business rates, although the Council was aware of the traffic/transport issues that needed to be overcome.

The Leader was asked for an update on Site G in Bromley town centre. The future of the proposed development by Muse had been complicated by Crest starting work on their scheme, but the Leader felt that there could still be a viable scheme to redevelop Site G. There would probably need to be a further tender exercise to find a new partner for the site. He confirmed that the doctor's surgery in Ravensbourne Road was not part of the Muse scheme.

The Leader was asked about the impact of the revised London Plan, and the difficulty of providing the infrastructure to support increased housing, especially where new health and education facilities could not be provided on-site and Section 106 contributions were collected instead. In particular, there appeared to be more emphasis on higher density housing in outer London without putting in place the transport infrastructure needed to get workers into central London. He agreed that, following the massive investment in Crossrail and the Olympic Park, south east London (not just Bromley) was due some further transport investment, and he was meeting regularly with the Mayor's transport advisor to press this case. A Member suggested that extending the London Overground from New Cross via Grove Park to Bromley North might represent a cheaper and more realistic alternative to the £800m extension of the DLR from Lewisham – the Leader confirmed that the DLR was still the Council's priority, but that the Overground option might be more deliverable.

Councillor Nicholas Bennett reminded the Leader about the Council question he had submitted on the financial burdens of new legislation, to which he was still awaiting a reply. Officers confirmed that a response had been drafted, and would be circulated to all Members shortly, subject to final clearance.

Asked about progress with the Crystal Palace Park development, the Leader stated that he was frustrated at the delays in obtaining details of the scheme. He also urged that people should keep an open mind on issues such as transport and accessibility, remembering that there were many entrances to the Park which could absorb visitors, and that unless all the issues could be resolved the development would not proceed. He reminded Members that the Council was not disposing of the land, but granting a lease that would enable it to retain control of the site. He explained that in China it was normal to conclude a land deal and then put together a business case, whereas in the UK the two had to go together. The Council had responded robustly to the developer's initial proposals and negotiations were now under way - it was hoped that they would conclude by the end of April.

The Chairman thanked the Leader for updating the Committee.

459 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS
Report CSD14052

The Committee considered the following reports on the part 1 agenda for the meeting of the Executive on 2nd April 2014.

(5) Budget Monitoring
Report FSD14026

The Committee considered the fifth budget monitoring report for 2013/14 based on expenditure and activity levels to January 2014. The report also highlighted significant variations and early warnings and sought a number of approvals.

RESOLVED that the recommendations be supported.

(6) Update on New National Adult Social Care Data Funding
Report CS14034

In July 2013 the Department of Health had announced new burden funding to support the development and implementation of new adult social care and statutory financial reporting during 2014/15. The Executive had requested regular updates and, five months into the project, this was the first update. The Executive was asked to carry forward £33k of the non-ring fenced grant to 2014/15 and return the estimated underspend of £16k back to general balances.

The report had also been considered by the Care Services PDS Committee on 11th March 2014.

RESOLVED that the recommendations be supported.

**(7) Appointments to the Framework for Various Public Health Services –
Addendum to Category K**
Report CS14038

At its meeting on 12th February 2014 the Executive had agreed a Framework of Providers for various Public Health Services categories. During the mandatory standstill period the Council had received an appeal from ToHealth Ltd whose tender submission for Category K: NHS Health Check Community Outreach Service had failed based on an evaluation of their finances. ToHealth Ltd had now provided satisfactory assurance that they had sufficient financial backing to support the service over the lifetime of any contract, and it was recommended that they be appointed to Category K.

RESOLVED that the recommendations be supported.

**(8) Drawdown of Government Funding for Delivering Special
Educational Needs Statutory Reforms Arising from the Family and
Children Act 2014 (Bromley SEN and Disability Services)**
Report ED14043

The Executive was asked to approve the drawdown of £381,937 of funding from the central contingency fund for 2014/15 to deliver the reforms set out in the Children and Families Bill about to be finalised in April 2014 and enacted in September 2014.

The report had also been considered by the Education PDS Committee on 18th March 2014.

RESOLVED that the recommendations be supported.

(9) Gateway Review of Tenancy Support Services for Young People
Report CS14024

The current contracts for Tenancy Support Services for Young People were due to end on 30th August 2014. The report reviewed outcomes achieved by the current service and the on-going demand, and made recommendations for the future commissioning of these services. It was proposed to agree a new contract by negotiation with the current provider, One Support, for a period of three years with the potential to extend for a further two years. If this could not be secured authority was sought to extend the current contract for three months to 30th November 2014 to enable a competitive tendering exercise to take place and to manage the transfer in an orderly way.

The report had also been considered by the Care Services PDS Committee on 11th March 2014. The Committee had raised some concerns, but these issues were being addressed.

RESOLVED that the recommendations be supported.

(10) Gateway Review 0, 1 and 2: Approval of 2014/15 Education Building Maintenance Budgets, Education Planned Maintenance programme and Preferred Procurement Options
Report DRR14/026

The report set out the maintenance budget for education buildings and the criteria used to assemble the planned maintenance programme. The proposed Programme was available in the Members Room and once agreed this would be circulated to all Bromley maintained schools and education premises.

It was confirmed that where the authority agreed to carry out a project this would be honoured if the school subsequently converted to academy status. It was suggested that future reports should clarify the status of the schools involved.

RESOLVED that the recommendations be supported.

(11) Approval of Procurement Strategy for Basic Need Projects and the Glebe School Expansion and allocation of Section 106 Funding to Education Schemes
Report ED14044

The report covered details of individual capital schemes from the Council's Basic Need Programme and associated procurement strategy, asked the Executive to approve that the Glebe School Expansion Project be added to the Capital Programme, requested that funding to devolved to the Harris Federation (subject to consultation) to allow the expansion of Harris Crystal Palace Primary School and sought agreement for the allocation of Section 106 funding to education schemes.

The Chairman noted that some of the detailed figures in the report needed to be checked and tidied up.

It was noted that the Programme included both academy and free schools.

RESOLVED that the recommendations be supported.

(12) Draft Further Alteration to the London Plan Consultation Response
Report DRR14/025

The GLA had issued draft Further Alterations to the London Plan (2011) for consultation, inviting responses by 10th April 2014. The report outlined the main proposed changes impacting on the borough and set out a proposed response at Appendix 1. The main issues had been considered by the Local Development Framework Advisory Panel at its meeting on 5th March 2014.

In policy 3.3, Increasing the Housing Supply, Bromley's annual target for new housing supply had been increased to 641 from the 500 in the 2011 Plan. Members suggested that the response needed to be stronger, indicating the

benefits of providing community facilities on-site rather than through payments in lieu and, in view of the long lead-in time, the need to provide improved transport infrastructure at an early stage. The Leader indicated that this target was too high and that there would be further negotiation.

The Committee discussed revised policy 5.16 waste self-sufficiency, which brought the deadline for zero waste going to landfill forward from 2031 to 2026, as part of the strategy of making London self-sufficient in waste. Some Members were sceptical that this could be achieved, and suggested that it would require greater reliance on incineration which was not necessarily very clean, but it was also stated that research showed that incineration was extremely clean.

RESOLVED that, subject to the comments above, the recommendations be supported.

(13) Adoption of the Second Revision of the Kent Downs Area of Outstanding Natural Beauty Management Plan

Report DRR14/041

The Executive was asked to approve a second revision to the Kent Downs Area of Outstanding Natural Beauty which provided more active guidance, and delegate powers to the Portfolio Holder for Renewal and Recreation to deal with any matters raised during the adoption process.

RESOLVED that the recommendations be supported.

(14) Household Waste Recycling Centres: Grant funding from London Waste and Recycling Board

Report ES14031

The Council had been awarded £145k from the London Waste Regulation Board's Driving up Performance Fund for enhancements to the Household Waste Recycling Centres at Waldo Road and Churchfields. At Waldo Road the money would fund the removal of the redundant Vertical Composting Unit enabling the relocation and expansion of storage facilities for the Community Payback Scheme.

RESOLVED that the recommendations be supported.

(15) Maintenance of Green Spaces Transferred to LB Bromley

Report ES14028

The report provided details of the maintenance responsibilities of two areas of land that had been transferred to the Council – the Cyphers Gate open space in Kings Hall Road, Beckenham and Cheyne Woods in Wood Lodge Road, West Wickham.

The report had also been considered by the Environment PDS Committee on 25th March 2014 – Councillor Huntington-Thresher urged that the

arrangements for drawing down the money should be simplified and it was confirmed that the funding would be included in the revenue budget each year.

RESOLVED that the recommendations be supported.

(16) Grant Funding from the Forestry Commission to Support the Woodland Improvements Programme
Report ES 14035

The Council had received an award of £126,420 from the Forestry Commission under its Woodland Improvement Grant Scheme which would be used to fund improvements at thirty of the Council's woodland sites.

RESOLVED that the recommendations be supported.

(17) Approved Supplier Lists – Proposed New Arrangements
Report CSD14057

It was recommended that the Council change its service provider for its "Approved List" requirements from Exor to Constructionline.

RESOLVED that the recommendations be supported.

460 PROJECT MANAGEMENT FOR BUILDING PROJECTS
Report DRR14/035

At a meeting of the Education Budget Sub-Committee on 2nd May 2013 Members had requested a report to this Committee giving an overview of the Council's approach to project management for building projects.

Councillor Neil Reddin, as Chairman of the Sub-Committee, welcomed the report and drew Members' attention to a number of schools built in recent years where although the designs had been impressive there had been crucial factors missed out. He was particularly concerned at the practice of "piggy-backing" (adding additional works to a scheme not connected with the project.) Officers confirmed that this was no longer allowed where there was any risk to the project, whether in terms of budget or programme.

The report set out a basic timeline for a project from inception onwards. It was clarified that initially there would be both an indicative budget based on standard assumptions, which could then be refined, and a basic briefing from the client. Members made the point that Head Teachers and Governors were rarely experienced in leading major building projects, and therefore needed guidance from the authority. It was confirmed that there was a briefing template to focus attention on all the factors that needed to be considered, and officers did meet with them to prepare a development brief. The Committee emphasised the importance of learning lessons from each project; officers confirmed that all projects were examined for this purpose and there was proper documentation.

It was explained that the role of a clerk of works was different to a project manager, and involved visiting a development site on a regular basis to check on progress. The concept was now rather old-fashioned, but it was still useful in some circumstances.

RESOLVED that the contents of the report be noted.

461 UPDATES FROM PDS CHAIRMEN
Report CSD14053

The Committee received updates from PDS Chairmen for the following recent meetings – Public Protection and Safety PDS on 4th March, Care Services PDS on 11th March, Education PDS on 18th March and Environment PDS on 25th March.

462 ANNUAL PDS REPORT FOR 2013/14
Report CSD14055

The Constitution required that a report was made to full Council each year summarising the work of PDS Committees. The draft report for 2013/14 had been prepared, including contributions from all PDS Committee Chairmen.

Councillor William Huntington-Thresher informed the Committee that he would revise the wording of the section of his report dealing with on-street enforcement.

RESOLVED that the annual Policy Development and Scrutiny report for 2013/14 be approved for submission to Council.

463 WORK PROGRAMME 2014
Report CSD14054

The Committee noted the latest update on its work programme and on the activities of PDS working groups.

The Committee's Youth Employment Working Group was due to meet on 29th or 30th April. Councillor William Huntington-Thresher had expressed an interest in participating, but more Members were needed. A reminder would be emailed after the meeting – it was suggested that Members of the Education PDS Committee should also be invited.

RESOLVED that the work programme be noted.

464 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**

465 EXEMPT MINUTES OF THE MEETING HELD ON 5TH FEBRUARY 2014

The exempt minutes of the meeting held on 5th February 2014 were confirmed.

466 PRE-DECISION SCRUTINY OF EXEMPT RESOURCES PORTFOLIO HOLDER REPORTS

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

466.1 20 Snowdown Close, Penge

The Committee considered a report on the outcome of the recent marketing exercise for 20 Snowdown Close.

466.2 Banbury House, Bushell Way, Chislehurst

The Committee considered a report on options for the future of Banbury House, Bushell Way, Chislehurst.

466.3 Egerton Lodge, 1&2 Park Road, Bromley

The Committee considered options for the future of Egerton Lodge, 1 and 2 Park Road, Bromley.

466.4 Provision of Insurance Service - Royal Borough of Greenwich

The Committee considered proposals for a shared service arrangement with the Royal Borough of Greenwich for the provision of insurance services.

466.5 Contracting Arrangements for Mobile Voice and Data Services

The Committee considered proposals to award a contract for the Council's mobile and data services.

467 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

The Committee scrutinised a report on the part 2 agenda for the Executive's meeting on 2nd April 2014 concerning the award of the contract for conversion works for the new Penge Library.

The Meeting ended at 8.47 pm

Chairman

Report No.
CSD14083

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 5TH June 2014

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." Two matters are listed concerning an update on the effectiveness of the Winter Health Project and the next Revenues Service monitoring report

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
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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: £367,636
 5. Source of funding: 2013/14 Revenue Budget
-

Staff

1. Number of staff (current and additional): 10 posts (8.75fte)
 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.
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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

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 2014/15 Work Programme	Public Health Associate Director	July 2014
424 Revenues Service Monitoring Report (8 th January 2014)	Requested that the next monitoring report include some information on "channel shift" to more efficient means of collection and the percentage of money received through various channels.	To be included in the next monitoring report	Head of Revenues and Benefits	July 2014

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LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 13th May 2014

PERIOD COVERED: May 2014 - August 2014

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 17th June 2014

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						
TENANCY SUPPORT HOMELESS CONTRACT AWARD	Executive	11 June 2014 Executive and Resources PDS Committee	Meeting	Contact Officer: Wendy Norman Tel: 020 8313 4212 Wendy.Norman@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person or body</u>	Part 2 report - confidential
TENANCY SUPPORT YOUNG PEOPLE OUTCOME CONTRACT AWARD	Executive	11 June 2014 Executive and Resources PDS Committee	Meeting	Contact Officer: Wendy Norman Tel: 020 8313 4212 Wendy.Norman@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person or body</u>	Part 2 report - confidential
GATEWAY REPORT - SUPPORTED LIVING SCHEMES (LD)	Executive	11 June 2014 Executive and Resources PDS Committee	Meeting	Contact Officer: Colin Lusted Tel: 0208 461 7650 Colin.Lusted@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
CONTRACT AWARD - PUBLIC HEALTH G.U.M. SERVICES	Executive	11 June 2014 Executive and Resources PDS Committee	Meeting	Contact Officer: Dr Nada Lemic Tel: 0208 313 4220 Nada.Lemic@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person or 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?
S75 INTEGRATED COMMISSIONING	Executive	Not before 16 July 2014 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Richard Hills Tel: 020 8313 4198 Richard.Hills@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
INVEST TO SAVE BID - TRAINING STATEMENTED PUPILS TO TRAVEL INDEPENDENTLY	Executive	Not before 16 July 2014 Education PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Colin Lusted Tel: 0208 461 7650 Colin.Lusted@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
CONTRACT EXTENSION - CAMHS	Executive	Not before 16 July 2014 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Claire Lynn Tel: 020 8313 4034 claire.lynn@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person or 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?
CONTRACT EXTENSION - SUBSTANCE MISUSE	Executive	Not before 16 July 2014 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Claire Lynn Tel: 020 8313 4034 claire.lynn@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
COMMUNITY LINKS BROMLEY	Executive	Not before 16 July 2014 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 or body</u>	Part 2 report - confidential
2013/14 PIL FUNDS - ANNUAL MONITORING AND PROGRESS REPORT	Executive	16 July 2014 Care Services PDS Committee and Executive and Resources PDS Committee	Meetings	Contact Officer: Kerry O'Driscoll Tel: 020 8313 4139 Kerry.O'Driscoll@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person or body</u>	Part 2 report - confidential
CARE SERVICES PORTFOLIO						
EDUCATION PORTFOLIO						
ENVIRONMENT PORTFOLIO						

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?
ENVIRONMENT PORTFOLIO PLAN 2014/15	Portfolio Holder for Environment	Not before 01 July 2014 Environment PDS Committee	Meeting	Contact Officer: Gavin Moore Tel: 0208 313 4539 gavin.moore@bromley.gov.uk	<u>Public meeting</u>	Report and relevant background documents
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.

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Thursday 5 June 2014

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

Title: BROMLEY YOUTH EMPLOYMENT PROJECT

Contact Officer: Paul King, Head of Bromley Youth Support Programme
Tel: 020 8461 7572 E-mail: paul.king@bromley.gov.uk

Chief Officer: Executive Director of Education, Care & Health Services

Ward: (All Wards);

1. Reason for report

At their meeting on 5th February 2014, the Executive and Resources Policy Development and Scrutiny Committee (E & R PDS Committee) considered a report (DRR14/015) providing an update on the performance of the contract with Bromley College of Further and Higher Education to deliver the Bromley Youth Employment Project. The report recommended:

- a) the termination of the contract with the college due to the college's under performance and inability to deliver the tendered number of outcomes
- b) the reallocation of the residual earmarked reserves to support the original objectives
- c) a Task and Finish Group, led by the Bromley Education Business Partnership (BEBP) and overseen by a Member Working Party to undertake an options appraisal to identify the best way to achieve those objectives, with a report being brought back to the E & R PDS Committee in June 2014.

These proposals were supported by the E & R PDS Committee and were subsequently approved by the Resources Portfolio Holder on 21 February 2014.

This report outlines the findings and draft recommendations arising from the Task and Finish Group's review of evidence gathered, taking into account the views of the Member Working Party. The report also outlines the Bromley Education Business Partnership proposed Delivery Model for the Bromley Youth Employment Project (Phase 2).

2. RECOMMENDATION(S)

The Executive and Resources PDS Committee are asked to consider:

- a) the Task and Finish Group draft recommendations
- b) the Bromley Education Business Partnership proposed Delivery Model for the Bromley Youth Employment Project (Phase 2) and recommend approval of the proposed Delivery Model by the Resources Portfolio Holder.

The Resources Portfolio Holder is asked to:

- a) note the report and consider the recommendations from the E & R PDS Committee
- b) approve the Bromley Education Business Partnership proposed Delivery Model for the Bromley Youth Employment Project (Phase 2).

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Regeneration, Supporting Children and Young People, Vibrant Thriving Town Centres
-

Financial

1. Cost of proposal: £260K
 2. Ongoing costs: Non-Recurring Cost:
 3. Budget head/performance centre: Earmarked reserves for Member Priority Initiatives
 4. Total current budget for this head: £260K
 5. Source of funding: Earmarked reserves for Member Priority Initiatives
-

Staff

1. Number of staff (current and additional): Bromley Education Business Partnership (existing staff) and 2 Graduate Interns (additional employed on fixed term basis)
 2. If from existing staff resources, number of staff hours: 8.9FTE
-

Legal

1. Legal Requirement: None:
 2. Call-in: Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 3000 employers, 900+ students, 100 unemployed young people in Bromley aged 17 -24 placed in to contracted employment
-

Ward Councillor Views

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

3. COMMENTARY

Background

On 26th March 2012, Council approved the setting aside of £2.26m in an earmarked reserve for Member Priority Initiatives. £500k was approved for a scheme to help tackle youth unemployment in the borough through supporting the creation of sustainable job opportunities.

At the meeting of the Executive & Resources PDS on 14th June 2012, the Resources Portfolio Holder approved proposals to procure an employment and skills service provider to deliver the youth employment project which would support unemployed 18-24 year old residents to access sustainable employment by creating apprenticeship and internship opportunities across a 3 year period (2013 – 2016).

On 31st January 2013, the Resources Portfolio Holder awarded the contract to deliver the project to Bromley College of Further and Higher Education for the sum of £500k which included the delivery of 132 internship and 66 apprenticeship opportunities intended to benefit a total of 198 young people in the borough.

After a delayed start, the College's delivery against their profile was disappointing for the first quarter with only 3 apprenticeships and 2 internships being created.

In the second quarter, the College recovered their performance in relation to apprenticeships, but failed to recover their performance for internships. The College subsequently disclosed that they did not think that they could recover their profile for the delivery of internships and recognised that they had over-estimated their ability to deliver this requirement of the contract therefore rendering them in breach of the contract.

On 5th February 2014, the Executive and Resources PDS Committee supported proposals to terminate the contract with the college for the delivery of the Bromley Youth Employment Project. The Executive and Resources PDS Committee also supported proposals to reallocate the earmarked reserve to continue to support the objectives of the project. The original project objectives were:

- to tackle youth unemployment locally through supporting the creation of sustainable job opportunities for young unemployed Bromley residents
- to provide support to local business seeking to employ young people to support private sector growth
- to reduce the number of young people claiming Job Seeker's Allowance in the borough

The committee also supported proposals to approve a Task and Finish Group, led by the Bromley Education Business Partnership and overseen by a Member Working Group to undertake an options appraisal, exploring alternative ways to deliver the objectives outlined above. The Task and Finish Group was also asked to:

- explore the barriers to employment amongst young people (receiving evidence on whether young people were genuinely helped by such schemes)
- identify how the Council could assist Looked After Children to find employment.

Based on the agreement of Members to honour payments for sustained outputs against those apprenticeships and internships that have already been created by the project and

those created during the three month notice period , the anticipated budget for a second phase of support is between £260K and £300K (depending on the number of apprenticeships/internships delivered and the number of sustained outputs achieved).

Task and Finish Group

The Task and Finish Group Terms of Reference and Work Plan were approved by the Resources Portfolio Holder and the Chairman of the Executive and Resources PDS Committee in February 2014.

An evidence review was undertaken through a series of stake holder consultation meetings conducted between 10th March 2014 to 11th April 2014. The aim of this evidence review was to identify areas of need and highlight examples of good practice to inform the recommended options put forward for the delivery of Phase 2 of the Bromley Youth Employment Project.

Representatives from the following sectors/ groups were targeted:

- Business
- Employment and skills
- Education
- Commissioning
- Human Resources
- Young people

In addition a review and synthesis of key findings from recently published national reports was undertaken. Key reports include:

- 'The Richards Review of Apprenticeships' - Doug Richards (November 2012)
- 'The Apprenticeship Journey' - Federation of Small Businesses (November 2012)
- 'Going in the right direction?' - Ofsted (September 2013)
- 'Apprenticeship Employer Engagement Projects' - London Councils (March 2014)

Where appropriate, outcomes from other recent LBB stakeholder consultation activities were also utilised e.g. the Children Services Stakeholder Consultation conducted in March 2014

Member Working Party

The Member Working Party included Cllr Eric Bosshard, Cllr Ellie Harmer, Cllr William Huntington-Thresher and Cllr Russell Mellor. The working party met twice. At the first meeting on 30 April 2014 Members considered and gave endorsement to the key findings from the review of evidence from stakeholders and the recommended options for Phase 2 of the project. At the second meeting on 14 May 2014 Members considered and gave endorsement to a proposed Delivery Model.

Key Findings of the Evidence Review

1. Against the backdrop of a gradual recovery within the national economy there remains significant groups of young people in Bromley who are unemployed or run an increased risk of unemployment and would therefore benefit from initiatives that would boost their employability skills and increase the employment opportunities available.

2. Employers would benefit from one to one support to help them understand and engage with apprenticeships particularly given the forthcoming changes to apprenticeship funding.
3. Local authorities can play an effective role in generating apprenticeships and in providing pre-apprenticeship support packages, particularly with smaller employers.
4. Bromley Council can create employment opportunities for local young people both as an employer and by encouraging the creation of opportunities with partners and through procurement and the supply chain.
5. There is widespread concern that many young people do not have the right level of employability skills to make a successful transition into the workplace
6. There is a need to a) develop the employer links with schools to raise awareness about the range of employment opportunities (including apprenticeships) and b) raise awareness of the National Careers Service among young people.
7. Work experience can play a helpful role in improving young people's employability. There is scope to a) develop the LBB work experience offer to include a focus on placements for LBB looked after children/care leavers b) develop work experience opportunities within the voluntary and community sectors.

Recommendations for Phase 2 of the Bromley Youth Employment Project

In order to increase the number of young people successfully accessing local employment opportunities and taking account of the findings identified in Section 2 the Task Group recommend the following :

1) Target the following priority client groups:

- School/College students in Academic Yr 12 (16 -17yr olds) on one year courses and Academic Yr 13 (17 -18 Yr olds) not going on to HE
- Young people in Academic Yr 13 (17 -18 yr olds) and Yr 14 (18 -19 yr olds) who are in LBB Not in Education Employment and Training (NEET) and Not Known categories
- Bromley 18 -24 yr old JSA Claimants (close to the labour market but needing additional support with employability skills)
- LBB Looked after children (LAC)/Care Leavers aged 15 -24yrs

(This recommendation relates to Key Finding 1)

2) Increase the supply of local employment opportunities for young people by:

a) implementing a borough wide Employer Engagement Programme (based on a successful London Councils project piloted across 6 boroughs) to raise awareness and to stimulate the creation of apprenticeships, internships and work experience opportunities for 17 -24yr olds in Bromley.

(This recommendation relates to Key Findings 2 & 3)

b) creating a LBB graduate internship opportunity to develop an LBB strategy to increase the offer of work experience placements, traineeships and

apprenticeship across LBB departments and partners and also through procurement and the supply chain. It is proposed that recruitment to these opportunities will include the targeting of Bromley LAC and Care Leavers.

(This recommendation relates to Key Findings 4 & 7)

c) working with Community Links to create a Community/Voluntary Sector based graduate internship to stimulate the creation of apprenticeships, internships and work experience opportunities within the Community and Voluntary sector. (This has the added benefit of developing capacity within the Community and Voluntary sector in Bromley)

(This recommendation relates to Key Finding 7)

3) Increase the work readiness of young people and raise their awareness of apprenticeships by:

- **Delivering a borough wide 17+ Employability Support Programme** - targeting young people in the priority client groups identified above (to include enhanced tracking activities to reduce the number of young people 17+ whose activity is not known)

(This recommendation relates to Key Findings 5 & 6)

Appendix 1: the detailed Task and Finish Group report presenting the key findings from the review of stakeholder evidence and the recommendations for Phase 2 of the project.

Proposed Delivery Model for Phase 2 of the Bromley Youth Employment Project

Delivery of the above recommended activities could be achieved in a number of ways. One option could be to conduct a procurement exercise and contract out some or all of the activities recommended above. However this would incur the administrative resource costs associated with a tendering process and delay implementation by up to 9 months.

Alternatively, better value could be achieved through internally commissioning the Bromley Education Business Partnership (BEBP) to deliver the recommended activities through a scaling up of activities they presently undertake. The Bromley Education Business Partnership (BEBP) is part of the LBB Youth Support Programme. The BEBP delivers a wide range of innovative work related learning activities in schools and colleges in partnership with the community and with local/national business to help prepare young people for the world of work. The service has a data base of over 10,000 employers and employs a staff team (including Business Link Co-ordinators) who have relevant experience of employer engagement activities. The service has organised large scale employer events and has already been involved in promoting apprenticeships and in delivering pre apprenticeship support programmes aimed at 16 -18yr olds.

In 2013/14 the service received LBB core funding of £64K with the remaining income of £307K generated through sold services. The service has predominantly focused on employability support programmes aimed at 15 to 18 year olds. However, with additional funding the service could extend its current reach and deliver a) employability support programmes for 17 – 24 year olds and b) an enhanced employer engagement programme.

This approach avoids the costs associated with procurement and with the building up of a new delivery infrastructure and is the approach endorsed by the Member Working Party.

Appendix 2: the Bromley Education Business Partnership proposed Delivery Model for the Bromley Youth Employment Project (Phase 2).

4. POLICY IMPLICATIONS

The project supports the Council's Building a Better Bromley priorities for 2014/15 linked to Regeneration, Supporting Children and Young People and Vibrant Thriving Town Centres.

5. FINANCIAL IMPLICATIONS

On 26th March 2012 Council approved the setting aside of £2.26m in an earmarked reserve for Member Priority Initiatives. A sum of £500k was approved for a scheme to help tackle youth unemployment in the borough. Following a procurement process, in January 2013 Bromley College of Further and Higher Education were awarded a contract to deliver 198 apprenticeship and internship opportunities for young unemployed residents after demonstrating best value for money.

The contract specification included a payment mechanism whereby funds will only be released when evidence is provided to substantiate that specific outcomes have been achieved/delivered at the various stages of the project. The college was unable to deliver the tendered number of outcomes. On 5th February 2014 the Executive and Resources PDS Committee supported proposals to terminate the contract with the college for the delivery of the Bromley Youth Employment Project and to reallocate the earmarked reserve to continue to support the objectives of the project. These proposals were subsequently approved by the Resources Portfolio Holder on 21 February 2014.

Based on the agreement of Members to honour payments for sustained outputs against those apprenticeships and internships that had already been created by the project and those created during a three month notice period, the budget for the second phase of support is anticipated to be between £260K and £300K (depending on the number of apprenticeships/internships delivered and the number of sustained outputs achieved by the end of the contract's termination period).

The proposed Delivery Plan (Appendix 2) will be delivered a) through the existing staff resource within the BEBP and b) will entail the recruitment of 2 Graduate Interns. The Graduate Intern salary is paid as a spot salary of £17,049 plus on-costs of 22% if they join the pension scheme or 9% if they opt out. The salary plus on-costs for the 2 Interns are included in the total project cost of £260K.

A breakdown of the activity and the cost to Bromley Education Business Partnership is shown in Appendix 2

6. LEGAL IMPLICATIONS

At their meeting on 5th February 2014, the Executive and Resources Policy Development and Scrutiny Committee supported proposals, approved on 21 February 2014, for the termination of the contract with Bromley College for delivery of the Bromley Youth Employment Project by providing three months' notice.

Following discussions between both parties a mutual agreement was reached to terminate the contract. Clause 21 of the contract Agreement permitted LBB to terminate the agreement by giving three months written notice. This notice was deemed served on 28th February 2014 therefore the Agreement will terminate on 31st May 2014.

7. PERSONNEL IMPLICATIONS

The proposed Delivery Plan (Appendix 2) for the project will be delivered through a) existing staff resources within the BEBP and b) will also entail the recruitment of 2 Graduate Interns.

The Council currently provides internships for up to 4 graduates per year. The salary plus on-costs (see Section 5 above) for the 2 Interns within the proposed Delivery Plan are included in the total project cost of £260K.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	<p>DRR14/015 Bromley Youth Employment Project: : Performance Update for Quarter 2</p> <p>DRR13/133 Bromley Youth Employment Project – Update (November 2013)</p> <p>Bromley Youth Employment Project – Award of Contract (31st January 2013)</p> <p>Bromley Youth Employment Project – Renewal & Recreation PDS on 10th July 2012, Executive & Resources PDS on 14th June 2012</p> <p>Full Council meeting held on 26th March 2012</p>

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Bromley Youth Employment Project (Phase 2) – Bromley EBP Proposed Delivery Model

Appendix 2 – Page 1

Objective 1: Increase the supply of employment opportunities for young people in Bromley

	Identified Need / Recommendation	Programme Activities	Target Client Group	Aim	To include	Cost Year 1	Cost Year 2	Outcomes Over <u>Two Year</u> Period
A	Implement a Borough-wide Employer Engagement Programme to support the generation of employment opportunities	<ul style="list-style-type: none"> Engage with local employers through a range of activities including business breakfast information sessions, seminars, networking events, conferences etc. Provide updated advice on changes to apprenticeship landscape effective September 2014 Work closely to support employers to overcome any perceived barriers to recruitment of young people and encourage them to create opportunities where relevant 	3,000 active business organisations within Bromley, with particular focus on SMEs*, also to include large national organisations	<ul style="list-style-type: none"> To provide support to local businesses seeking to employ young people to support private sector growth To help generate good quality employment opportunities (e.g. apprenticeships/ internships) for local young people 	<ul style="list-style-type: none"> A strategic marketing campaign Programme of 3 employer events per year Facilitation of 100 follow up meetings (1:1) with businesses from range of sectors each year. 	£35K	£35K	<ul style="list-style-type: none"> Mass direct marketing to 5,000 employer organisations 500 employers participating in awareness raising events Focused 1:1 support for 200 employers 100 Employment opportunities created over two years (excluding work experience placements).
B	Recruit an LBB graduate intern to harness role of LBB as a large local employer and provider of potential employment opportunities	Develop an LBB strategy to increase the offer of work experience, traineeships and apprenticeships within the local authority, its partners and supply chain	Council departments, partners and the LBB supply chain	<ul style="list-style-type: none"> To develop a framework within LBB to extend employment opportunities/work experience for young people. To provide the 'corporate parent' role in supporting and assisting Looked After Children to access the workplace and future employment opportunities 	Salary and overhead cost to employ Intern	£20K	£20K (Subject to review at end of Year 1)	<ul style="list-style-type: none"> 25 employment/work experience opportunities (to be prioritised to Looked After Children where appropriate) Legacy of a strategic approach, to ensure ongoing provision of employment opportunities for young people within LBB and supply chain
C	Recruit a graduate intern to support access to employment opportunities within the community/ voluntary sector	Develop a strategy to increase the offer of work experience, traineeships and possible apprenticeships within the local voluntary and community sector.	Partnering with Bromley Community Links to reach out to organisations within the Bromley voluntary and community sector.	Develop a framework to extend employment /work experience opportunities within the voluntary and community sector	Salary and overhead cost to employ intern	£20K	£20K (Subject to review at end of Year 1)	<ul style="list-style-type: none"> 25 employment/work experience opportunities Legacy of: <ol style="list-style-type: none"> capacity build in CVS and; a strategic approach to ensure ongoing provision of employment opportunities for young people in CVS.

* SME's are small and medium-sized enterprises (10-250 employees)

Bromley Youth Employment Project (Phase 2) – Bromley EBP Proposed Delivery Model

Page 2

Objective 2: Improve Work Readiness of Young People in Bromley

Identified Need / Recommendation	Programme Activities	Target Client Group	No. of Young People	Aim	To include	Cost Year 1	Cost Year 2	Outcomes Over <u>Two Year</u> Period
D Deliver a borough-wide 17+ Employability Support Programme	<p>Next Steps Employability Conferences supported by local/national employers to include sessions on:</p> <ul style="list-style-type: none"> Researching current work opportunities Psychometric testing/skills analysis Speed networking group work with business representatives from a range of employment sectors CV/Interview support 	<p>School/college students Yr12 (16/17yrs) on one year courses and Yr13 (17/18 yrs) not going on to Higher Education</p> <p>All Bromley Schools with particular focus on those with poor performance on the participation of their school leavers</p>	900 (over two years)	<ul style="list-style-type: none"> To provide updated impartial information on range of career opportunities, how to access them as well as the importance of being work ready. Raise awareness of National Careers Service Identify young people for referral into Bromley EBP Recruitment and Matching Service 	5 Student Conferences per Year (10 schools / approx. 45 students from each school)	£15K	£15K	<ul style="list-style-type: none"> Support with transition to the workplace for 900 young people LBB improved links with schools Improved employability skills of young people and reduction of potential NEETs
	<p>Programme of monthly employability workshops held in locations across the Borough supported by Business Ambassadors. To include sessions on:</p> <ul style="list-style-type: none"> Job research skills/Career planning Value of employability skills and how to develop these Support with CV and interview advice 	<ul style="list-style-type: none"> Young people in Yr13/Yr14 (17/19 yrs) who are in LBB NEET and not known category Young people identified and referred by Targeted Youth Support Programme as requiring a moderate level of support to enter the labour market Bromley 18-24 yr olds referred from Job Centre + (job seekers close to the labour market) 	240 (over two years)	<ul style="list-style-type: none"> To ensure young people (NEET) are provided with support to enable them to better access the job market Identify young people for referral into Bromley EBP Recruitment and Matching Service 	12 targeted group workshops each year supported by employers	£5K	£5K	<ul style="list-style-type: none"> Vital support for 'hard to reach' group of 17-24 yr olds Reduction in young people who are NEET in Bromley.

Bromley Youth Employment Project (Phase 2) – Bromley EBP Proposed Delivery Model

Objective 2: Improve Work Readiness of Young People in Bromley (Cont.d)

Identified Need / Recommendation	Programme Activities	Target Client Group	No. of Young People	Aim	To include	Cost Year 1	Cost Year 2	Outcomes Over Two Year Period
D Deliver a borough-wide 17+ Employability Support Programme (Cont.d)	Tailored Recruitment and Matching Service <ul style="list-style-type: none"> Assessment process to enable referral to appropriate employment opportunity Pre and post placement support for employer and young person Job search skills and signpost to local vacancies 	<ul style="list-style-type: none"> Young people referred from groups above LBB Looked after children/Care leavers aged 15-24 yrs who are potentially NEET 	100 (over two years)	To provide a bespoke matching service with individual support to aid transition to the workplace To regularly monitor client and employer performance and commitment to on-going engagement	Match 50 young people each year with contracted employment (e.g. apprenticeship/ Internships)	£20K	£20K	<ul style="list-style-type: none"> 100 young people placed into contracted employment 25 Looked After Children/Care Leavers with enhanced employability prospects.
	Short intervention mentoring relationships delivered by Bromley Mentoring Initiative (part of Bromley EBP), to support Job Centre + Work Coaches	Bromley 18-24 yr old JSA Claimants (close to the labour market)	40 (over two years)	To help reduce the number of young people claiming Job Seeker's Allowance in the Borough	Mentors (from business and the community) to help with practical job seeking skills e.g. job search, interview preparation, accompanying to interview etc.	£10K	£10 K	<ul style="list-style-type: none"> Targeted support for 40 JSA claimants to facilitate successful transition into the workplace
	Tracking activities: a programme of community based door-knocking by the Targeted Youth Support Programme	17-19 yr olds whose current participation is Not Known and for whom all avenues of written/telephone contact have proven unsuccessful	1,200 (over two years)	To reduce the number of young people whose current participation is Not Known	Programme of enhanced tracking activity (to include door-knocking)	£5K	£5K	<ul style="list-style-type: none"> 1,200 doors knocked (on average this will generate a 50% positive response rate).

Total Cost Over Two Years £260K

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Report No.
FSD14040

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 5th June 2014
Council 21st July 2014

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

Title: TREASURY MANAGEMENT - ANNUAL REPORT 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

- 1.1 This report summarises treasury management activity during the March quarter and includes the Treasury Management Annual Report for 2013/14, which is required to be reported to full Council. The report also includes an update on the Council's investment with Heritable Bank (paragraph 3.15). Investments as at 31st March 2014 totalled £247.4m (excluding the balance of the Heritable investment) and there was no outstanding external borrowing.

RECOMMENDATION(S)

The PDS Committee, the Portfolio Holder and The Council are asked to:

- (a) Note the Treasury Management Annual Report for 2013/14 and
- (b) Approve the actual prudential indicators within the report.

Corporate Policy

1. Policy Status: Existing policy. To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rate of return on investments.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £1.591m (net) in both 2013/14 and 2014/15; surplus of £653k achieved in 2013/14 (including £311k from part-reversal of Icelandic Bank impairment)
 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:

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 2013/14 and the annual report for the whole of the financial year 2013/14.
- 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 2014

- 3.2 **Borrowing:** The Council's healthy cashflow position continued through the whole of 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).
- 3.3 **Investments:** The following table sets out details of investment activity during the March quarter and during the whole of the financial year 2013/14:-

Main investment portfolio	Qtr ended 31/3/14		Year ended 31/3/14	
	Deposits £m	Ave Rate %	Deposits £m	Ave Rate %
Balance of "core" investments b/f	180.00	0.79	167.50	1.88
New investments made in period	58.50	0.63	211.00	0.74
Investments redeemed in period	-66.50	0.70	-206.50	0.99
"Core" investments at end of period	172.00	0.83	172.00	0.83
Money Market Funds	19.30	para 3.10	19.30	para 3.10
RBS 95 day notice account	15.00	para 3.11	15.00	para 3.11
Svenska Handelsbanken instant access	15.00	0.60	15.00	0.60
Deutsche Bank 95 day notice	5.00	0.74	5.00	0.74
Standard Chartered Bank - Corporate Bond	1.10	0.70	1.10	0.70
CCLA Property Fund	5.00	para 3.12	5.00	para 3.12
Payden Sterling Reserve Fund	15.00	para 3.12	15.00	para 3.12
Total investments at end of period	247.40	n/a	247.40	n/a

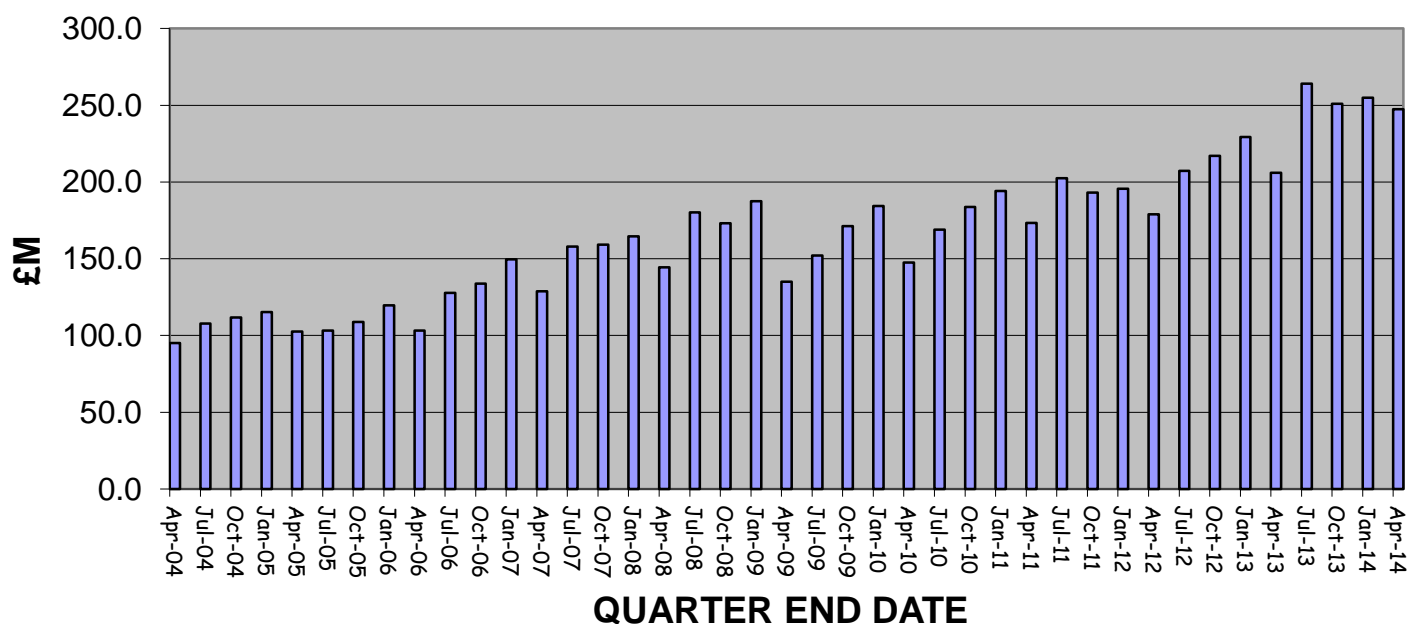
Heritable deposit - frozen (para xxxx)

- 3.4 Details of the outstanding investments at 31st March 2014 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 0.63% which may be compared with the average 3 month LIBID rate of 0.40% and the average 7 day rate of 0.34%. The average return on new investments placed in the year 1st April 2013 to 31st March 2014 was 0.74% compared to the average 3 month rate of 0.39% and the average 7 day rate of 0.35%.
- 3.5 Base rate has now been 0.5% since March 2009 and the latest forecast by Sector (in May 2014) is for it to remain at that level until late-2015 and to then slowly rise to 1.75% by mid-2017. The estimated date for the next increase in base rate has slipped back significantly in the last two to

three years and it is possible that it will slip further. Reports to previous meetings, most recently to the February 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.

- 3.6 Our external advisers, Sector, continue 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. Since then, we have been able to invest 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.
- 3.7 In recent quarters, in consultation with Sector, we have been looking at other options and have placed investments for periods between one and three years with a number of other local authorities. We have also opened a new account with Deutsche Bank (£5m in a 95-day notice account paying around 0.74%) and have made our first corporate bond investment, with Standard Chartered Bank (£1.1m at 0.70% maturing in April 2014). These investments are all included in Appendices 1 and 2. In the March quarter, as well as a number of short-term investments, we placed two further 3 year investments with other local authorities (at 1.45% and 1.60% respectively) and invested £5m in the CCLA Property Fund. While these rates do not sound particularly attractive, they are better than we are currently able to obtain for the same periods elsewhere in the market and are, in the view of Sector and other experts, likely to prove good deals in the fullness of time. Since the end of March, we have placed a 2-year deposit with RBS linked to the 3-month Libor rate, but with a floor of 1.15% and a ceiling of 1.37%, a 2 year deposit with another local authority at 1.14% and we have made our first CD (certificate of deposit) investments with two banks for one year at around 0.83%.
- 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 0.95% 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 0.46% for 3 months and around 0.57% for 6 months. 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 at quarter-end dates back to 1st April 2004 (including the Heritable deposit) 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 fund currently offers the best rate (around 0.43%), which is only slightly below 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 has fluctuated considerably during the year, moving from £6.1m as at 1st April 2013 to £64.1m as at 30th June 2013, £21.0m as at 30th September 2013, £18.9m as at 31st December 2013 and £19.3m as at 31st March 2014. If and when other investment options become available, this balance will reduce, as Money Market Funds currently offer the lowest interest of all our eligible investment vehicles with the exception of the Government Debt Management and Deposit Fund (currently 0.25%).

Money Fund	Market Account Opened	Date	Ave. Rate 2013/14	Ave. Daily Balance 2013/14	Actual Balance 31/03/14	Actual Balance 23/05/14	Current Rate 23/05/14
			%	£m	£m	£m	%
Prime Rate	15/06/2009		0.42	12.7	-	15.0	0.40
Ignis	25/01/2010		0.43	14.7	15.0	15.0	0.44
Insight	03/07/2009		0.39	6.9	4.3	15.0	0.40
Morgan Stanley	01/11/2012		0.41	7.5	-	-	0.36
Legal & General	23/08/2012		0.34	2.2	-	5.5	0.38
Blackrock	16/09/2009		0.31	0.1	-	-	0.31
Fidelity	20/11/2002		n/a	-	-	-	0.30
TOTAL				44.1	19.3	50.5	

3.11 Notice Accounts

Svenska Handelsbanken

In August 2013, the Council placed £15m in a new instant access account with the Swedish Bank, Svenska Handelsbanken. The account pays 0.60% and the £15m was still invested as at 31st March 2014. The average daily balance in 2013/14 was £9.7m.

RBS

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 increased this to £15m in April 2013. The rate was reduced to 0.60% in October 2013, but the £15m remained invested as at 31st March 2014. The average daily balance in 2013/14 was £14.8m and an average rate of 0.71% was earned in the year. RBS informed us in April that the rate will reduce to 0.30% at the end of July, so we have given notice to close the account.

Deutsche Bank

In the autumn of 2013, Sector notified the Council that they had negotiated a 95-day notice account facility with Deutsche Bank at a rate of 0.75%. Deutsche is an eligible counterparty on our lending list with a maximum investment sum of £5m and, on 25th November 2013, this sum was deposited. The average daily balance in 2013/14 was £1.7m.

3.12 Corporate Bonds, Payden Sterling Reserve Fund and CCLA Property 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. On 27th November, following advice from Sector, we made our first investment in a corporate bond, with Standard Chartered Bank. The bond matured after the year end on 28th April 2014 and a coupon value of 0.70%. In November 2012, £15m was invested in the Payden Fund and that sum was still invested as at 31st March 2014. 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 2014, our share of the Payden Sterling Reserve Fund was valued at £15,160,775, which represented a return of 0.78% since inception. A further £5m was invested in the CCLA Property Fund in January.

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	£5m	26/03/14	26/06/14	3 months	0.55%
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%
West Dumbartonshire Council	£2.5m	26/03/14	24/03/17	3 years	1.60%
Perth & Kinross Council	£5m	23/03/14	24/03/17	3 years	1.45%

3.14 Investment in CCLA Property Fund

In September 2013, the Portfolio Holder and Full Council approved the inclusion of collective (pooled) investment schemes as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years. Such investment would require the approval of the Director of Finance in consultation with the Resources Portfolio Holder. Following consultation between the Director of Finance and the Resources Portfolio Holder, an account was opened in January with the CCLA Local Authorities' Property Fund and an initial deposit of £5m was made.

3.15 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.

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 had recovered 94% as at 31st March 2014, we were able to reverse more of the impairment in 2013/14 (£311k). We are currently waiting for an update from the administrator.

Actual prudential indicators for 2013/14

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 2013/14 were approved by the

Executive and the Council in February 2013 and Appendix 3 sets out the actual performance against those indicators.

Economic Background (provided by Sector)

- 3.17 The financial year 2013/14 continued the challenging investment environment of previous years, namely low investment returns, although levels of counterparty risk had subsided somewhat. The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from quarter 1 2015. This forecast rise has now been pushed back to a start in quarter 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during the year. Consequently there was no additional quantitative easing during 2013/14 and Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last, fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is also expected to remain slightly below the target rate for most of the two years ahead.
- 3.18 Gilt yields were on a sharply rising trend during 2013 but volatility returned in the first quarter of 2014 as various fears sparked a flight to quality (see paragraph 4.) The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing into 2013/14. That part of the Scheme which supported the provision of credit for mortgages was terminated in the first quarter of 2014 as concerns rose over resurging house prices.
- 3.19 The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative, (in the Autumn Statement and the March Budget), reduction in the forecasts for total borrowing, of £97bn over the next five years, culminating in a £5bn surplus in 2018-19.
- 3.20 The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the ECB statement in July 2012 that it would do “whatever it takes” to support struggling Eurozone countries; this led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, this is not to say that the problems of the Eurozone, or its banks, have ended as the zone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Upcoming stress tests of Eurozone banks could also reveal some areas of concern.

Regulatory Framework, Risk and Performance

- 3.21 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.

3.22 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

4. POLICY IMPLICATIONS

4.1 In line with government guidance, the Council's policy is to seek to achieve the highest rate of return on investments whilst maintaining appropriate levels of risk, particularly security and liquidity.

5. FINANCIAL IMPLICATIONS

5.1 An average rate of interest of 0.78% was achieved in 2013/14, including 0.74% on all new "core" investments placed during the year (compared to the budget assumption of 1%). The final outturn for net interest on investments and borrowing in 2013/14 was £2,244k compared to the budget of £1,591k. This was partly due to a part-reversal of the Heritable Bank impairment loss originally included in the 2009/10 accounts (£311k), but also due to the fact that average investment balances during the year (£260m) were considerably higher than expected.

5.2 With regard to 2014/15, an average rate of 1% has again 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 late-2015 and could be even later. The latest financial forecast assumes 1% for new investments in all years from 2014/15 to 2017/18. A variation of 0.25% in these assumptions would result in a variation in interest earnings of around £400k pa from 2014/15. At this stage in the year, it is forecast that the 2014/15 outturn will be broadly in line with the budget.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	CIPFA Code of Practice on Treasury Management CIPFA Prudential Code for Capital Finance in Local Authorities CLG Guidance on Investments External advice from Sector Treasury Services

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APPENDIX 1

INVESTMENTS HELD AS AT 31st MARCH 2014

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m
FIXED TERM DEPOSITS				
SUMITOMO BANK	02/01/14	02/04/14	0.50000	10.0
LLOYDS TSB BANK	11/04/13	11/04/14	1.10000	5.0
NATIONWIDE BUILDING SOCIETY	05/11/13	06/05/14	0.53000	5.0
BARCLAYS BANK PLC	05/11/13	06/05/14	0.53000	6.0
HSBC	20/05/13	20/05/14	0.65000	17.5
HSBC	26/03/14	26/06/14	0.55000	5.0
LLOYDS TSB BANK	04/07/13	04/07/14	1.01000	2.5
GOLDMAN SACHS	17/01/14	17/07/14	0.73500	5.0
NATIONWIDE BUILDING SOCIETY	16/01/14	23/07/14	0.57000	5.0
LLOYDS TSB BANK	16/08/13	18/08/14	1.01000	5.0
GOLDMAN SACHS	05/03/14	05/09/14	0.72000	5.0
LLOYDS TSB BANK	19/09/13	19/09/14	0.98000	2.5
SANTANDER UK	31/03/14	30/09/14	0.55000	10.0
BARCLAYS BANK PLC	31/03/14	30/09/14	0.54000	4.0
LLOYDS TSB BANK	28/10/13	28/10/14	0.98000	15.0
LLOYDS TSB BANK	19/11/13	19/11/14	0.98000	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
LLOYDS TSB BANK	31/03/14	31/03/15	0.95000	5.0
NEWCASTLE CITY COUNCIL	01/07/13	01/07/15	0.70000	5.0
NEWCASTLE CITY COUNCIL	29/07/13	29/07/15	0.70000	10.0
KINGSTON-UPON-HILL CITY COUNCIL	02/01/14	04/01/16	0.90000	2.0
WARRINGTON BOROUGH COUNCIL	31/10/13	31/10/16	1.45000	5.0
LONDON FIRE & EMERGENCY PLANNING AUTHORITY	28/11/13	28/11/16	1.50000	5.0
WEST DUMBARTONSHIRE COUNCIL	26/03/14	24/03/17	1.60000	2.5
PERTH & KINROSS COUNCIL	23/03/14	24/03/17	1.45000	5.0
				172.0
OTHER				
Corporate Bond - Standard Chartered Bank	27/11/13	28/04/14	0.70000	1.1
Insight Sterling Liquidity Fund	Instant access account		0.40	4.3
Ignis Sterling Liquidity Fund	Instant access account		0.43	15.0
RBS 95 day notice account	95 day notice account		0.60	15.0
Deutsche Bank 95 day notice account	95 day notice account		0.74	5.0
Svenska Handelsbanken instant access account	Instant access account		0.60	15.0
Payden Sterling Reserve Fund	Instant access account			15.0
CCLA Local Authority Property Fund	Property Fund			5.0
TOTAL INVESTMENTS AS AT 31st MARCH 2014				247.4
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 31/03/14 (94%)				-4,782,724
Principal sum unrecovered as at 31/03/14				304,341
Provision in 2013/14 accounts for non-recovery (5.9% of total claim)				300,000

APPENDIX 2

INVESTMENTS HELD AS AT 31/03/14

	FROM	TO	RATE	£m	TOTAL £m	LIMIT	REMAINING
<u>UK BANKS</u>							
HSBC BANK plc	26/03/14	26/06/14	0.55000	5.0			
HSBC BANK plc	20/05/13	20/05/14	0.65000	17.5	22.5	30.0	7.5
BARCLAYS BANK PLC	31/03/14	30/09/14	0.54000	4.0			
BARCLAYS BANK PLC	05/11/13	06/05/14	0.53000	6.0	10.0	10.0	0.0
LLOYDS TSB BANK	31/03/14	31/03/15	0.95000	5.0			
LLOYDS TSB BANK	11/04/13	11/04/14	1.10000	5.0			
LLOYDS TSB BANK	04/07/13	04/07/14	1.01000	2.5			
LLOYDS TSB BANK	16/08/13	18/08/14	1.01000	5.0			
LLOYDS TSB BANK	19/09/13	19/09/14	0.98000	2.5			
LLOYDS TSB BANK	28/10/13	28/10/14	0.98000	15.0			
LLOYDS TSB BANK	19/11/13	19/11/14	0.98000	5.0	40.0	40.0	0.0
ROYAL BANK OF SCOTLAND-95 day notice account	19/04/13	95 days	0.60000	15.0	15.0	40.0	25.0
SUMITOMO MITSUI BANKING CORP	02/01/14	02/04/14	0.50000	10.0	10.0	10.0	0.0
SANTANDER UK	31/03/14	30/09/14	0.55000	10.0	10.0	10.0	0.0
GOLDMAN SACHS	17/01/14	17/07/14	0.73500	5.0			
	05/03/14	05/09/14	0.72000	5.0	10.0	10.0	0.0
STANDARD CHARTERED BANK (Corporate Bond)	27/11/13	28/04/14	0.70000	1.1	1.1	20.0	18.9
<u>OVERSEAS BANKS</u>							
SVENSKA HANDELSBANKEN	Instant access		0.60000	15.0	15.0	15.0	0.0
DEUTSCHE BANK	95 day notice		0.74000	5.0	5.0	5.0	0.0
<u>UK BUILDING SOCIETIES</u>							
NATIONWIDE BUILDING SOCIETY	16/01/14	23/07/14	0.57000	5.0			
NATIONWIDE BUILDING SOCIETY	05/11/13	06/05/14	0.53000	5.0	10.0	10.0	0.0
<u>OTHER LOCAL AUTHORITIES</u>							
KINGSTON-UPON-HILL CITY COUNCIL	02/01/14	04/01/16	0.90000	2.0	2.0	15.0	13.0
WEST DUMBARTONSHIRE COUNCIL	26/03/14	24/03/17	1.60000	2.5	2.5	15.0	12.5
PERTH & KINROSS COUNCIL	23/03/14	24/03/17	1.45000	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
NEWCASTLE CITY COUNCIL	01/07/13	01/07/15	0.70000	5.0			
NEWCASTLE CITY COUNCIL	29/07/13	29/07/15	0.70000	10.0	15.0	15.0	0.0
WARRINGTON BOROUGH COUNCIL	31/10/13	31/10/16	1.45000	5.0	5.0	15.0	10.0
LONDON FIRE & EMERGENCY PLANNING AUTHORITY	28/11/13	28/11/16	1.50000	5.0	5.0	15.0	10.0
<u>OTHER ACCOUNTS</u>							
INSIGHT STERLING LIQUIDITY FUND	Instant access		0.40	4.3	4.3	15.0	10.7
IGNIS STERLING LIQUIDITY FUND	Instant access		0.43	15.0	15.0	15.0	0.0
PAYDEN STERLING RESERVE FUND	Instant access			15.0	15.0	15.0	0.0
CCLA PROPERTY FUND	Property Fund			5.0	5.0	25.0	20.0
TOTAL INVESTMENTS AS AT 31/03/14					247.4	247.4	
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 31/03/04 (94%)				-4,782,724			
Principal sum unrecovered as at 31/03/14				<u>304,341</u>			
Provision in 2013/14 accounts for non-recovery (5.9% of total claim)				<u>300,000</u>			

Prudential and Treasury Indicators – Actual 2013/14

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 2012/13 and compares the actual in 2013/14 with the original estimates approved in February 2013 and the revised estimates (“probable”) reported in the part-year review in January 2014. Further details on capital expenditure outturn will be reported to the Executive on 11th June 2014.

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	2012/13	2013/14	2013/14	2013/14
	actual	estimate	probable	actual
Total Capital Expenditure	£28.4m	£31.4m	£42.0m	£25.2m
Ratio of financing costs to net revenue stream	-1.5%	-2.0%	-1.5%	-1.5%
Net borrowing requirement (net investments for Bromley)				
brought forward 1 April	£170.3m	£176.6m	£197.3m	£197.3m
carried forward 31 March	£197.3m	£179.8m	£200.0m	£243.9m
in year borrowing requirement (movement in net investments for Bromley)	£27.0m	£3.2m	£2.7m	£46.6m
Capital Financing Requirement as at 31 March	£3.8m	£3.0m	£3.5m	£3.5m
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum	-	-	-	-
TREASURY MANAGEMENT INDICATORS	2012/13	2013/14	2013/14	2013/14
	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	£10.0m	£10.0m	£10.0m	£10.0m
TOTAL	£20.0m	£20.0m	£20.0m	£20.0m
Actual external debt	£3.8m	£3.0m	£3.5m	£3.5m
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	£201.1m	£80.0m	£136.6m	£137.5m

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Report No.
CSD14084

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 5th June 2014

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 10th June 2014 (previously advertised as 11th June). 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: £367,636
 5. Source of funding: 2013/14 Revenue budget
-

Staff

1. Number of staff (current and additional): 10 (8.75 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 10th June 2014 and suggests which ones the Committee may wish to prioritise for scrutiny. At the time of writing, this is the draft list of reports taken from the published Forward Plan and it is likely that further reports will be added before the agenda is published on Friday 30th May.

Part 1

Gateway Report – Supported Living Schemes 2

Part 2

Tenancy Support, Homeless: Contract Award 2

Tenancy Support, Young People: Outcome of Contract Award 2

Contract Award, Public Health G.U.M. Services 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 as published 13 th May 2014

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Report No.
CSD14082

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 5th June 2014

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

Title: WORK PROGRAMME 2014/15

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 first opportunity to consider its work programme for 2014/15, including scheduled meetings and PDS working groups. The Committee now has eight meetings scheduled during 2014/15 – the dates are set out in Appendix 1, with a draft list of the items to be considered.
-

2. **RECOMMENDATIONS**

- 2.1 **The Committee is requested to consider its work programme for 2014/15 and indicate any particular reports that it wishes to consider.**
- 2.2 **The Committee is requested to confirm membership of any working groups (see paragraph 3.4.)**

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: £367,636
 5. Source of funding: 2013/14 revenue budget
-

Staff

1. Number of staff (current and additional): 10 posts (8.75fte)
 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 2014/15 is attached at [Appendix 1](#). The timing of meetings is tied to the need to pre-scrutinise Executive agendas. As in previous years, question sessions with the Leader, Resources Portfolio Holder and Chief Executive will be added to the programme throughout the year.

Sub-Committees and Working Groups

- 3.4 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 or the Costs and Charges Working Group).

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

COMMITTEE MEETING SCHEDULE 2014/15

Meeting 1: Thursday 5th June 2014

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)

Meeting 2: Thursday 10th July 2014

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)

Contracts Register (Resources and Corporate)

Further Update on 2012/13 Winter Health Programme

Meeting 3: Wednesday 3rd September 2014

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)

Meeting 4: Wednesday 8th October 2014

Standard items (Matters Arising/Forward Plan/ Executive Agenda/PDS Updates/Work Programme)

Meeting 5: Wednesday 19th November 2014

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)

Meeting 6: Wednesday 7th January 2015

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)

Meeting 7: Wednesday 4th February 2015

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)

Meeting 8: Wednesday 18th March 2015

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)

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