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DATE: 2 February 2015

To: Members of the

## **GENERAL PURPOSES AND LICENSING COMMITTEE**

Councillor Tony Owen (Chairman)

Councillor Russell Mellor (Vice-Chairman)

Councillors Nicholas Bennett J.P., Eric Bosshard, Kim Botting, Mary Cooke, Ellie Harmer, William Huntington-Thresher, David Livett, Charles Rideout, Diane Smith, Tim Stevens, Pauline Tunnicliffe and Michael Turner

A meeting of the General Purposes and Licensing Committee will be held at Bromley Civic Centre on **TUESDAY 10 FEBRUARY 2015 AT 7.30 PM** or on the rising of the Local Joint Consultative Committee.

MARK BOWEN

Director of Corporate Services

*Copies of the documents referred to below can be obtained from*  
<http://cds.bromley.gov.uk/>

### **A G E N D A**

- 1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 DECLARATIONS OF INTEREST**
- 3 QUESTIONS FROM 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 Wednesday 4<sup>th</sup> February 2015.
- 4 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 13TH NOVEMBER 2014**  
(Pages 3 - 6)
- 5 2015/16 PAY AWARD**  
(Pages 7 - 12)
- 6 PAY POLICY STATEMENT 2015/16**  
(Pages 13 - 30)
- 7 NEW APPOINTMENTS - SPOT SALARIES**  
(Pages 31 - 36)

- 8 NON STATUTORY CONSULTATION FOR LICENCE APPLICATIONS**  
(Pages 37 - 40)
- 9 LOCAL PENSION BOARD**  
(Pages 41 - 62)
- 10 MEMBERS' ALLOWANCES SCHEME 2014/15**  
(Pages 63 - 70)
- 11 EXECUTIVE ASSISTANTS: ANNUAL REPORT 2014/15**  
(Pages 71 - 72)
- 12 SUB-COMMITTEE APPOINTMENTS**  
(Pages 73 - 74)
- 13 APPOINTMENTS TO OUTSIDE BODIES**  
(Pages 75 - 78)
- 14 AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 27TH  
NOVEMBER 2014, EXCLUDING EXEMPT INFORMATION** (Pages 79 - 92)
- 15 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**

- 16 AUDIT SUB-COMMITTEE: EXEMPT  
MINUTES - 27 NOVEMBER 2014**  
(Pages 93 - 98)

Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

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## **GENERAL PURPOSES AND LICENSING COMMITTEE**

Minutes of the meeting held at 7.00 pm on 13 November 2014

### **Present:**

Councillor Tony Owen (Chairman)  
Councillor Russell Mellor (Vice-Chairman)  
Councillors Nicholas Bennett J.P., Eric Bosshard,  
Kim Botting, Mary Cooke, Peter Fookes, Ellie Harmer,  
Samaris Huntington-Thresher, David Livett,  
Charles Rideout, Diane Smith, Tim Stevens J.P.,  
Pauline Tunnicliffe and Michael Turner

### **35 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence had been received from Councillor William Huntington-Thresher, who was replaced by Councillor Samaris Huntington-Thresher.

### **36 DECLARATIONS OF INTEREST**

Declarations of interest were made in respect of Minute 40 (Review of Polling Districts and Polling Places) by Councillor Peter Fookes as a trustee of Melvin Hall and Councillor Ellie Harmer as Chairman of Bromley and Chislehurst Conservatives and a former governor of Scotts Park Primary School.

### **37 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

No questions had been received.

### **38 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 17TH SEPTEMBER 2014**

**RESOLVED** that the minutes of the meeting held on 17<sup>th</sup> September 2014 be confirmed.

### **39 FEEDBACK ON 2014 ELECTIONS** Report CSD14133

The Committee received a report on key issues relating to the 2014 European Parliamentary and Local Council elections. Overall, the arrangements had been very successful and few problems occurred. Members raised the following issues.

- At St Mary's Church, Shortlands, poll clerks had insisted on retaining all poll cards, preventing the tellers from taking numbers from electors on their way out. It was accepted that polling station staff were briefed about the role of tellers, but these misunderstandings still seemed to persist in some locations. It was proposed that posters explaining the role of tellers should be provided (as suggested in Electoral Commission Guidance) and that bins for unwanted polling cards could be provided near the tellers.
- At Scotts Park Primary School there had been problems with access – these issues had been resolved by senior officers on the day. There was now a new Acting Head Teacher who would be briefed before the 2015 election.
- A Member reported about a resident who had not received a postal vote and had been informed that there was not sufficient time to supply one before they went away.
- It appeared that there had still not been a board/clear directions for electors at the polling stations at the Pickhurst Schools.
- The problem caused by Conservative Central Office sending in a large number of postal vote application forms close to the deadline was acknowledged. The Committee was informed that the Electoral Commission was trying to establish a new code of conduct with the major political parties.
- A Member asked for further details about the 550 postal votes that had been rejected. It was explained that these were mainly about electors making errors with signatures and dates of birth – all had been contacted to ensure that these matters could be resolved. There was no suggestion of fraud.

The Chief Executive and Returning Officer agreed to take up the matters raised by Members.

**RESOLVED that the content of the report be noted and the Returning Officer be requested to take Members' comments into account when making arrangements for future elections.**

**40 REVIEW OF POLLING DISTRICTS AND POLLING PLACES  
2014**  
Report CSD14134

The Returning Officer had reviewed all polling districts and polling places in the borough and, following a period of formal consultation, reported on the outcome of the review with his recommendations.

Councillor Russell Mellor, as a ward councillor, supported the use of St George's Church Hall, Beckenham as opposed to Bromley Road Infant School. He also suggested St Paul's Church Hall, Brackley Road, as an alternative to Worsley Bridge Primary School, but this had already been assessed and there were problems with parking.

It was reported that the arrangements to separate the polling station from the rest of the school at Oaklands Primary School, Biggin Hill, were inadequate and amounted to a strip of tape in places. The Returning Officer accepted that there had been issues with the quality of fencing at several locations, and this issue would be looked at.

The Chairman suggested that the Methodist Church Hall in Prince Imperial Road should be investigated as a suitable polling station in Chislehurst.

The Committee thanked the Electoral Services Manager and her Team for their excellent work.

**RESOLVED that**

- (1) The outcome of the review and the consultation taken be noted.**
- (2) The proposals and recommendations of the Returning Officer outlined in Appendix 7 to the report be approved with effect from 1<sup>st</sup> December 2014.**
- (3) It is noted that polling districts and polling places will be kept under on-going review.**

**41 APPOINTMENTS TO OUTSIDE BODIES**  
Report CSD14149

At its meeting on 10<sup>th</sup> June 2014 the Committee made appointments to various outside bodies. The report picked up on outstanding appointments, including two where there have been resignations since June, and also provided an update on a number of cases where the Committee asked that the continuing need for appointments to be made was reviewed.

Councillor Nicholas Bennett had resigned as the Council's representative on the Affinity Sutton Regional Scrutiny Board, and the Committee noted his reasons for doing so (appendix 1 to the report.) Councillor Pauline Tunnicliffe, as Chairman of Care Services PDS Committee, summarised the position and status of housing associations and agreed that with Affinity Sutton there were serious problems with repairs and responding to complaints. Other Members supported these concerns. She would consider inviting Affinity Sutton representatives to a PDS Committee meeting to be scrutinised. Some Members commented that individual Affinity Sutton Officers provided good service at a local level, and it was understood that Affinity Sutton had ended its repairs contract and taken on the work in-house. The Chief Executive

reported that he and the Leader met with senior staff from Affinity Sutton on a regular basis, so he would raise the concerns of Members.

**RESOLVED that**

**(1) The following appointments be made -**

**(a) Councillor Peter Fortune be confirmed with Councillor Hannah Gray as representatives on the Duke of Edinburgh Award Committee the remainder of a one year term.**

**(b) Councillor Chris Pierce be appointed to the Affinity Sutton London Regional Scrutiny Board for the remainder of a one year term.**

**(2) Consideration of appointments to the Cray Valley War Memorial Hall, the William Mosyer Charity, St Mary Cray, Bromley Relief in Need and the Joanna Collett Charity, Chelsfield be deferred.**

**42 PENSIONS INVESTMENT SUB-COMMITTEE - MINUTES 19TH AUGUST 2014**

The minutes of the Pensions Investment Sub-Committee meeting held on 19<sup>th</sup> August 2014 were received.

Councillor David Livett commented in respect of minute 5 (Statement of Investment Principles) that the wording of the minute under-emphasised his opposition to the Pension Fund using high risk investments. He felt that it was not the role of the Pension Fund trustees to make good a shortfall in the fund by increasing risk. It was suggested that he should ask for a report to the Pensions Sub-Committee so that this issue could be pursued.

**43 LOCAL JOINT CONSULTATIVE COMMITTEE - MINUTES 21ST OCTOBER 2014**

The minutes of the Local Joint Consultative Committee meeting held on 21<sup>st</sup> October 2014 were received.

The Meeting ended at 7.44 pm

Chairman

## London Borough of Bromley

Report No.HR14003

PART I – PUBLIC

Agenda Item No.:

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**Decision Maker:** General Purposes & Licensing

**Date:** 10<sup>th</sup> February 2015

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

**TITLE:** 2015/16 PAY AWARD

**Contact Officer:** Charles Obazuaye, Director of Human Resources  
Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk

**Chief Officer:** Director of Human Resources

**Ward:** N/A

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### 1. REASON FOR REPORT

- 1.1 Under the local terms and conditions of employment framework, the General Purposes & Licensing Committee (GP&L) is required to make a recommendation on pay awards to full Council.
  - 1.2 Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks.
- 

### 2. RECOMMENDATION(S)

- 2.1 **Members are asked to recommend that full Council approve a flat 1.2% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process).**
- 2.2 **Pursuant to 2.1 above, Members note that the pay increase is again higher than the average pay settlement for local government staff negotiated at the national/regional levels between the Unions and Local Government employers.**
- 2.3 **Members also note that, as in the last two years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2015/16 pay increase in time for the April pay.**
- 2.4 **Members reject the Unions' pay claims for:**
  - i) a flat rate £1 an hour increase for all staff;
  - ii) a minimum wage figure of £10 per hour.

### Corporate Policy

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

### Financial

1. Cost of proposal: Estimated Cost – Approximately £900K
  2. On-going costs: Within existing budget
  3. Budget Head/Performance Centre:
  4. Total current budget for this Head:
  5. Source of Funding:
- 

### Staff

1. Number of staff (current and additional): All Council staff, except teachers.
  2. If from existing staff resources, number of staff hours:
- 

### Legal

- 1) Legal Requirement: Non-Statutory Requirement
  - 2) Call In: Call in is not applicable
- 

### Customer Impact

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

### Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments:



### 3. COMMENTARY

- 3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12<sup>th</sup> November 2012. The key elements of the localised arrangements are as follows:
- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
  - Merited reward (non-consolidated/non-pensionable) for exceptional performers;
  - Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.
- 3.2 The Council faces a significant budget gap, circa £53.3m per annum by 2018/19, including circa £10m next year. The Council's approach to this pressure and the challenges and opportunities it faces to balance the book is comprehensively addressed in the report on the "draft 2016/16 budget and up-date on Council's financial strategy 2016/17 to 2018/19" presented to the Executive on 14<sup>th</sup> January 2015 ([http://cdslbb/documents/s50026315/Exec%20140115%20Draft%202015-16%20Budget.pdf?\\$LO\\$=1](http://cdslbb/documents/s50026315/Exec%20140115%20Draft%202015-16%20Budget.pdf?$LO$=1)).
- 3.3 Against this background, the Council, following the draft budget discussion by the Executive on 14<sup>th</sup> January 2015, proposed a flat 1.2% pay award increase for all staff, except teachers, for staff and Trade Union consultations. The proposal was communicated by the Chief Executive to all staff on 15<sup>th</sup> January 2015 and the Unions, including Unison, GMB and Unite branch and regional officers were also advised on the same day.
- 3.4 On their part, the three Unions, namely Unison, GMB and United, submitted a joint pay claim on 7<sup>th</sup> January 2015. The Unions' claim stated, *inter alia*, as follows:
- "i) In order to address the continued fall in living standards where our members have had below inflation increase for 12 consecutive years; whilst at the same time as their housing, travel, gas, electric/water and food costs have continued to rise above the rate of inflation, we are seeking a flat rate £1 an hour increase for all members.
- ii) in light of the fact that the cost of living crisis has its greatest impact on low paid workers for whom percentage pay increase are a disadvantage, we are seeking for the implementation of the TUC minimum wage figure of £10 per hour."
- 3.5 Not surprisingly, the Unions have rejected the Council's 1.2% pay increase for 2015/16. Unlike the Unions, staff perspective on the Council's pay aware proposal is measured and appreciative of the challenging financial context, especially given the deep cost cutting exercises affecting every service, including frontline and community based services in the borough.
- 3.6 Hence, management side, led by the Director of Human Resources, has rejected the Unions' pay claim as unrealistic and completely divorced from the unprecedented

financial challenges facing the Council between now and the next few years, requiring circa £53.3m savings by 2018/19.

3.7 The Unions' flat rate £1 an hour claim is also completely at odds with the settlement they agreed with the Local Government employers, averaging 1% for local government staff for 2014/15 and 2015.16 financial years. The Unions' claim will cost the Council circa £5m compared to circa £900K for the Council's 1.2% pay award increase. Additionally, the impact of increasing all staff (based on December 2014 payroll) that currently are below spinal point 16 (£18,822 per annum) so they are paid a minimum wage of £10 per hour amounts to circa £210K per annum.

3.8 How does the Council's 2015/16 pay award increase offer compare?

i) as before, the offer if agreed by full Council represents a higher settlement for Bromley staff, compared to the average 1% pay settlement for local government recently agreed by the Unions and the local government employers.

It also means that, for the third consecutive year, Bromley settlement is both higher and paid in time in April, unlike the lower and protracted settlements at the national/regional levels. Last year Bromley staff, except for Management grade staff (circa 190 staff), received either a 1.7% or 1.2% pay increase depending on an earning level of less or more than £21K respectively.

ii) inflation rate is at a record low at 0.5% as per December 2014. Public sector pay 2014/15 shows that the government has maintained tight control over pay, with pay settlements restricted to an average of 1% in most cases. Pay freezes amount for one pay settlement in ten of the bargaining groups in the public sector but almost four in ten employees are affected because several large groups have seen no pay increase in 2014 (source: XPert HR). As reported last year, the government has continued to work on removing automatic pay progression in the civil service and groups covered by the public sector pay review bodies. As also reported last year, the Scottish government agreed a two-year 1% pay award covering 2014/15 and 2015/16. Pay settlement in the private sector is not significantly dissimilar. A recent preview of the three months to the end of January 2015 by XPert HR suggests that the pay award pattern is likely to remain unchanged in 2015, despite the encouraging economic activities in the UK.

3.9 In light of the above information, Bromley pay award offer 2015/16 is fair and reasonable. It compares favourably with pay settlements, both in the public and private sectors and the former in particular. The Council will continue to respond positively and flexibly to the labour markets regarding critical skills and hard to recruit and retain posts, in particular by offering enhanced packages if appropriate.

#### **4. POLICY IMPLICATIONS**

4.1 As stated in paragraph 3.1 above, the annual pay award review is one of the key drivers for adopting the localised terms and conditions of employment framework for staff, except teachers. It enables the Council to set its own pay award free from

nationally/regionally negotiated arrangements, usually divorced from local pressures and circumstances.

- 4.2 Aligning the pay review process with the budget setting process means that the cost of the pay increase is not viewed in isolation from the other significant cost pressures impacting on the Council's overall budget

## 5. FINANCIAL IMPLICATIONS

- 5.1 The proposal from the Unions to pay a minimum wage of £10 per hour, so effectively review the pay of all staff currently below scale point 16, will cost the Council around £210k p.a. including overheads.

An increase of £1 per hour for all staffing working in the Council will add approximately £5m p.a. to our staffing budgets. This is at a time when the Council is facing a period of unprecedented reduction in public funding and over the next few years will need to identify savings in the region of £60m to balance the revenue budget.

## 6. LEGAL IMPLICATIONS

- 6.1 As set out in the report, there are no specific implications, including equal pay arising from adopting a flat 1.2% pay for all.

## 7. PERSONNEL IMPLICATIONS

- 7.1 As set out in the report.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	

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# Agenda Item 6

## London Borough of Bromley

Report No. HR15002

PART I – PUBLIC

Agenda Item No.:

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

**Date:** 10<sup>th</sup> February 2015

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

**TITLE:** PAY POLICY STATEMENT 2015/16

**Contact Officer:** Charles Obazuaye  
Tel: (020) 8313 4355    email: charles.obazuaye@bromley.gov.uk

**Chief Officer:** Director of Human Resources

**Ward:** N/A

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### 1. REASON FOR REPORT

- 1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by Full Council every year.
  - 1.2 The attached Pay Policy Statement 2015/16 has been up-dated to include the proposal to offer spot salaries to all new appointments with effect from 1<sup>st</sup> April 2015 and the review of the car user allowances in line with the recommended HMRC rate. It has also been up-dated to formalise the Chief Executive's pay and appraisal review process.
- 

### 2. RECOMMENDATION(S)

- 2.1 **Members are asked to recommend that Full Council approve the 2015/16 Pay Policy Statement attached to this report and to establish the Chief Executive's Appraisal & Pay Committee.**

### Corporate Policy

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

### Financial

1. Cost of proposal: Within existing budget
  2. On-going costs: Within existing budget
  3. Budget Head/Performance Centre:
  4. Total current budget for this Head:
  5. Source of Funding:
- 

### Staff

1. Number of staff (current and additional): Chief Officers and Deputy Chief Officers as defined in the Local Government & Housing Act.
  2. If from existing staff resources, number of staff hours:
- 

### Legal

- 1) Legal Requirement: Statutory Requirement
  - 2) Call In: Call in is not applicable
- 

### Customer Impact

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

### Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments:

### **3. COMMENTARY**

3.1 The Localism Act requires the Council to prepare and publish a Pay Policy Statement every year. The statement must set out the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.

3.2 The objective of this aspect of the Act is to require authorities to be more open and transparent about local policies and how local decisions are made.

The first Pay Policy Statement which was approved by Full Council on 26th March 2012 has been up-dated every year to reflect Member decisions to adopt a localised terms and conditions of employment framework for all staff, except teachers. A key aspect of the localised pay framework is the local determination of the annual pay award as part of the financial budget planning process. If the 2015/16 pay award proposal of 1.2% is agreed by Full Council on 23<sup>rd</sup> February 2015 it means, for the third year running, Bromley pay award is higher than the national pay settlement for local government staff. As before, Bromley pay award will also be paid on time in April.

3.3 Another key aspect of the localised pay framework is the emphasis on individual pay and performance. There is no automatic pay uplift or increment or pay award without satisfactory individual performance. To further localise its terms and conditions of employment, the Council is proposing to appoint new staff (including internal promotions) on spot salaries with effect from 1<sup>st</sup> April 2015 (subject, of course, to the approval of this Committee). It offers greater flexibility and managerial empowerment not always possible under the traditional incremental pay progression system.

3.4 The Council is also proposing to adopt the HMRC recommended 45p per mile allowance in reimbursing staff who undertake business mileage in their own vehicles consistent with the practice in both public and private sectors. Currently essential car users receive a lump sum of £960 per annum plus circa 41p per mile and casual car users receive circa 52p per mile, with no lump sum payment. The proposal is estimated to generate circa £300,000 saving as part of the 2015/16 Council budget.

3.5 As stated above, Bromley employees are clear on how performance is linked to pay. This is supported by the Council's annual Performance Appraisal and Development process (PAD) enabling each employee's contributions to Building a Better Bromley strategic objectives to be individually assessed and, where appropriate, recognised through the award of the discretionary merited reward payment. Last year HR implemented an on-line PAD process to improve the quality of appraisals and ease the burden on managers and staff associated with the paperwork.

3.6 The PAD process for Chief Officers, including the Chief Executive, normally includes a 360-degree feedback from peers, direct reports, partner organisations and key Members. The Chief Executive is responsible for appraising his Chief Officers. The

Chief Executive's appraisal is managed by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and any other Members, including the Leaders of the minority parties or their representatives. The Panel is supported by the Director of Human Resources. The attached proposed Pay Policy Statement 2015/16 also sets out the pay review and performance appraisal arrangements for the Chief Executive. The Member Panel will undertake the appraisal of the Chief Executive. Following the appraisal and any feedback to the Chief Executive the panel will reconvene as a formally constituted committee of Council to determine the Chief Executive's pay to conclude his annual performance appraisal.

- 3.7 Transparency and scrutiny are the main watchwords in the Localism Act and the associated supplementary guidance issued by the Communities Secretary of State. Local authorities are expected "...to manage their workforces in a way that best delivers best value for money for taxpayers and sets the right example on restraint".
- 3.8 Hence, pursuant to the new Local Government Transparency Code 2014, the Pay Policy statement includes the information which the Council is now required to publish concerning the number of seconded Trade Union officers and the associated cost to taxpayers. Currently there are 1.2 FTE seconded Trade Union officers in the Centre (excluding schools) paid for by the Council. Additionally, the Council also pays for 0.5 FTE Staff Side Secretary role. Going forward, the Council is proposing to review the Trade Union facility time arrangement and the Staff Side and departmental representatives arrangement. The current arrangement is no longer fit for purpose, partly because of the recent and on-going corporate departmental restructurings, as a consequence of the unprecedented cost pressures.
- 3.9 Pursuant to the Trade Union and Labour Relations (Consolidated) Act 1992, the Council will continue to provide reasonable time off to recognised Trade Unions, without undermining its service delivery interests and duty of care to Bromley taxpayers/residents. A key part of the proposal is that the Council is proposing to end the seconded roles dedicated to Trade Union duties in the centre. It would mean that no Trade Union officer will be "employed" or paid for by the Council to work solely on Trade Union duties. Elected Trade Union officers, including shop stewards, will receive reasonable support and time off to carry out their duties as part of their normal contractual role (day work) with the Council. The Unions directly affected by the proposal, namely Unison and Unite, are being consulted on it. GMB does not have a seconded Trade Union officer in the Council.

#### **4. POLICY IMPLICATIONS**

- 4.1 The Pay Policy Statement is legally required pursuant to the Localism Act 2011. It requires the Council to annually prepare and publish its statement on pay and remuneration, mainly for Chief Officers, as defined in the Local Government and Housing Act.



4.2 Since coming out of the national/regional collective bargaining frameworks, the Council's Pay Policy Statements have reflected the key drivers for localised terms and conditions of employment, namely:

- A single local annual pay review mechanism aligned with the budget setting process;
- A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance;
- Annual pay increases linked to satisfactory performance for all staff; no automatic pay increases.

## 5. FINANCIAL IMPLICATIONS

5.1 All decisions taken in accordance with this policy statement will be contained within existing budgets.

## 6. LEGAL IMPLICATIONS

6.1 The requirement to adopt and publish a Pay Policy Statement arises under the Localism Act 2011. The Policy Statement is consistent with the statutory guidance published by the Secretary of State for Communities and Local Government to which all relevant authorities must have regard. The guidance does not limit the general statutory provisions on delegation under Section 101 of the Local Government Act 1972.

## 7. PERSONNEL IMPLICATIONS

7.1 As set out in the report and the accompanying Policy Statement.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	

## London Borough of Bromley

### 1. Introduction

- 1.1 The Localism Act 2011 introduces a requirement for public authorities to publish annual pay policy statements. It states, in the main, that a relevant authority must prepare a pay policy statement for the Financial Year 2012/13 and each subsequent year.
- 1.2 Pursuant to the Act and the associated guidance and other supplementary documents, this pay policy statement sufficiently summarises Bromley Council's approach to the pay of its workforce and, in particular, its "Chief Officers". In summation, the statement covers the Council's policies for the 2015/16 Financial Year, relating to:
- i) remuneration of its Chief Officers;
  - ii) remuneration of its lowest paid employees;
  - iii) the relationship between (i) and (ii) above.
- 1.3 In relation to "Chief Officers" the pay policy statement must describe the Council's policies relating to the following:
- i) the level and elements of remuneration for each Chief Officer;
  - ii) remuneration of Chief Officers in recruitment;
  - iii) increases and additions to remuneration for each Chief Officer;
  - iv) the use of performance related pay for Chief Officers;
  - v) the use of bonuses for Chief Officers;
  - vi) the approach to the payment of Chief Officers on their ceasing to hold office under, or to be employed by, the authority; and
  - vii) the publication of access to information relating to remuneration of Chief Officers.
- 1.4 As required by the Act and the supporting statutory guidance which, in turn, reflects the Local Government and Housing Act 1989, the definition of Chief Officer for the purpose of the pay policy statement covers the following roles:
- i) the Chief Executive/Head of Paid Service;
  - ii) the Monitoring Officer;
  - iii) a statutory Chief Officer and non-statutory Chief Officer under Section 2 of the Local Government and Housing Act 1989;
  - iv) a Deputy Chief Officer responsible and accountable to the Chief Officer. However, it does not include those employees who report to the Chief Executive or to a statutory or non-statutory Chief Officer but whose duties are solely secretarial or administrative or not within the operational definition or the meaning of the Deputy Chief Officer title.

### 2. Exclusion

- 2.1 The Act does not apply to schools staff, including teaching and non-teaching staff.

### **3. Context: Key Issues and Principles**

- 3.1 General Context – clearly there are a number of internal and external variables to consider in formulating and taking forward a pay policy. Reward and recognition is a key plank of the Council's agreed HR Strategy. This includes establishing strong links between performance and reward and celebrating individual and organisational achievements.

The HR Strategy is based on an assumption that all staff come to work to do a good job and make a difference. The Council expects high standards of performance from staff at all levels and seeks, in return, to maintain a simple, fair, flexible, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce.

#### **3.2 Local Terms and Conditions of Employment**

Local terms and conditions of employment for all staff including "Chief Officers" as defined in paragraph 1.4 above were introduced with effect from 1 April 2013. Teachers employed by the local authority in Community Schools and Voluntary Controlled schools are excluded because their terms and conditions are set in statute and do not afford the Council the discretion to include them in the localised arrangements.

- 3.2.1 The main features of the localised terms and conditions framework are as follows, namely:

- (a) A single local annual pay review mechanism aligned with the budget setting process.
- (b) A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance.
- (c) Annual pay increases including annual increments (if appropriate) linked to satisfactory performance for all staff; not automatic.
- (d) No change to existing terms and conditions of service before April 2015.

#### **3.3 Recruitment and Retention**

The Council aims to enhance its ability to recruit and retain high quality staff by being competitive in the labour markets. This is still the case even in the current financial straitened times. We will keep our pay policy updated and align it to reflect the "Bromley Council employee of the future" characterised by innovation, flexibility, empowerment, leadership and individualised rewards for exceptional performers. The size of the Council's workforce is likely to

reduce but reasonably remunerated to recruit and retain quality staff to deliver Member priorities. The Council is well placed to respond to changes in the labour markets, especially in relation to hard to fill and retain roles, e.g. Children Social Workers. A comprehensive Recruitment and Retention Strategy/package for Children Social Workers is in place to deal with the regional and national shortage of qualified/experienced staff.

### 3.4 Accountability

3.4.1 The Act requires that pay policy statements and any amendments to them are considered by a meeting of Full Council and cannot be delegated to any Sub-Committee.

3.4.2 Such meetings should be open to the public and should not exclude observers.

3.4.3 All decisions on pay and reward for “Chief Officers” must comply with the agreed pay policy statements.

3.4.4 As stated above, the Council must have regard to any guidance issued/approved by the Secretary of State. The first guidance issued by the Department of Communities and Local Government (DCLG) states in inter alia “that full Council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment.” The Secretary of State considered that £100,000, including salary, bonus, fees or allowances or any benefit in kind, is the right level to trigger Member approval.

3.4.5 The most recent guidance issued in February 2013 states that Authorities should offer full Council the opportunity to vote before large severance packages beyond a particular threshold are approved for staff leaving the organisation. As with salaries on appointment, the secretary of State considers that £100,000 is the right level for that threshold to be set. The components may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonus, fees or allowances paid. The Council’s position on this is still as set out in the 2014/15 pay policy statement. Chief Officer severance packages are generally included in the annual statement of accounts. Also, Executive approval is sought for severance packages for chief officers. There is also an overarching scrutiny of settlement/compromise agreement packages from the Audit Sub-Committee. These arrangements ensure Member engagement.

## 4. Transparency

4.1 In line with the guidance, the pay policy statement will be published on the Council’s website and accessible for residents to take an informed view on whether local decisions on all aspects of remuneration are fair and reasonable.

- 4.2 The Council is also required to set out its approach to the publication of and access to information relating to the remuneration of “Chief Officers”.

The Council also discloses the remuneration paid to its senior employees in the Annual Report and Statement of Accounts and is accessible on the Council’s website at:

[http://www.bromley.gov.uk/downloads/file/1970/lb\\_bromley\\_statement\\_of\\_accounts\\_201314](http://www.bromley.gov.uk/downloads/file/1970/lb_bromley_statement_of_accounts_201314)

For the purposes of the Code, senior employee salaries are defined as all salaries which are above £58,200. The information, including the posts which fall into this category, will be regularly updated and published.

- 4.3 The Council is also now required to publish the details of seconded Trade Union officers (number and costs) paid for from the public purse.

## **5. Fairness**

- 5.1 The Council must ensure that decisions about senior pay are taken in the context of similar decisions on lower paid staff. In addition, the Act requires the Council to explain the relationship between the remuneration of its Chief Officers and its employees who are not Chief Officers, and may illustrate this by reference to the ratio between the highest paid officer and lowest paid employee and/or the median earnings figure for all employees in the organisation.

- 5.2 The Council’s pay arrangement is equality compliant. The Council achieved Single Status/Equal Pay Deal via a collective agreement with the Unions in 2009.

- 5.3 Additionally, the Act specifically requires the Council to set out its policies on bonuses, performance related pay, severance payments, additional fees/benefits (including fees for Chief Officers for election duties), re-employment or re-engagement of individuals who were already in receipt of a pension, severance or redundancy payment, etc.

## **6. Position Statement**

- 6.1 The Council’s position on the requirement of the Act and the information that it is required to include its Pay Policy Statements is as summarised above and as set out in the attached table (Appendix B).

- 6.2 This Statement is for the Financial year 2015/16

- 6.3 The Statement must be approved by Full Council. Once approved it will be published on the Council's website. Any amendments during the Financial Year must also be approved by a meeting of Full Council.
- 6.4 This Statement (including the Appended table) meets the requirement of the Localism Act 2011 and the Department for Communities and Local Government (DCLG) guidance.

## London Borough of Bromley

<b>PAY POLICY STATEMENT FOR FINANCIAL YEAR 2015/16</b>	
<b>POLICY AREA UNDER THE ACT</b>	<b>POLICY STATEMENT</b>
	<i>For the purposes of this policy statement the term “Chief Officer” includes the Chief Executive, Statutory and non statutory Chief Officers and Deputy Chief Officers within the meaning of the Local Government and Housing Act 1989.</i>
Level and elements of remuneration of Chief Officers and relationship with the remuneration of employees who are not Chief Officers	<p>The authority implemented a localised pay and conditions of service framework for all staff except teachers, with effect from 1 April 2013. Under the local framework the Council:</p> <ol style="list-style-type: none"> <li>a) Introduced an annual local pay review mechanism aligned with the budget setting process for all staff except teachers to replace the national and regional collective bargaining arrangements and the existing local arrangements for Lecturers in Adult Education;</li> <li>b) Introduced a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff except teachers;</li> <li>c) Will reinforce the link between individual performance and pay by making any annual pay increase and increments (where appropriate) subject to satisfactory performance for all staff; not automatic.</li> <li>d) Agreed to make no change to existing terms and conditions of service before April 2015.</li> </ol> <p>The move to fully localised terms and conditions is on the back of the Bromley Single Status agreement reached with the relevant recognised trade unions in 2009 affecting the BR grade staff. Under the localised terms and conditions of service framework the Council retains its existing terms and conditions including the grading and job evaluation schemes for BR staff and MG staff, except for the annual pay review and PRP process. Under the localised terms and conditions framework the Council will not be bound by the national or/and regional pay settlements. Instead, by means of the process of the localised annual pay review the Council aims to:</p> <ul style="list-style-type: none"> <li>• ensure that staff are appropriately rewarded for the job that they do</li> <li>• enhance the Council’s ability to compete by maintaining a simple, fair, transparent and affordable pay and</li> </ul>

- reward structure that attracts and keeps a skilled and flexible workforce;
- improve the links between organisational efficiency, individual performance and reward
  - ensure that decisions on reward and recognition are better aligned with the considerations and timetable of the annual budget setting process

The current rates for Management Grade Staff, BR staff and Lecturers and sessional staff at Bromley Adult Education College can be found at [MG, PT and MB salary scales](#), [BR salary scales](#) and [BAEC salary scales](#);

The Council has agreed the process of job evaluation as a way of ensuring a fair system of remuneration relative to job weight thereby managing any risk of equal pay claims. MG and PT jobs are graded using the James job evaluation system, and BR jobs are graded using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. The BR grades are based around “anchor” salary points and consist of incremental scales. However, new BR staff (including internal promotions) will be appointed on spot salaries with no increments. Individual spot salaries will be renewed annually, minimally, subject to satisfactory performance. The spot salary arrangement, if agreed by the General Purposes and Licensing Committee, will take effect from 1<sup>st</sup> April 2015

Individuals employed on the MG grades are appointed to a spot salary within the relevant salary bands having regard to the Council’s ability to recruit and retain suitably qualified, skilled and experienced officers to deliver excellent front line services and achieve Council priorities. Exceptionally staff may be paid outside of the relevant band for their grade because of market forces. The same principles apply to anyone who is engaged on a self-employed basis and paid under a contract for services. Under the [Special Recruitment measures](#) agreed by Chief Officers, every recruitment request including permanent, temporary, casual, agency staff or self-employed is scrutinised and formally approved first by the Director and then the Director of Human Resources on behalf of the Chief Executive.

The Council offers a lease car arrangement as a recruitment and retention incentive to certain staff occupying key posts including some front-line posts on the BR grades. Employees with a lease car are expected to make a 30% contribution to the cost and for Chief and Deputy Chief Officers the value range of this benefit is between



£3,748 and £3,067 per annum subject to this not exceeding 70% of the car's current benchmark value plus insurance.

Any employee who does not have a lease car is eligible to receive a car user allowance if they use their own vehicle for business purposes capped locally at the rate for cars not exceeding 1199cc, other than in exceptional circumstances where the Director of HR agrees that a car with a larger engine size is necessary for the efficient performance of the job. There are two car user allowances namely essential car user allowance and casual car user allowance. The former includes an annual lump sum currently £963 (1199cc rate). However, if agreed by Council, the current car mileage payment arrangement will be replaced by a single payment of 45p per mile for all users (except lease car users) consistent with the HMRC recommended rate. The rate for lease car users is considerably lower, currently 14.6p per mile.

The Council normally engages a mix of external and internal personnel for election duties. The fees generally reflect the varying degree of roles undertaken by individuals. Fees paid to both the Returning Officer and the Deputy Returning Officer are in accordance with the appropriate Statutory fees and Charges Order and they reflect their personal statutory responsibilities.

The Council is required to have measures in place to respond to any major emergency incidents in the Borough or on a pan London basis which includes a small group of Senior Officers on standby for the LA GOLD rota. The Chief Executive and Director of Environmental Services undertake the lead role and do not receive any additional remuneration for this. Other officers who undertake this role receive a payment commensurate with other call out allowances for the relevant period of the standby.

All employees including Chief Officers are entitled to apply for an interest free season ticket loan and reimbursement of any expenses necessarily incurred in the performance of their role including but not limited to travelling, and subsistence.

Also, the Council operates a Salary Sacrifice scheme for all staff. This covers childcare vouchers, parking plus, and the cycle to work scheme.

Use of PRP for Chief Officers	The annual review of salaries includes an assessment of work performance in the preceding twelve months for all staff. Under the localised terms and conditions of employment framework for all staff, including Chief Officers (with the exception of teachers), pay increases, including pay awards, increments, etc., are linked to satisfactory performance. Pay increases will be withheld from poor performers. The performance of the Chief Executive is appraised by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and other elected Members, including the Leaders of the Minority Parties, or their representatives. The Panel is supported by the Director of Human Resources in a technical advisory capacity. These members will sit as a panel to undertake the appraisal but will sit as a committee of council to make a final decision. The Panel will assess and determine the Chief Executive's performance and pay within his grade band and will then sit as the Chief Executive Appraisal Committee to make the final determination. The Chief Executive and Directors are subject to a 360 degree appraisal process involving a range of feedback sources. Chief Officers and senior staff do not currently have an element of their basic pay "at risk" to be earned back each year. All staff apart from teachers will be eligible to be considered on merit for the one off non-consolidated non pensionable reward payment for exceptional performances.
Use of bonuses for Chief Officers	Not applicable.
Remuneration of lowest-paid employees	The Council's grading structure for BR staff starts at point 4 on the London Borough of Bromley spine. The value of this spine point as at 31 March 2014 is £14,949 per annum and the Council therefore defines its lowest paid employee as anyone earning £14,949 (pro rata for part-time staff). Currently the Council's pay multiple – the ratio between the Chief Executive as the highest paid employee and the lowest paid employee is 1:13, and between the Chief Executive and the median salary is £30,318 (ratio of 1:7).
Increases and additions to remuneration of Chief Officers	Where it is in the interests of the Council to do so the Chief Executive may review the salaries of Chief Officers and Senior Staff from time to time within the ( <a href="#">MG and MB salary scales</a> ). Such circumstances include for example but are not limited to the impact of market forces and staff undertaking significant additional responsibilities on a time-limited or permanent basis. This is also the case for any other officer of the Council,

	including BR staff. Being outside of the nationally/regionally negotiated terms and conditions allows greater flexibility and discretionary payments in support of business priorities and recruitment and retention challenges. The Council has agreed a separate recruitment and retention package for children social workers.
Remuneration of Chief Officers on recruitment	Where the post of Chief Executive falls vacant the salary package and the appointment will be agreed by Full Council. Full Council or a Member panel appointed by full Council or the Urgency Sub Committee will also agree any salary package in excess of £100K to be offered for any new appointment in 2014/15 to an existing or new post. All Chief Officer and Senior staff appointments will be made in accordance with the Council's agreed Constitution and Scheme of Delegation which can be found at <a href="http://www.bromley.gov.uk/councilconstitution">www.bromley.gov.uk/councilconstitution</a>
Any discretionary increase in or enhancement of a Chief Officer's pension entitlement	<p>Chief Officers are eligible to join the Local Government Pension Scheme. The Council will not normally agree to any discretionary increase in or enhancement of a Chief Officer's pension entitlement. However each case will be considered on its merits and the Council recognises that exceptionally it may be in the Council's interests to consider this to achieve the desired business objective. Members' agreement will be required in all cases taking into account legal, financial and HR advice appropriate to the facts and circumstances.</p> <p>A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement without enhancement. The Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds.</p> <p>The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision and can be found at <a href="#">Flexible retirement policy</a></p>
Approach to severance payments - any	Where demonstrable benefit exists it is the Council's policy to calculate redundancy payments on the basis of the statutory number of weeks' entitlement using the employee's actual salary.

<p>non-statutory payment to Chief Officers who cease to hold office/be employed</p>	<p>Under the Council’s agreed Scheme of Delegation the Director of Corporate Services has delegated authority to settle legal proceedings and/or to enter into a Compromise Agreement in relation to potential or actual claims against the Council. Settlement may include compensation of an amount which is considered to be appropriate based on an assessment of the risks and all the circumstances of the individual case.</p> <p>In exceptional cases where it is in the interests of the service to do so a payment in lieu of notice or untaken leave may be made on the termination of an employee’s employment. Payment for untaken leave may also be due under the terms of the Working Time Regulations.</p> <p>We already see approval for funding for severance packages for chief officers from the Executive. There is also overarching scrutiny from the Audit Sub – Committee. These arrangements give transparency and ensure Member sight of chief officers’ severance packages.</p> <p>The Council will not normally re-engage anyone as an employee or consultant who has received enhanced severance/redundancy pay or benefited from a discretionary increase in their pension benefits. However exceptionally it may be that business objectives will not be achieved by other means in which case a time-limited arrangement may be agreed by the Director of HR and Director of Resources having regard to the Council’s financial rules and regulations.</p> <p>Any application for employment from ex-employees who have retired at no cost to the Council, or who have retired or been made redundant from elsewhere will be considered in accordance with the Council’s normal recruitment policy. However the Council operates an abatement policy which means that the pension benefits in payment to anyone who is re-employed in Bromley could be reduced in line with that policy.</p>
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<p>Publication of and access to information relating to this Policy and to the remuneration of</p>	<p>Once agreed the Council will publish this Pay Policy on its website. Full Council may by resolution amend and re-publish this statement at any time during the year to which it relates.</p> <p>The Council also discloses the remuneration paid to its senior employees in the annual report and statement of accounts as part of its published accounts. The Council will also publish the number and cost of seconded</p>
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Chief Officers	Trade Union officers paid for by the Council. Currently there are 1.2 FTE seconded Trade Union officers at circa £67k (excluding school based Trade Unions). Additionally the Council also funds 0.5fte Staffside Secretary elected by the workforce. The role supports all employments irrespective whether they belong to a union or not. As stated elsewhere in the Pay Policy Statement, the current arrangement is being reviewed. If the proposal to cease the current arrangement is agreed, reasonable time off will be provided to Trade Union officials, including Stewards, in the course of their normal contractual job with the Council. It would mean no staff of the Council will be paid to work solely on Trade Union duties.
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## London Borough of Bromley

Report No.HR15001

PART I – PUBLIC

Agenda Item No.:

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

**Date:** 10<sup>th</sup> February 2015

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

**TITLE:** NEW APPOINTMENTS – SPOT SALARY

**Contact Officer:** Charles Obazuaye, Director of Human Resources  
Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk

**Chief Officer:** Director of Human Resources

**Ward:** N/A

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### 1. REASON FOR REPORT

- 1.1 Following the implementation of a localised Pay and Conditions of Employment framework in 2013, the Council is able to set its own pay policy and agree the annual pay rise as part of the annual budget setting process.
  - 1.2 The localised framework enables the Council to innovate and flex its reward strategies to reflect local circumstances and support performance management culture in a way not always possible under the previous National and Regional negotiating frameworks.
  - 1.3 Having successfully implemented the Localised Pay framework, this report seeks Member approval to appoint all new staff (including internal promotion/appointments – subject to the clarification in paragraph 3.5 below) on a spot salary within the job evaluated grade appropriate to the post.
- 

### 2. RECOMMENDATION(S)

**2.1 The Committee is requested to:**

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

**2.1.2 Agree that all new appointments, including internal appointments/[promotions, will receive an offer of employment based on a spot salary within the grade salary range commensurate to the post/appointment with no incremental progression within the grade.**

**2.1.3 Subject to 2.1.2 above, each spot salary will be annually reviewed aligned with the annual performance appraisal process and may be reviewed at any other time at managers' discretion based on the merits of the case.**

**2.1.4 If agreed, the arrangement will apply to all new appointments with effect from 1<sup>st</sup> April 2015.**

### Corporate Policy

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

### Financial

1. Cost of proposal: Estimated – Within existing staffing budget
  2. On-going costs: Within existing budget
  3. Budget Head/Performance Centre:
  4. Total current budget for this Head:
  5. Source of Funding:
- 

### Staff

1. Number of staff (current and additional): Applicable to all new staff, including internal promotions.
  2. If from existing staff resources, number of staff hours:
- 

### Legal

- 1) Legal Requirement: Non-Statutory Requirement
  - 2) Call In: Call in is not applicable
- 

### Customer Impact

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

### Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments:



### 3. COMMENTARY

- 3.1 The Council withdrew from the National/Regional negotiating frameworks and introduced a Localised Pay and Conditions framework in 2013. The key drivers behind the change include:
- Local control and accountability;
  - Being able to innovate and flex pay and reward to match individual circumstances, without undermining the Council's legal or financial interests;
  - Greater alignment between individual rewards (including pay) and performance;
  - Continue to remain competitive in the relevant labour market for quality staff, especially hard to recruit staff, e.g. children social workers.
  - Gaining control over the annual pay review process and timetable at a time of significant financial challenge for the Council in order to achieve better alignment with budget setting processes and greater responsiveness to change;
  - Exercising local control in order to give greater emphasis to local circumstances, and improve the Council's ability to innovate and flex in ways not achievable within the nationally agreed terms;
  - Improving the Council's ability to align reward with staff and organisational performance;
  - Achieving efficiencies through harmonisation of the management grade and other Bromley staff pay review arrangements.
- 3.2 Since coming out of the National/Regional negotiating frameworks, the Council's annual pay rise in the last two years is better than the nationally agreed settlements. As expected, the change from the National/Regional pay framework to a localised arrangement has not undermined the Council's ability to attract and retain key quality staff. Despite being the only London borough to adopt a localised pay arrangement, Bromley Council's recruitment and retention records in the current unprecedented financial pressure are encouraging.
- 3.3 The arrangement to start all new staff/appointments on a spot salary with no incremental progression or automatic salary adjustment is a step change in the right direction to further localise terms and conditions of staff. It seeks to introduce greater flexibility in the pay and pay progression arrangements mainly for BR graded staff by removing the incremental points for the grades of new appointments, similar to the arrangement for MG staff.
- 3.4 Pay flexibility is key to improving individual and organisational performances. Under the arrangement, managers will be encouraged and empowered to use spot salaries sensibly to respond to challenging business requirements linked to recruitment and retention and reward of quality staff.
- 3.5 If agreed, the arrangement will not affect existing staff currently on a grade with incremental points (linked to satisfactory performance, of course). The only exception is where an existing employee successfully applies, of their own volition, for an internal job opportunity or is redeployed to a higher grade following a restructuring/re-organisation.

3.6 Also, if agreed, the arrangement will only apply to all new staff (including permanent, temporary, fixed term or casual contracts) employed by the London Borough of Bromley, with the exception of employees in Community and Voluntary Controlled Schools. This is on the basis that all remaining maintained schools are in the transition to academy status. Should the future governing body/Academy Trust seek changes, it would be more appropriate for this to form part of a separate exercise based on the needs and circumstances of the individual school.

3.7 Making it Work – the Process:

3.7.1 Pursuant to the equality legislation, jobs will continue to be job evaluated as usual using the relevant job evaluation process. Each grade will continue to have a salary range. The minimum and maximum values of the salary range for each grade will be reviewed annually by the Council and adjusted as appropriate to reflect decisions arising from the annual pay review process.

3.7.2 Managers will appoint new staff to a spot salary at or anywhere within the salary range for the grade, having regard to a number of factors, including the following:

- Salaries within the local and/or national markets for similar jobs generally;
- Relative impact of the post on Council priorities;
- Individual applicant's circumstances, e.g. current salary, experience, etc.;
- Being able to attract the right person at the right salary for the job;
- The salaries of other staff in relevant jobs or teams.
- the applicant's current salary
- the salaries of other staff in relevant jobs
- the "learning curve" applicable
- salaries within the market for similar jobs generally
- value for money balanced with the ability to recruit the right person for the job

3.7.3 Spot salaries will be reviewed at least annually as part of the performance appraisal and, thus, ensuring that any positive/upward adjustment is linked to satisfactory performance. Salaries may also be reviewed at any other time at manager's discretion (in consultation with HR), based on the recruitment and retention need of the organisation. As with existing staff there is no automatic salary adjustment upwardly. Every pay increase is now linked to satisfactory performance.

#### **4. POLICY IMPLICATIONS**

4.1 The proposal is consistent with the decision by full Council to adopt localised terms and conditions of service and come out of nationally and regionally negotiated frameworks. It is the right step in the right direction to further localise terms and conditions of service aligned with individual and organisational performance..

#### **5. FINANCIAL IMPLICATIONS**

5.1. The officers pay budget is cash limited and only increased if an annual pay increase is agreed by members. Should managers agree salaries increases as part of the

annual performance appraisal or for recruitment and retention purposes this will have to be managed within the overall staffing budget available.

## **6. LEGAL IMPLICATIONS**

6.1 These are covered below and elsewhere in the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 There have been several consultation meetings with the three main unions with a view to securing their agreement to the proposal. As stated above the proposal does not affect existing staff save for the two groups of existing staff covered in paragraph 3.5 above. Unsurprisingly the unions are opposed to the proposal even though it will only apply to new appointments. From the moment the proposal was put to the unions they adopted the same opposition and refusal to negotiate stance displayed during the change from the national and regional negotiating framework to a localised terms and conditions of employment arrangement. The meetings with the unions have been fraught with arguments and a rerun of the merits of moving away from the national/regionally negotiated terms and conditions of service. Despite several meetings and reassurances there is no reasonable prospect of securing the unions' support or agreement for the proposal.

7.2 As stated in 7.1 above, HR has sought to reassure the Unions that the use of spot salary will not create recruitment or/and legal difficulties for the Council. The arrangement will be applied fairly and transparently consistent with the Council's business and legal interests, including the obligations set out in the Equality Act 2010. The Council's Management Grade (MG) pay arrangement is already based on spot salaries and this has been successfully implemented since 1989. Spot salary is also common in other sectors including a number of local authorities. They have not reported any significant recruitment or legal challenges linked to spot salary. The factors set out in paragraph 3.7.2 above are reasonable and sensible thus enabling the Council to balance its business and legal interests in this matter.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	

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Report No.  
ES15013

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE

**Date:** 10<sup>th</sup> February 2015

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

**Title:** NON STATUTORY CONSULTATION FOR LICENCE APPLICATIONS

**Contact Officer:** Paul Lehane, Head of Food Safety, Occupational Safety and Licensing  
Tel: 020 8313 4216    E-mail: Paul.Lehane@bromley.gov.uk

**Chief Officer:** Executive Director of Environment & Community Services

**Ward:** (All Wards);

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1. Reason for report

To advise Members of the decision to cease non-statutory public consultation for licence applications as part of the required budget savings for 2015-2016 .

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2. **RECOMMENDATION(S)**

**Members are asked to note this report.**

### Corporate Policy

1. Policy Status: Existing Policy: Statements of licensing policy - Licensing Act 2003 & Gambling Act 2005
  2. BBB Priority: Excellent Council Quality Environment Safer Bromley Vibrant, Thriving Town Centres:
- 

### Financial

1. Cost of proposal: Estimated Cost A saving of £45k
  2. Ongoing costs: Full year savings of £45k to be made from 2016/17
  3. Budget head/performance centre: Public Protection & Safety Portfolio budgets
  4. Total current budget for this head: £2.5m
  5. Source of funding: Existing Revenue Budget 2014/15
- 

### Staff

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

### Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Applicable Not Applicable: Further Details
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Residents and businesses in the vicinity of a licence application. Typically 100 per application and 30-40 applications per year.
- 

### Ward Councillor Views

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

### **3. COMMENTARY**

3.1 On the 14 January 2015 the Executive considered a report ref FSD15001 on the draft budget savings required for 2015-16.

Savings of £612k were identified for Public Protection & Safety to reduce the service to the statutory baseline which included the reduction in the number of licensing officers from 3 to 2.

3.2 The statutory baseline service for the licensing team was based on ceasing to undertake non-statutory public consultation for licensing applications made under both the Licensing Act 2003 and Gambling Act 2005.

3.3 Since the implementation of the Licensing Act 2003 the Council has voluntarily undertaken additional and non-statutory public consultation by writing to local residents, residents associations and businesses advising them of the application. This practice has been specifically referred to in the Statement of Licensing Policy for the Licensing Act 2003 and the practice has been adopted for applications under the Gambling Act 2005.

3.4 Applicants for licences under these two acts are required to publish details of their application by -

- a. Displaying a poster on the premises.
- b. Placing an advert in a local paper.
- c. Sending a copy of their application to the 'Relevant Authorities'.

These requirements will not change.

3.5 Managing the budget savings can only be achieved if we cease undertaking the non-statutory consultation with the anticipated reduction in the number of representations received with the consequent reduction in the number of hearings which have to be referred to Licensing Sub Committee.

3.6 In addition to this the capacity of the team to provide informal advice, undertake routine inspections of licenced premises and respond to complaints will be reduced proportionally.

3.7 We will continue to advise ward members of relevant applications. Residents Associations will be informed of the change in practice and directed to the Council's Website where information about new applications can be found.

### **4. POLICY IMPLICATIONS**

The Council's Statement of Licensing Policy 2011-2016 makes reference to our current practice of consulting local residents, residents associations and businesses. This policy will be formally reviewed during the latter half of 2015 as required by the Licensing Act 2003. The revised policy will reflect the changed practice but in the interim period a note will be added to the website.

### **5. FINANCIAL IMPLICATIONS**

Public Protection & Safety have to make budget savings of £612k by 2016-17. Reducing the licensing service to the statutory baseline through the loss of 1 licensing officer contributes approx. £45k towards the savings.

**6 LEGAL IMPLICATIONS**

There are no legal implications as our current consultation practice is over and above that required by the Acts.

**7. PERSONNEL IMPLICATIONS**

The budget savings will result in 9 posts being deleted from the Public Protection & Safety Division one of which will be a licensing officer.

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



Report No.  
FSD15013

London Borough of Bromley

PART 1 - PUBLIC

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**Decision Maker:** Pensions Investment Sub-Committee  
General Purposes & Licensing Committee  
Council

**Date:** 3<sup>rd</sup> February 2015  
10<sup>th</sup> February 2015  
23<sup>rd</sup> February 2015

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

**Title:** LOCAL PENSION BOARD

**Contact Officer:** David Kellond, Pensions Manager  
Tel: 020 8461 7503 E-mail: david.kellond@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** Borough Wide

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1. Reason for report

- 1.1 This report outlines the proposed changes to the structure and governance arrangements of Local Government Pension Schemes (LGPS) brought about by the Public Service Pensions Act 2013 and associated Regulations and seeks the required approval for the establishment of a Local Pension Board.
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**2. RECOMMENDATIONS**

- 2.1 The Pensions Investment Sub-Committee is requested to consider the report and provide a view on the proposals to the General Purposes and Licensing Committee.
- 2.2 Subject to comments from the Pensions Investment Sub-Committee, the General Purposes and Licensing Committee is requested to recommend that Council:
- (i) approve the establishment of a Local Pension Board;
  - (ii) approve the composition of the Local Pension Board as set out in paragraph 3.17;
  - (iii) approve the draft terms of reference (appendix 2);
  - (iv) delegate authority to the Director of Finance, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee to make any agreed changes to the draft terms of reference as set out in paragraph 3.18;

- (v) agree the process for nominations and appointments as set out in paragraphs 3.22 and 3.23 and that:
  - (a) appointment of the two employer representatives be made by Council;
  - (b) appointment of the two member representatives be formally delegated to the General Purposes and Licensing Committee on the recommendation of an appointments panel as constituted in paragraph 3.23 and in the terms of reference;
- (vi) delegate authority to the Director of Finance, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee, to make any changes necessary arising from the issue of final Regulations.

## Corporate Policy

1. Policy Status: Existing policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
  2. BBB Priority: Excellent Council.
- 

## Financial

1. Cost of proposal: Estimated cost There will be costs associated with the National Scheme Advisory Board and the establishment and operation of a Local Pension Board which cannot yet be quantified (see section 5)
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: Pension Fund
  4. Total current budget for this head: £35.8m expenditure (pensions, lump sums, etc.), £41.6m income (contributions, investment income, etc.), £693.7m total fund market value at 31<sup>st</sup> December 2014
  5. Source of funding: Pension Fund
- 

## Staff

1. Number of staff (current and additional): the Board will comprise of 2 employer and 2 member representatives and be supported by the Pensions Manager
  2. If from existing staff resources, number of staff hours: n/a
- 

## Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme Regulations 2013 (as amended)
  2. Call-in: Call-in is not applicable.
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 5,637 current employees, 5,007 deferred pensioners and 4,937 pensioner members (for all employers in the Fund) as at 31<sup>st</sup> December 2014. 67 Scheduled Bodies and 4 Admission Bodies in the Fund.
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## Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 Following the Independent Public Service Pensions Commission's final report in March 2011, the Public Service Pensions Act 2013 (the 2013 Act) gave powers to the Secretary of State to introduce a number of changes to the administration of the LGPS.
- 3.2 Significant changes were introduced from 1<sup>st</sup> April 2014 as a result of the Local Government Pensions Scheme (LGPS) Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. These included the move to a Career Average Revalued Earnings (CARE) Scheme, changes to the annual accrual and contribution rates and the link to state pension age as well as the introduction of the new '50/50' option and changes to the definition of pensionable pay. Details were reported to the General Purposes and Licensing Committee on 10<sup>th</sup> June 2014.
- 3.3 From April 2015, a new governance structure for the LGPS and other public sector pension schemes comes into force. With a view to improving the standard of management and administration of public sector schemes, the 2013 Act requires the Secretary of State to make Regulations establishing a National Scheme Advisory Board (NSAB) with responsibility for advising on changes to Scheme Regulations. The Board has been set up in 'shadow' form to test the format, terms of reference, membership and sub committees prior to the issue of final Regulations. Additionally, for schemes such as the LGPS which are subject to local administration, for each administering authority to establish a Local Pension Board to assist in the management and administration of the scheme.
- 3.4 The Department for Communities and Local Government (DCLG) issued draft Regulations on governance arrangements in June 2014. A set of revised draft Regulations was issued in October 2014 for consultation alongside the proposed provisions on cost control. A copy of the Council's formal response to this most recent consultation is attached at appendix 1.
- 3.5 Current arrangements for the management and administration of the Bromley Pension Fund have been in place for some time. The Council is the administering authority for the Fund which includes a number of scheduled and admitted bodies as well as the Council itself in its capacity as an employing authority. It is not unusual for a local authority to act as both an employer and an administering authority.
- 3.6 The General Purposes and Licensing Committee is responsible for the overall administration of the LGPS. The Pensions Investment Sub-Committee, which reports to the General Purposes and Licensing Committee, has responsibility for monitoring the financial position of the Pension Fund (including consideration of the triennial actuarial valuations), investment of the Pension Fund (including the appointment of external investment managers) and also oversees the management of the Council's additional voluntary contributions scheme. The Pensions Investment Sub-Committee is responsible for the prudent and effective stewardship of the Fund and, as such, oversees the monitoring and management of risk. External investment manager performance is reviewed through quarterly reports and any matters arising are considered by the Sub-Committee.

### 3.7 Under the Council's Scheme of Delegation:

- responsibility for the day to day administration, including the determination and application of LGPS Regulations, has been delegated to the Director of Finance;
- the application of all matters relating to ill-health retirement has been delegated to the Director of Human Resources;
- the Director of Finance and Director of Human Resources have joint authority to determine future applications for early payment of deferred benefits and for ensuring the Council's responsibilities under the requirements of automatic enrolment are met;
- applications for early retirement and flexible retirement are usually considered by a Chief Officer Early Retirement Panel.

3.8 The proposals issued by Government in the draft regulations and associated guidance introduce a new governance structure for the LGPS from 1<sup>st</sup> April 2015. The proposals are designed to improve and strengthen fund governance and decision making and impose new duties and responsibilities for administering authorities. The structure can be summarised as follows:

Secretary of State:	being the "responsible authority" who may make Regulations for the scheme (established in accordance with Section 2 of the 2013 Act).
Scheme Advisory Board:	with responsibility for providing advice to the Secretary of State on the desirability of changes to the Scheme; also responsible for advising administering authorities and local pension boards with regard to the administration and management of the Scheme and of individual Funds (as required under Section 7 of the 2013 Act).
Administering Authority:	being the "scheme manager" responsible for managing or administering the scheme (as required under Section 4 of the 2013 Act).
Local Pension Board:	with responsibility for assisting the administering authority in relation to specified matters (as required under Section 5 of the 2013 Act).
Pensions Regulator:	an existing body whose regulatory powers were extended (under Section 17 and Schedule 4 of the 2013 Act) to cover some aspects of the LGPS.

3.9 The new structure expands the current role of the Pensions Regulator to include the regulatory oversight of aspects of the governance and administration of public service pension schemes, including the LGPS. This does not extend to cover areas such as the funding and investment of Funds. The Regulator has issued a draft Code of Practice applicable to administering authorities, some of which directly applies to local pension boards. To date the Regulator has said that their role will be to educate and enable and will only enforce action in extreme cases where authorities may disregard statutory requirements. Nonetheless, this does introduce a fresh regulatory dimension for local authorities to consider.

3.10 As the "scheme manager", the Council has ultimate responsibility for both the administration and management of the scheme locally as well as employer responsibilities and responsibility for funding and investment decisions. No changes are proposed to the current structure or levels of delegation, as set out in paragraphs 3.6 and 3.7. However, Government's intention is that the establishment of a Local Pension Board will provide additional governance and oversight. Whilst the Board itself will have no decision making powers, it may make recommendations on compliance and governance issues.

- 3.11 The requirement to establish a Local Pension Board represents a significant change to existing governance arrangements. The key role of the Board is to “assist” the administering authority in securing compliance with LGPS Regulations and other relevant legislation as well as any requirements imposed by the Regulator. This covers the administration and management of the scheme and extends to regulatory matters relating to funding and investments. Final guidance is still awaited concerning the scope of the Board and whether there are any specific requirements.
- 3.12 The Board must be established by 1<sup>st</sup> April 2015, meaning its composition and terms of reference must be approved. The Board is required to be operational within a ‘reasonably practicable’ period and by 1<sup>st</sup> August 2015 at the very latest.
- 3.13 Under existing draft Regulations, the Board must consist of an equal number of employer and Scheme member representatives with a minimum of number of four in total. Administering authorities may also appoint others to sit on the Board, including an independent chair, if they so wish. An employer representative must be able to represent the full range of employers in the Bromley Fund whilst member representatives must be able to stand for all Fund members including active, deferred and pensioner members. A role description and person specification will be drawn up to assist the nomination and appointment process.
- 3.14 The Regulations require that Board members have relevant experience and the capacity to properly represent the employers and members of the Fund. However, no officer or elected Member who is responsible for the discharge of any local government pension functions may be a member of the Board. Board members are also required to have a degree of knowledge and understanding of the law relating to pensions and be familiar with LGPS and other relevant Regulations. Administering authorities are responsible for supporting Board members in meeting these requirements through induction, knowledge sharing and ongoing training.
- 3.15 The function of a Local Pension Board may only be undertaken by an existing pensions committee with Secretary of State approval and could be subject to conditions. However, somewhat contradictory, as set out in paragraph 3.14, it is not permitted for an officer or Councillor who is responsible for the discharge of any function under the LGPS Regulations or other relevant legislation to be a member of the Board. Consequently, Members of both the General Purposes and Licensing Committee and Pensions Investment Sub-Committee would be excluded from becoming Board members as would officers who have delegated authority for pensions related matters or who are responsible for operational matters on a day to day basis.
- 3.16 At the time of writing, final regulations and accompanying guidance have yet to be issued although no fundamental changes are currently anticipated. An update will be provided at the meeting if any further information is available. Given the requirement for a Local Pension Board to be established by 1<sup>st</sup> April 2015, Members are requested to approve the draft composition and terms of reference and to delegate authority for any changes arising from the issue of final Regulations to the Director of Finance in consultation with the Chairman of both General Purposes and Licensing Committee and Pensions Investment Sub- Committee.
- 3.17 It is initially proposed that the Board is made up of 4 members, to include 2 employer and 2 member representatives. This will ensure that cost implications are kept to a minimum as well as the impact on existing resources required to implement and support the Board whilst at the same time ensuring regulatory requirements are met. The process of nomination and appointment, as well as the need for sufficient induction and training, will also be more manageable than seeking to appoint a larger number of Board members. There is nothing in the Regulations to prohibit an expansion of the Board at a later date should this be considered necessary.

- 3.18 Draft terms of reference setting out the composition, role and principal functions of the Local Pension Board are attached at Appendix 2. The existing Pension Fund Governance Policy Statement will need to be revised accordingly and, following revision, be published on the Council's website. In recognition of the requirement for representatives of scheme employees on the Board, consultation on these draft terms will be undertaken with departmental representatives and recognised trade union representatives through the established forum. Any agreed changes will need to be reflected in the final published terms of reference and Members are requested to delegate authority to the Director of Finance, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee, for such amendments to be made.
- 3.19 It is proposed that the Board will meet twice a year and produce an annual report to full Council via Pensions Investment Sub-Committee and General Purposes and Licensing committee. The report will include a summary of the work the Board has undertaken during the year, details of training received and training needs identified, a draft work plan for the following year and any matters that the Board wishes to raise or bring to the attention of the Administering Authority.
- 3.20 In line with the draft Regulations, Members are requested to approve the composition of the Board and the draft terms of reference.
- 3.21 The Society of London Treasurers recently issued a survey to all London Boroughs requesting details of their proposals for the formation and operation of their Local Pension Board. 26 responses were received and the results are summarised in the table below. It must be stressed that, in many cases, decisions have yet to be considered and approved by Members so may therefore be subject to change.

No. of Board Members	No. of LA's	No. of meetings per annum	No. of LA's	Independent Chair?	No. of LA's	Allowance paid to Board members?	No. of LA's	Who will the Board report to?	No. of LA's	How frequently will they report?	No. of LA's
4	7	2	10	Yes	10	Yes	5	Pensions/Audit Committee or Panel Only	7	Annually	13
5	8	3	3	No	12	No	9	Pensions/Audit Committee or Panel plus Full Council	3	Bi-annually	1
6	6	4	7	Unknown	4	Chair only	6	Full Council Only	6	Unknown	12
7	3	5	1	<b>Total</b>	<b>26</b>	Unknown	6	Unknown	10	<b>Total</b>	<b>26</b>
8	0	Unknown	5			<b>Total</b>	<b>26</b>	<b>Total</b>	<b>26</b>		
9	1	<b>Total</b>	<b>26</b>								
Unknown	1										
<b>Total</b>	<b>26</b>										

- 3.22 All employers and Scheme members must have an equal opportunity to be nominated to become Board members through an open and transparent process. The process for the nomination and appointment of Board members is not prescribed in the Regulations and is to be determined by each Administering Authority. As the largest employer in the Fund, it is proposed that at least one of the two employer representatives be appointed from the Council. Nominations for the other employer representative will be sought from the scheduled and admitted bodies. We will therefore be seeking nominations from all employers in the Fund, including the Council. It is proposed that the employer representatives be formally appointed for a three year term by Council at their meeting on 20<sup>th</sup> April 2015. Should no nominations be received from the other employers in the Fund, both of the employer representatives will need to be selected from Council nominations.
- 3.23 With regard to member representatives, it is proposed that nominations be requested via the Departmental Representatives and Trade Union Forum. Nominations will also be sought through an open advertisement on the Council's website and by letter to scheduled and admitted bodies. It is not proposed to write to scheme members individually. If more than two nominations are received, they will be considered by an appointments panel consisting of the Chief Accountant, Pensions Manager and a representative from Human Resources who will shortlist and interview if necessary. The panel will make recommendations to the General Purposes and Licensing Committee who will be asked to formally appoint the two member representatives at their meeting on 27<sup>th</sup> May 2015.

#### **4. POLICY IMPLICATIONS**

- 4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 Regulation 113 of the draft Regulations provide that the cost of the Local Government Pension Scheme Advisory Board be defrayed by administering authorities in such proportions as are determined by the Board. This will be based on its annual budget, as approved by the Secretary of State, and the number of persons for whom we are the appropriate administering authority. It is acknowledged that further work is needed to ensure the Board is adequately funded to enable them to carry out their agreed work plans and that the cost to administering authorities is fair and represents value for money. At this stage it is not possible to estimate the likely costs involved as no information is available but it is confirmed that they are to be treated as administration costs of the scheme and are therefore correctly chargeable to the Pension Fund.
- 5.2 Although permitted under Regulations, it is not proposed to pay Local Pension Board members an allowance. As set out in the draft terms of reference, remuneration for Board members will be limited to a refund of actual expenses incurred in attending Board meetings and training.
- 5.3 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This will be done within existing in-house resources wherever possible.



- 5.4 There may be costs arising from legal, technical and other professional advice that may be required by the Board on an ad-hoc basis. Costs may also be incurred in providing adequate and suitable training, both initially and on an ongoing basis, for Board members to ensure that they are equipped to fulfil the requirements of the role. It is difficult to quantify these costs at the present time as the extent of support and training required will be dependent upon the level of existing knowledge and experience of individual Board members. However, officers will seek to keep any such costs to a minimum through the use of existing in-house expertise as well as exploring opportunities for shared learning with other boroughs where appropriate.
- 5.5 Any costs arising from the establishment and operation of the Local Pension Board will be treated as appropriate administration costs of the scheme and, as such, will be correctly chargeable to the Pension Fund.

## 6. LEGAL IMPLICATIONS

- 6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014.
- 6.2 LGPS Regulations 2013 came into force on 1<sup>st</sup> April 2014 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 were published on 10<sup>th</sup> March 2014.
- 6.3 Consultation on LGPS (Amendment) (Governance) Regulations 2014 – Better Governance and Improved Accountability in the Local Government Pension Scheme ended on 21<sup>st</sup> November 2014. The new governance structure for the LGPS and other public service pension schemes comes into force on 1<sup>st</sup> April 2015 and final Regulations are awaited.

## 7. PERSONNEL IMPLICATIONS

- 7.1 Each administering authority is responsible for managing and administering the LGPS in relation to any person for whom it is the appropriate administering authority under the Regulations.
- 7.2 The Council is required to enrol all eligible employees into the LGPS unless they are entitled to enrolment in the Teachers' Pension Scheme or the NHS Pension Scheme. Employees may opt out of the relevant Pension Scheme thereafter if they so wish.
- 7.3 It is intended to consult with departmental representatives and recognised trade union representatives at the corporate forum held by the Director of Human Resources in February.

<b>Non-Applicable Sections:</b>	None
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2014; Local Government Pension Scheme Regulations 2013; Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

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## Financial Services

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Robert Ellis  
 LGPS Governance Regulations 2014  
 Department for Communities and Local  
 Government  
 Workforce Pay & Pensions  
 2nd Floor  
 South East Quarter  
 Fry Building  
 2 Marsham Street  
 London SW1P 4DF

24 November 2014

Dear Mr Ellis

**The Local Government Pension Scheme (Amendment) (Governance) Regulations 2014 – Better Governance and Improved Accountability in the Local Government Pension Scheme**

This letter sets out the London Borough of Bromley's formal response to the consultation on the Local Government Pension Scheme (Amendment) (Governance) Regulations 2014. We welcome the opportunity to comment on the draft Regulations and proposals on cost control.

As you will be aware, this consultation is running concurrently to that of the LGPS Shadow Scheme Advisory Board concerning guidance on the draft regulations. Cllr Simon Fawthrop (chairman of Bromley's Pensions Investment Sub-Committee) has provided an early response in relation to the SSAB's consultation (copy attached). As the views expressed are also pertinent to this consultation, I would request that you consider his response together with this submission.

The Regulations describe the role of a local pensions board being to 'assist the administering authority in ensuring compliance with the Regulations' and 'ensuring the effective and efficient governance and administration of the scheme'. Clearly, we agree that oversight and good management are crucial but do not agree that the establishment of a local pension board will add any value in the management and administration of the scheme. To establish a board of four members, made up of two employer and two member representatives, only serves to add a further layer of bureaucracy with no visible benefit.

We are firmly of the opinion that through our established committees (Pensions Investment Sub-Committee and General Purposes and Licensing Committee), we have a robust structure already in place for the oversight and scrutiny of the fund. An expansion to the remit of these already established

committees, would better deliver the outcomes anticipated from the establishment of a new local board.

We have noted that regulation 106(2) states that, subject to approval from the Secretary of State, the option of combining the pensions committee and local pension board remains a possibility. However, it would appear impossible for this to occur while at the same time satisfying regulation 107(3).

A further concern to Bromley is the task of populating a local pensions board. The regulations require an administering authority to be satisfied that employer and member representatives appointed to a local pension board have the relevant experience and capacity to perform their role. The draft guidance makes clear that the legal responsibilities for each board member commence from day one. However, owing to regulation 107(3), seemingly those with the requisite knowledge and experience are prevented from membership of the board. We anticipate that finding suitably qualified individuals to join the board will be extremely difficult, and will therefore result in a hugely onerous training exercise. This may very well have a negative impact in not only attracting but retaining potential members to the board, for what will be an adjunct role to their existing work/life commitments.

Regulation 107(3) also appears to prevent officers or elected members of an administering authority, responsible for the discharge of any function under the LGPS regulations, from sitting on the board of another administering authority. Although probably not by design, an amendment would be welcome, in allowing administering authorities to use the knowledge and expertise of those at other authorities.

We have previously expressed concerns about the complexity of the new Local Government Pension Scheme, and the associated impact on the resources needed to both manage and administer the scheme. The addition of a separate local pensions board simply adds to this pressure on administering authorities (eg. providing the required level of support, training, administration, etc.)

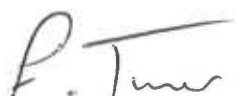
We are of the view that the introduction of local pension boards should be optional. It may indeed offer a template for those authorities who feel they do not have mechanisms in place to achieve greater standards of scheme governance. However, for those authorities with established committees already in place, the same outcomes can be achieved without the additional time and cost pressures generated by the introduction of a local pensions board.

We note that the proposals on scheme governance and cost management are key to providing a level of protection for scheme employers and taxpayers against rising pension costs and welcome the introduction of an employer cost cap mechanism. However, we continue to express concern that the scheme is not sustainable in the longer term. Pension fund costs and deficit liabilities are a significant financial burden on local authorities and we have previously expressed disappointment that scheme changes did not go far enough to deliver the proposed level of savings and address the financial pressures facing local authorities.

We would like to see further development within the cost control system to provide a better balance between employee and employer contributions to deliver real savings to local authorities and ultimately council tax payers.

In summary, we remain extremely concerned that the time and resource required in establishing and maintaining the Local Pensions Board may very well not be compensated by the improvements to scheme governance it intends to generate. Consequently, there is a danger that this may ultimately represent a deterioration in value for money to council tax payers of the London Borough of Bromley.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Turner', with a long horizontal stroke extending from the top of the 'P'.

Peter Turner  
Director of Finance

**c.c Liam Robson, Shadow Scheme Advisory Board Secretariat**

**From:** Fawthrop, Simon, Cllr  
**Sent:** 18 October 2014 09:51  
**To:** 'Liam Robson'  
**Subject:** RE: Shadow Scheme Advisory Board issues consultation on draft Local Pension Board guidance

Hi Liam

My comments are that a local pensions board is potentially a big improvement where nothing currently exists. However in the majority of cases in Local Authorities where we have a full range of governance via existing pensions committees, such a board does not add any value and actually increases the burden, bureaucracy and cost to the pensions schemes.

It appears the way forward is that where suitable governance does not exist then Boards should be introduced, but where suitable governance does exist the current arrangements should remain in force. There may be a requirement for a local authority to demonstrate that governance exists, possibly every 3 years in line with the tri-annual valuation.

I would also go one step further and suggest that where good governance already exists to compel the use of local pensions boards would in the short to medium term be both disruptive and counter productive.

A better change to the rules would be to look at the recovery period used to fund pensions deficits, this might be restricted to a particular period for example a maximum of 21 years. My own preference is that the recovery period should be no more than 12 years. This will act as a disincentive to constantly prolong the repayment period as happens in some local authorities and pension schemes and an additional incentive to look at investments cautiously.

Regards

Simon

---

Cllr Simon Fawthrop  
Cllr for Petts Wood & Knoll Ward  
London Borough of Bromley

[www.bromley.gov.uk](http://www.bromley.gov.uk)

# The London Borough of Bromley

## Local Pension Board

### Draft Terms of Reference

## **Draft Terms of reference for the Local Pension Board of the London Borough of Bromley Pension Fund**

1. This document sets out the terms of reference for the Local Pension Board of the London Borough of Bromley Pension Fund as required by the Public Service Pensions Act 2013 and the Local Government (Amendment) (Governance) Regulations 2014.

### **Scheme Management**

2. The London Borough of Bromley, as administering authority, is the Scheme Manager . Its functions are discharged in accordance with the Council's scheme of delegation by:
  - General Purposes and Licensing Committee
  - Pensions Investment Sub-committee (Sub-committee to the General Purposes and Licensing Committee)
  - Director of Finance

### **The Local Pension Board**

3. The role of the Local Pension Board is to:

Assist the London Borough Bromley, as the administering authority

  - to secure compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme;
  - to secure compliance with requirements imposed in relation to the scheme by the Pensions Regulator;
  - in undertaking any relevant work as requested;
  - in such other matters as the scheme regulations may specify.
4. The Local Pension Board will ensure that the Code of Practice on governance and administration issued by the Pensions Regulator is complied with. The Board will also ensure that it complies with the knowledge and understanding requirements in the Pensions Regulator's Code of Practice.
5. The Local Pension Board is accountable to the Pensions Regulator, the National Scheme Advisory Board and the Administering Authority in their role as Scheme Manager. The National Scheme Advisory Board will advise both the Department for Communities and Local Government (DCLG) and the Bromley Pension Fund. The Pensions Regulator will report to DCLG but will also be a point of escalation for the Local Pension Board for matters such as whistle blowing or similar issues (supplementary to the whistle blowing policy and anti- fraud and corruption policies operated by the administering authority).



6. The principal functions of the Local Pension Board shall include, but not be limited to:
  - Reviewing decision making processes, policies and procedures to ensure they are compliant with relevant Regulations;
  - Seeking assurance that these are followed and adhered to with regard to Pensions decisions;
  - Seeking assurance that administration performance is in compliance with the Council's performance framework and that monitoring arrangements are adequate and robust;
  - Considering the effectiveness of communication with employers and scheme members including a review of the Communication Strategy;
  - Considering and commenting on internal audit recommendations and external auditor reports.

Any complaint or allegation of a breach of the Regulations brought to the attention of the Local Pension Board shall be dealt with in accordance with the Code of Practice as published by the Pensions Regulator.

### **Frequency and Notice of Meetings**

7. The Local Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively. There will be no fewer than two meetings in each financial year.
8. The Pensions Manager shall give notice to all Local Pension Board members of each meeting of the Board, including the date, location and time of the meeting and shall ensure that a formal record of the Local Pension Board proceedings is maintained.
9. Papers will be provided at least one week before each of the formal Local Pension Board meetings.
10. All agendas and non-confidential Local Pension Board papers and minutes of meetings will be published on the London Borough of Bromley website, together with the Board Terms of Reference and details of the Board membership.

### **Membership**

11. The Local Pension Board shall consist of 4 members and be constituted as follows:

<b><u>Number</u></b>	<b><u>Constituency</u></b>	<b><u>Definition / Constraints</u></b>
2	Employer	To represent all employers within the fund
2	Scheme Member	To represent all members of the scheme (active, deferred and pensioner)

12. The term of office for all members of the Board is three years. Members may at the end of their term, express the wish to be considered for reselection.
13. Local Pension Board members must meet key attendance and training requirements to retain their membership during this period.
  - a member must endeavour to attend all meetings of the Board.
  - the training plan produced by the Pensions Manager must be complied with by each member.
  - the Pension Regulator's Code of Practice must be complied with.
14. All employers and members within the Bromley Fund must have an equal opportunity to be nominated for the role of employer and member representative respectively.
15. For the purpose of appointing employer representatives to the Board, nominations will be sought from all fund employers including the London Borough of Bromley. Formal appointments will then be made by full Council.
16. For the purpose of appointing member representatives to the Board, nominations will be requested through the Departmental Representatives and Trade Union Forum with further nominations being sought via an advert placed on the Council's website and by way of a written appeal to all scheduled and admitted bodies. Where more than two nominations are received candidates will be considered, shortlisted and interviewed by an appointments panel who will then make recommendations to the General Purposes and Licensing Committee to formally appoint. The appointments panel will consist of the Chief Accountant, the Pensions Manager and an officer from Human Resources.
17. If a Local Pension Board member acting as an employer representative leaves the employment of the employer they are representing they will no longer be eligible to sit on the Board.
18. In the event of consistent non-attendance of a Board member, or for failure to meet key attendance and training requirements as set out in (13) above, the tenure of that membership will be reviewed. In the case of a member representative, this will be done by the appointments panel who may make recommendation to General Purposes and Licensing Committee for the membership to be revoked if considered necessary. In such event, there will be a right of appeal to the Director of Finance prior to any recommendation. In the case of an employer representative, any such decision will be considered by Council.
19. If an employer or scheme member representative wishes to resign they must write to the Pensions Manager, giving at least one months' notice.
20. The Chairperson of the Local Pension Board will be rotated on an annual basis between a member representing employers and those representing scheme members.

21. It will be the role of a representative acting as Chairperson to
  - Agree and set the agenda for a meeting of the Board
  - Manage the meetings to ensure that the business of the meeting is completed in the agreed time
  - Ensure that all members of the Board show due respect for process and that all views are fully heard and considered
  - Strive as far as possible to achieve a consensus as an outcome
  - Ensure that the actions and rationale for decisions taken are clear and properly recorded.
22. Personal attendance is expected of all Board members, at all meetings with no provision for a substitute.
23. The Board may, with the approval of the Chief Accountant, co-opt persons who are not members to aid the Board for a period of time or for a specific task where this would provide additional skills, knowledge or experience. The co-opted members would not be permitted to vote.

### **Quorum**

24. Three of the four Board members must be present for a meeting to be quorate. If the Chairperson is absent at a meeting and there is a quorum then the attending members must choose a Chairperson to preside over that meeting.

### **Knowledge and Skills**

25. A member of the Pension Board must be conversant with
  - The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
  - Any policies, procedures or decision making processes about the administration of the LGPS adopted by the London Borough of Bromley Pension Fund.
26. A member of the Local Pension Board must have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in Regulations.
27. It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
28. Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.
29. Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

## **Standards of Conduct and Conflicts of Interest**

30. The role of the Local Pension Board members requires the highest standards of conduct and therefore the 'seven principles of public life' will be applied to all Local Pension Board members. Board members will be required to observe both The Code of Conduct for Councillors and Co-Opted members and Data Protection policies of the London Borough of Bromley. The Board is required to always act within these terms of reference. In accordance with the Public Service Pension Act 2013 a Board member must not have a financial or other interest that could prejudice them in carrying out their Board duties. This does not include a financial or other interest arising merely by virtue of membership of the LGPS.
31. As such all members of the Pension Board will be required to declare any interests and any potential conflicts of interest in line with the requirements of the Public Service Pensions Act 2013 and The Pension Regulator's code. These declarations are required as part of the appointment process, as well as at regular intervals throughout a member's tenure.

## **Reporting**

32. The Board is expected to produce a single Annual Report to the Pensions Manager which should include:
  - A summary of the work of the Local Pension Board and a work plan for the coming year
  - Details of areas of concern reported to or raised by the Board and recommendations made
  - Details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
  - Any areas of risk or concern the Board wish to raise with the Scheme Manager
  - Details of training received and identified training needs
  - Details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
33. Although the Board is only required to produce a single Annual Report minutes for each meeting of the Board will be published on the Council's external website.
34. Should the Board have concerns believed to be sufficiently serious that they should be reported at a higher level than is standard (to the Pensions Manager) they should report to the Chief Accountant or the Director of Finance. This may include, but not be limited to, occasions where the Board feel that previous recommendations have not been acted upon. In extreme cases such as a fundamental breach of Regulations or a fundamental failure by the Administering Authority to ensure effective governance of the fund, the Board may consider reporting to the National Scheme Advisory Board and/or the Pensions Regulator.

## **Expertise and Advice**

35. It may be necessary for the Local Pension Board to draw on particular experts or expert groups to aid and support its responsibilities. This may include, but is not limited to, actuaries and lawyers. This will be done on an 'as required' basis, via the Pensions Manager. Any expert advisor attending a meeting of the Board is not a Board member and does not have a vote. The Board is not permitted to create sub-boards or working groups.

Below is a list of some of the potential advisers that may be considered appropriate to advise the Board.

- A Governance Adviser
- The Fund's Actuary
- The Fund's Administrator (external contractor)
- The Fund's Legal Adviser
- The Fund's Investment Manager(s)
- The Fund's Investment Adviser(s)
- The Pensions Manager

## **Remuneration**

36. Remuneration for members of the Local Pension Board will be limited to a refund of actual expenses incurred in attending Board meetings and training. It is expected that employers of board members will provide appropriate capacity to allow the member to perform this role within their normal working day without any reduction to pay.

Expense claims should be submitted no later than 1 month following the incursion.

## **Publication of Local Pension Board Information**

37. Up to date information will be posted on the London Borough of Bromley website showing:
- Names and information of the Local Pension Board members
  - How the scheme members and employers are represented on the Local Pension Board
  - Responsibilities of the Local Pension Board as a whole
  - Full terms of reference and policies of the Local Pension Board and how they operate
  - Local Pension Board appointment process

## **Review**

38. These terms of reference will be formally adopted by the Board at its first meeting and be reviewed after the Board has been fully operational for a period of one year.

The Pensions Manager is authorised to make minor amendments, consequential upon statutory or regulatory change, or to update arrangements consequential on other external factors.

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Report No.  
CSD15015

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE

**Date:** 10<sup>th</sup> February 2015

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

**Title:** MEMBERS' ALLOWANCES SCHEME 2015/16

**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

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1. Reason for report

- 1.1 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year and this report details the proposed allowances for 2015/16. The allowances have remained frozen since 2009 due to the economic circumstances and the pressure on the Council's budgets, but Members have the option to increase the allowances – for example this could be in line with the increase recommended for management grade Council staff. The Mayoral and Deputy Mayoral Allowances are not part of the scheme, but are usually considered in conjunction with it.

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2. **RECOMMENDATION(S)**

**General Purposes and Licensing Committee are recommended to agree that the Members' Allowances Scheme 2015/16 and the Mayoral and Deputy Mayoral allowances for 2015/16 be submitted to Council for approval, and to consider whether to retain allowances at the current level or authorise an increase.**

### Corporate Policy

1. Policy Status: Existing Policy: The proposed scheme for 2015/16 is based on the existing scheme for 2014/15.
  2. BBB Priority: Excellent Council:
- 

### Financial

1. Cost of proposal: Estimated Cost:
  2. Ongoing costs: Recurring Cost:
  3. Budget head/performance centre: Democratic Representation – Members’ Allowances  
Mayoral & Civic Hospitality – Mayoral Allowance
  4. Total current budget for this head: Members Allowances - £1,112,560  
Mayoral Allowance - £22,310 (includes on-costs)  
(As per 2014/15 budget)
  5. Source of funding: 2015/16 Revenue budget
- 

### Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: Statutory Requirement: Sections 18 and 19 of the Local Government and Housing Act 1989, Section 100, Local Government Act 2000, The Local Authorities (Members’ Allowances) (England) Regulations 2003
  2. Call-in: Not Applicable: Making and varying the Members’ Allowances Scheme is reserved to full Council and is not an executive decision.
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 members of the Council
- 

### Ward Councillor Views

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



### 3. COMMENTARY

- 3.1 Every local authority is required to have a basic, flat rate allowance which is payable to all Members. The basic allowance recognises the time commitment of Councillors, including meetings with Council managers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of Councillors' homes. It must be the same for each Councillor and may be paid either as a lump sum or in instalments through the year. Bromley has always paid allowances by monthly instalment.
- 3.2 The regulations governing Members' allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year. Following a detailed review in 2008 Members' allowances were scrutinised by a specially formed Member working party which reported through to the Council. As a result certain allowances were upgraded to reflect current Member duties.
- 3.3 The regulations also provide that before the Council makes or amends a scheme it shall have regard to the recommendations made by an independent remuneration panel report. This requirement does not apply if the only change is the application of an annual indexation increase. London Councils set up an Independent Panel chaired by Sir Rodney Brooke which meets every four years and last reported in June 2014, and this should be taken into account in determining the level of allowances each year. The Panel recommends an amount for the basic allowance for Councillors in London, and suggests amounts in five bands for positions of additional responsibility. Although Bromley's basic allowance is currently very slightly above the level suggested by the Independent Panel in 2014 (which was £10,703pa), Bromley's special responsibility allowances are in general substantially below the levels recommended by the Panel. A summary of the Panel's recommendations is set out in **Appendix 1**.
- 3.4 **Appendix 2** shows the scheme and the proposed allowances for 2015/16 in schedule 1, based on the allowances remaining at the same levels. The Mayoral and Deputy Mayoral allowance is not part of the Member's Allowances scheme, but it can also be approved by Council and this is included in the budget for 2015/16. If approved by Council, the Mayoral Allowance would remain at £15,698 and the Deputy Mayoral Allowance at £2,093.

### 4 FINANCIAL IMPLICATIONS

- 4.1 Provision has been made for the allowances in the draft revenue budget for 2015/16 to be approved by Council of £1,041,810 (including inflation of £22,250) for the Members' Allowances Scheme and £22,750 (including £440 inflation) for the Mayoral and Deputy Mayoral allowances. The budget for 2015/16 has reduced as a result of the Government decision to withdraw Members access to the pension scheme.

### 5 LEGAL IMPLICATIONS

- 5.1 The statutory provisions relating to Members' allowances are contained in The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021).

<b>Non-Applicable Sections:</b>	Policy/Personnel
Background Documents: (Access via Contact Officer)	Report from the Independent Panel on Remuneration of Councillors in London (2014) - <a href="http://www.londoncouncils.gov.uk/London%20Councils/Remunerationreport2014.pdf">http://www.londoncouncils.gov.uk/London%20Councils/Remunerationreport2014.pdf</a> Report to General Purposes and Licensing Committee, 4 <sup>th</sup> February 2014 – Members' Allowances Scheme 2014/15

London Councils Remuneration Panel Report - Summary

London Councils Band	Example posts	London Councils Panel Recommendation	LBB Equivalent (2014/15)
<b>Basic Allowance</b>	-	£10,703	£10,872
<b>Band 1</b>	Executive Assistant Sub-Cttee Chairman Leader of 2 <sup>nd</sup> Minority Group Members of Sub-Committees meeting frequently – EG Plans/Licensing/Adoption	£2,392 - £8,941	£3,573 £1,971/£2,772 £3,673 £335/£669
<b>Band 2</b>	Civic Mayor Chairman of Regulatory Cttee Chairman of Scrutiny Panel Leader of principal Opposition Group	£15,876 - £28,581	£15,698 £9,179 £7,140 £7,577
<b>Band 3</b>	Portfolio Holder Chairman of Health & Wellbeing Board Chairman of main Overview and Scrutiny Committee	£35,128 - £41,675	£20,400 £9,176 £7,140
<b>Band 4</b>	Leader	£54,769	£30,600
<b>Band 5</b>	Directly elected Mayor	£81,839	-

## London Borough of Bromley

### Members' Allowances Scheme

From 1<sup>st</sup> April 2015, in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 (2003 No. 1021) [as amended by SI 2003 No. 1692], the London Borough of Bromley will operate the following Members' Allowances Scheme.

1. This Scheme is known as the London Borough of Bromley Members' Allowances Scheme and will operate from 1<sup>st</sup> April 2015 until amended.

2. In this Scheme:

“Councillor” means a member of the London Borough of Bromley who is an elected Member;

“Member” for the purposes of this Scheme shall mean elected Councillors;

“year” means the 12 months ending 31<sup>st</sup> March.

3. The Council in agreeing this Scheme has considered the recommendations of the Independent Panel commissioned by the Association of London Government on the remuneration of Councillors in London entitled “The Remuneration of Councillors in London 2014” published June 2014.

#### Basic Allowance

4. A basic annual allowance of £10,872.02 shall be paid to each Councillor.

#### Special Responsibility Allowances

5. (1) An annual Special Responsibility Allowance will be paid to those Members who hold special responsibilities. The special responsibilities are specified in Schedule 1 (attached).
- (2) During periods after an election when any position of special responsibility is unfilled, the relevant Special Responsibility Allowance shall be payable to the new holder of the position from the day after the previous holder ceases to be responsible.
- (3) The amount of each Special Responsibility Allowance is specified against that special responsibility in Schedule 1. The conditions set out in paragraphs 5(2), 5(4) and 14 apply.
- (4) Where a Member holds more than one position of special responsibility then only one Special Responsibility Allowance will be paid. Subject to sub-paragraph (5), Members may be paid quasi-judicial allowances in addition to a Special Responsibility Allowance.
- (5) All Members of the Plans Sub-Committees, Adoption Panel and Licensing Sub-Committee will be paid a quasi-judicial allowance at an annual rate £669.99 per annum. Where a Member has membership of only one Plans Sub-Committee, the allowance will be set at half that amount, £335.

#### Childcare and Dependent Carers Allowance

6. The Council has agreed that no allowance will be paid for childcare or dependent carers.

### **Co-optees Allowance**

7. The Council has agreed that no allowance will be paid for co-optees.

### **Pensions**

8. All Councillors under the age of 75 are entitled to apply for membership of the Local Government Pension Scheme. Both Basic Allowance and Special Responsibility Allowance, including quasi-judicial allowances, will be treated as amounts in respect of which pensions are payable.

### **Travel and Subsistence Allowance**

9. The Basic Allowance covers all intra-Borough travel costs and subsistence. All other necessarily incurred travel and subsistence expenses for approved duties as set out in the Regulations (Regulation 8(a) to (h)) will be reimbursed under the same rules and entitlement as applies to staff. Travel by bicycle will also be paid at the same rates as applies to staff. Claims for reimbursement are to be made within one month of when the costs were incurred.

### **Ability to Decline an Allowance**

10. A Member may, by writing to the Director of Corporate Services, decide not to accept any part of his entitlement to an allowance under this Scheme.

### **Withholding of Allowances**

11. The Standards Committee may withhold all or part of any allowances due to a Member who has been suspended or partially suspended from his/her responsibilities or duties as a Member of the Authority. Any travelling or subsistence allowance payable to him/her for responsibilities or duties from which they are suspended or partially suspended may also be withheld.
12. Where the payment of an allowance has already been made in respect of a period in which a Member has been suspended or partially suspended, the Council may require the allowance that relates to that period of suspension to be repaid.

### **Members of more than one Authority**

13. Where a Member is also a member of another authority, that Member may not receive allowances from more than one authority for the same duties.

### **Part-year Entitlements**

14. If during the course of a year:
  - (a) there are any changes in the Basic and/or Special Responsibility Allowances,
  - (b) a new Member is elected,
  - (c) any Member ceases to be a Member,
  - (d) any Member accepts or relinquishes a post in respect of which a Special Responsibility Allowance is payable, or
  - (e) the Standards Committee resolves to withhold any allowances during the suspension of a Member,

the allowance payable in respect of the relevant periods shall be adjusted pro rata to the number of days.

### **Payments**

15. Payments shall so far as is reasonably practicable normally be made for Basic and Special Responsibility Allowances in instalments of one-twelfth of the amount specified in this Scheme.

### **Inflation Increase**

16. The allowances set out in this Scheme may be increased annually by the same percentage increase as the market movement change for management grade officers under the Council's scheme, such increase to take effect from the start of the financial year. This inflation index will apply until further notice unless the Scheme is revised after consideration of any new Independent Panel report. Where the only change to the Scheme in any year is that affected by such an annual adjustment in accordance with this index, the new uprated allowance rates will apply without further consideration by an Independent Panel.

### **Notification Fee to Information Commissioner**

17. The Council shall reimburse, or pay on their behalf, the annual fee payable by all Councillors to the Information Commissioner.

## Schedule 1

### Allowances for the year ending 31st March 2016

	£
<b>Basic Allowance</b>	10,872.02
<b>Posts of Special Responsibility Allowance</b>	
Leader of the Council	30,600.00
Portfolio Holders (x6)	20,400.00
Executive Members without Portfolio	3,573.22
Executive Assistants (x5)	3,573.22
Chairman of Health and Wellbeing Board	9,179.61
Chairman of Portfolio PDS Committees (x6)	7,140.00
Chairman of Development Control Committee	9,179.61
Vice-Chairman of Development Control Committee	1,971.47
Chairman of Plans Sub-Committees (x4)	2,772.35
Chairman of General Purposes and Licensing Committee	9,179.61
Vice-Chairman of General Purposes and Licensing Committee	1,971.47
Chairman of Audit Sub-Committee	1,971.47
Chairman of Pensions Investment Sub-Committee	1,971.47
Leader of largest Opposition Party	7,577.78
Leader of second largest Opposition Party	3,673.53
<b>Quasi-Judicial Allowances</b>	
Members of one Plans Sub-Committee	335.00
Members of two Plans Sub-Committees	669.99
Members of Adoption Panel	669.99
Members of Fostering Panel	669.99
Members of Licensing Sub-Committee	669.99

Report No.  
CSD15016

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE

**Date:** 10<sup>th</sup> February 2015

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

**Title:** EXECUTIVE ASSISTANTS: ANNUAL REPORT 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:**

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1. Reason for report

- 1.1 As part of this Committee's decisions in relation to the Members' Allowances Scheme 2008/09, it was agreed that this Committee should receive an annual report from each of the Executive Assistants outlining the work they have undertaken over the past year in justification of the receipt of their allowance (currently £3,573.22pa). This decision was reaffirmed by the Committee at subsequent meetings. The Members Allowances Scheme 2014/15 allows for up to five Executive Assistants, but only one Executive Assistant was appointed at the start of 2014/15 – Councillor Diane Smith (Care Services). In January 2015 a second appointment has just been announced – Cllr Will Harmer assisting the Leader. Reports from current Executive Assistants in 2014/15 are due to be attached as **Appendix 1** and will be circulated as soon as they are available.
- 

2. **RECOMMENDATION(S)**

**The Committee is requested to consider and, if appropriate, comment on the submissions received from the Executive Assistants relating to the work they have undertaken during 2014/15.**

<b>Non-Applicable Sections:</b>	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	Previous reports to General Purposes and Licensing Committee

### Corporate Policy

1. Policy Status: Existing Policy: Payments to Executive assistants are made under the London Borough of Bromley Members' Allowances Scheme, which is reviewed annually.
  2. BBB Priority: Excellent Council:
- 

### Financial

1. Cost of proposal: Estimated Cost: In June 2014, only one Executive Assistant was appointed, resulting in an allowance of £3,573.22. A second appointment has only just been made.
  2. Ongoing costs: Recurring Cost:
  3. Budget head/performance centre: Democratic Representation
  4. Total current budget for this head: £1,165,780
  5. Source of funding: 2014/15 Revenue Budget
- 

### Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: None relating to annual reports from Executive Assistants, but requirements relating to the Members Allowances' Scheme are found in Sections 18 and 19 of Local Government and Housing Act 1989, Section 100 of Local Government Act 2000 and The Local Authorities (Members' Allowances) (England) Regulations 2003.
  2. Call-in: Not Applicable: This report does not involve an executive decision
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Currently two Councillors
- 

### Ward Councillor Views

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



Report No.  
CS15014

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE

**Date:** 10<sup>th</sup> February 2015

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

**Title:** SUB-COMMITTEE APPOINTMENTS

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

**Chief Officer:** Director of Corporate Services

**Ward:** N/A

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1. Reason for report

- 1.1 The Labour Group has submitted a number of changes of members allocated to seats on committees and sub-committees, including to its seats on the Pensions Investment Sub-Committee and the Licensing Sub-Committee. Changes to committee memberships will need to be approved by the next full Council meeting, but this committee is requested to confirm the changes relating to its sub-committees.

---

2. **RECOMMENDATIONS**

**(1) That Councillor Angela Wilkins replaces Councillor Peter Fookes as a member of the Pensions Investment Sub-Committee.**

**(2) That Councillor Kathy Bance replaces Councillor Peter Fookes as a member of Licensing Sub-Committee, subject to Councillor Bance being appointed to General Purposes and Licensing Committee by full Council.**

<b>Non-Applicable Sections:</b>	Policy/Finance/Legal/Personnel
Background Documents: (Access via Contact Officer)	Email from labour Group Secretary, 17/12/14

### Corporate Policy

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

### Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Democratic Representation
  4. Total current budget for this head: £1,165,780
  5. Source of funding: 2014/15 Revenue Budget
- 

### Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: N/A
  2. Call-in: Not Applicable: This report does not involve an executive decision
- 

### Customer Impact

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

### Ward Councillor Views

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

Report No.  
CSD15017

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE

**Date:** 10<sup>th</sup> February 2015

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

**Title:** APPOINTMENTS TO OUTSIDE BODIES

**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:** Various

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1. Reason for report

- 1.1 At its meeting on 10<sup>th</sup> June 2014 the Committee made appointments to various outside bodies. This report picks up two outstanding appointments that have arisen since then and provides an update on a number of cases where the Committee asked that the continuing need for appointments to be made was reviewed.
- 

2. **RECOMMENDATIONS**

- (1) **That, subject to suitable nominations being received, appointments to the following outside bodies be made –**

**That Mrs M Jessiman, Mr Robert Mitchell and Councillor Russell Mellor be re-appointed to serve a further four year term on the Beckenham Parochial Charities ending on 24<sup>th</sup> January 2019.**

**That a member be appointed to the Diocese of Rochester Board of Education for the three year term of office ending 31<sup>st</sup> December 2017.**

- (2) **That appointments to the William Mosyer Charity, St Mary Cray, Bromley Relief in Need and the Joanna Collett Charity, Chelsfield remain in abeyance.**

### Corporate Policy

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

### Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Democratic Representation
  4. Total current budget for this head: £1,165,780
  5. Source of funding: Revenue budget
- 

### Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
- 

### 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): N/A
- 

### Ward Councillor Views

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

### 3. COMMENTARY

- 3.1 At the first meeting of each Council year this Committee makes appointments to outside bodies on behalf of the Council. These are mainly annual appointments, but some are for three or four year terms, particularly in a Council election year, and some appointments end on specific dates throughout the year.
- 3.2 The Council appoints six people to the **Beckenham Parochial Charities**. These are four year terms; the appointments of Mr A J Duncan, Mrs G Scales and Mr M J Winsor run until 24<sup>th</sup> January 2017, but the appointments of Mrs M Jessiman, Mrs G Scales and Councillor Russell Mellor end on 24<sup>th</sup> January 2015. Confirmation is being sought that the latter three are willing to be re-appointed for a further four year term.
- 3.3 The Council appoints one member to the **Diocese of Rochester Board of Education** for a three year term of office. The term of former councillor Julian Grainger ended on 31<sup>st</sup> December 2014 and it is recommended that the Committee appoints a replacement.
- 3.4 At the last annual round of outside body appointments in June 2014 there were a number of cases where Members deferred making appointments subject to further investigations being carried out as to whether the appointments remained necessary. Some of these issues have been resolved, but the following cases remain outstanding –

**William Mosyer Charity, St Mary Cray:** This small charity relates to the Ancient Parish of St Mary Cray, and its objective is the relief of persons resident in the Parish who are in conditions of need, hardship or distress. It is possible that it might be merged with other local charities; while this is explored it is recommended that appointments are deferred.

**Bromley Relief in Need Charity:** This charity's objectives are to provide relief from poverty by making grants to individuals within the ancient borough of Bromley (although there is discretion to make grants to those within the wider area represented by the modern borough.) Further information is awaited from the charity.

**Joanna Collett Charity, Chelsfield:** This charity was set up to provide funds for the maintenance of the church of St Martin of Tours, Chelsfield, and in particular the historic tomb of the Collett family. The charity is active and the trustees have been in contact with officers. However, there has been some historical confusion about the charity and a sister charity, the Colegates Charity, and it is recommended that appointments are deferred while the situation is clarified.

<b>Non-Applicable Sections:</b>	Policy/Finance/Legal/Personnel
Background Documents: (Access via Contact Officer)	Outside Bodies Report to Committee on 10 <sup>th</sup> June 2014

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## **AUDIT SUB-COMMITTEE**

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

### **Present:**

Councillor Neil Reddin FCCA (Chairman)  
Councillor Alan Collins (Vice-Chairman)  
Councillors Ian Dunn, Simon Fawthrop,  
William Huntington-Thresher, Russell Mellor and  
Keith Onslow

### **Also Present:**

Mark Bowen, Ian Leadbetter, James Newell, Charles  
Obazuaye, Linda Pilkington, Luis Remedios and Kay  
Weiss

### **13 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies were received from Councillor Nicholas Bennett; Councillor Russell Mellor attended as substitute.

Apologies were also received from Councillor Steven Wells, Councillor William Huntington Thresher attended as substitute.

### **14 DECLARATIONS OF INTEREST**

Councillor Fawthrop declared an interest as his wife was employed by Bromley Adult Education.

Councillor Reddin declared an interest as a governor of St Olave's School, and as the parent of a child at Warren Road Primary School.

Councillor Fawthrop declared an interest as the parent of a child attending a Bromley school.

Councillor Onslow declared an interest as he worked for the Zurich Insurance Company.

Councillor William Huntington Thresher declared an interest as a Member of the scrutiny panel of Affinity Sutton Homes.

**15 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 25<sup>th</sup> JUNE 2014 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION**

**RESOLVED** that the minutes of the meeting held on the 25<sup>th</sup> June 2014 (excluding exempt information) be confirmed.

**16 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

No questions had been received.

**17 MATTERS OUTSTANDING FROM THE LAST MEETING**  
Report CSD 14119

There was a previous issue noted regarding the rate of compliance with the Full Budget Monitoring Process. It was noted that the rate of compliance had increased to 92%, and so this matter could now be closed.

The other matters raised in the Matters Arising report were either implemented or covered within the Internal Audit Progress Report or the Internal Audit Fraud and Investigation.

**RESOLVED**

**(1) that the Matters Arising report be noted.**

**18 ANNUAL AUDIT LETTER & LETTER OF REPRESENTATION**

The Committee were updated with respect to the Annual Audit Letter and the Letter of Representation. It was noted that the Committee normally received the Annual Audit Letter, and that this document summarised the work of the external auditors PWC, for audit work taken in 2013/14. The Letter of Representation was noted by the Committee. The letter detailed the key undertakings given by the Director of Finance to the External Auditors.

Members were informed that the 2013/14 external audit could not be concluded (and the relevant certificate issued) as there had been an objection to the 2012/13 accounts in relation to the Authority's parking enforcement contract.

The Committee were informed that the auditors had issued an unqualified opinion of the accounts, and that they had made four recommendations:

- use of a pension bank account
- refresher training to be provided to surveyors regarding accruals
- amending and review of bank mandate
- recommendations relating to pension leavers on the administration system



With respect to fees, Members heard that the expected fee for dealing with the objection relating to parking enforcement had increased to approximately £32,000--£35,000. The total of the external audit fees was expected to be in the region of £193,000. It was explained to Members that the Annual Audit Letter was a requirement under the Audit Code of Practice, and Statement of Responsibilities of Auditors and Audited Bodies.

The Committee heard that there were four main areas that the auditors wished to highlight:

- 1) The audit raised concerns with how the Authority was going to manage its projected medium term budget gap. It was estimated that the budget gap in 2017/18 would be in the region of £53.1m.
- 2) The way that the Authority accounted for the capitalisation of fixtures and fittings was not in line with Accounting Standards
- 3) The Authority's pension liability was the most significant estimate. The 2013 triennial valuation calculated that the pension deficit at that time was in the region of 18%. To recover the pension deficit over 15 years, it was recommended that the employer contribution rate be set at 15.3%, and that an annual lump sum past-deficit contribution, be set at £5.9m.
- 4) It was noted that from 2013/14 there had been changes to the accounting for defined benefit schemes and termination benefits. The auditors considered that these changes had been dealt with adequately.

Councillor Mellor was of the opinion that it may be prudent to have a separate bank account for the Pension Fund. Members enquired:

- What the estimated cost of setting up a separate pension bank account would be
- Confirmation that there were robust controls to ensure that the fund was ring fenced to pension related transactions.

These questions were subsequently emailed to the Director of Finance for clarification, and an update will be provided to Members in due course.

**RESOLVED:**

- 1) that the Annual Audit Letter from PWC, the External Auditors, be noted**
- 2) that the Letter of Representation from the Director of Finance be noted**

**19 INTERNAL AUDIT PROGRESS REPORT**  
Report: CEO 1402

I. Transforming Community Equipment Services.

The Committee were reminded that previously, audit had identified three priority one recommendations in this area. These areas were Invoicing, Stock/Reconciliation and Charges/Contract monitoring. The Committee were provided with a detailed update, and it was noted that good progress had been made. Members heard that previously, Internal Audit had recommended that a more robust method of checking orders and invoices be introduced in compliance with financial regulations, and that these recommendations had been acted upon.

The Committee were informed that finance had developed new electronic systems to check and to identify discrepancies between orders and invoices, and that as a result of changes recommended by Internal Audit, there had been improvements in the speed of delivery of community equipment.

It was agreed by the Committee that the recommendations concerning *invoices* could now be regarded as implemented.

The Committee then proceeded to look at the issues concerning *stock reconciliation and stock charges*. It was clarified that “non stock” items were simply items that were non-standard, and were not in stock. The Committee were informed that management had acted upon recommendations, and had visited the depot to initiate a reclassification of non stock items to stock items. This process had resulted in a credit to LBB by the contractor of almost £2,000. Other administrative checks had been put in place to increase efficiency and accuracy, and as a result, the Committee regarded the previous recommendations as implemented.

The Head of Internal Audit updated the Committee with respect to the previous problems that had been noted with *contract monitoring*. In view of the recommendations that had been actioned, Members agreed that the recommendations be regarded as implemented.

II. Looked after Children

The Committee went on to discuss the two priority one recommendations that had previously been highlighted regarding payment authorisation and the timely completion of assessments, reviews, and Care Plans. It had been revealed in the most recent audit, two out of the last five cases audited did not have a current care plan, and it was therefore considered that more work was required from management to rectify these issues. It was agreed that this would be tested and reported to the next meeting of the Audit Sub Committee.

### III. Main Accounting System

It was highlighted at the previous meeting of the Audit Sub Committee that the percentage of budget holders actively participating in the full budget monitoring process was statistically low, around 26% to 64%. It had been decided that if future monitoring revealed participation levels below 85%, then this could result in Chief Officers being called before the Audit Sub Committee to explain why this was the case. It was noted at the Committee that this figure now stood at 92% compliance and the recommendation was considered to have been implemented.

### IV. Learning Disabilities Follow Up

Members were reminded that previously, sixteen recommendations had been made in this area, and twelve of these were priority one; the previous audit had resulted in a nil assurance. Members were happy that satisfactory progress was being made towards full implementation of the audit recommendations except in one area. The Committee were notified that the issue of the timely authorisation of cases and issues identified as a result of budget monitoring had not been resolved. An update regarding these matters would be provided in June 2015.

### V. Leaving Care (Payments to Clients)

Kay Weiss (Assistant Director--Safeguarding and Social Care--Children and Young People) and Mr Ian Leadbetter (Head of Social Care—Care and Resources), attended the Committee to provide an update on the current position, and to answer any questions that the Committee would like to ask.

The Committee were reminded that the audit was conducted by the LB Wandsworth; eight priority one recommendations were given, resulting in nil assurance. Wandsworth's audit had focussed on cash based financial support including meeting accommodation and maintenance needs. The audit revealed that there were limited policies and procedures in place, and that *documents* to support *cash* payments were sometimes missing or inaccurate. The Committee heard that there were also poor management and controls with respect to managing and authorising Request for Finance Forms. There was also inadequate documentation to reconcile cash payments to bank accounts.

The Committee were informed that there were further problems with the monitoring of payments, and that part of the reason for this was that there was no centralised log of payments being maintained to ensure that grant payments to clients were not resulting in over payments. The Committee also heard that there was a payment spreadsheet that was used, but that this was only referred to by one person, and that was the Monitoring Officer; this person had now left the service.

The Head of Internal Audit commented that it was clear that the previous system was open to fraud, although no evidence of fraud was found, and that

tighter controls were required. It was also the case that wherever possible, BACS payments should be used.

The Committee looked at Pathway Plans, and were informed that in this regard the problems that existed were that Pathway Plans in some cases did not exist, and in other cases the plans were late in being implemented. The Head of Internal Audit also informed the Committee that the audit had discovered that there was no adequate policy in place to deal with the storage of client belongings, and that there were no adequate petty cash controls in place. The Head of Audit stressed that these recommendations were easy to implement.

Kay Weiss assured the Committee that the relevant lessons had been learned and highlighted by the audit, and that the audit had been helpful. Ms Weiss stated that it was now clear what needed to be done to ensure that the financial regulations were adhered to. Ms Weiss acknowledged the wrong practices that had taken place in the past, but also felt that multiple team changes had not helped the situation. The Committee were informed that around 25% of the clients that the Leaving Care team dealt with did not have access to bank accounts. In many of these cases this was because the clients had no recourse to public funds, and this included bank accounts.

Councillor Dunn enquired how the Leaving Care Grant was administered and this was explained. Councillor William Huntingdon Thresher enquired if any financial advice was provided to the Care Leavers; it was explained that this was provided by the social workers.

The Chairman asked for an explanation of what was involved in "Pathway Plans", and what were the consequences if none were available. Mr Leadbetter explained that these plans constituted a care plan from youth to adulthood; there was a risk of Ofsted non-compliance if none existed.

In conclusion, Ms Weiss stated that she would digest the report, and that it would be used in the future as an aid to performance management. The Committee felt that the problems were easily rectified.

## VI. Review of Family Placements

It was explained to the Committee by the Head of Internal Audit that the review of family placements was carried out subsequent to a request by the Assistant Director for Safeguarding and Social Care. This had resulted in eight priority one recommendations and nil assurance. The Committee Members were concerned about issues of *overpayments* to foster carers.

The Committee were concerned to learn that between the summers of 2010-2014, the value of overpayments was just under £91,000, and that just over £77,000 of this debt was still outstanding. It was apparent that there were significant weaknesses in the financial controls. It was observed that there were four primary reasons that had been identified to cause the overpayments, and these were:

- Service Agreements not being closed in a timely manner
- Lack of understanding of roles and responsibilities
- Lack of understanding of how Carefirst was operating now that it was a financial system
- Insufficient monitoring to identify early alerts.

The Committee were made conversant with the situation pertaining to *Retainers* for foster carers, and that overpayments approximating £2,000 had been identified. There was a need for a diarised system to be set in place to notify management when retainer payment expiry dates had been reached.

The Committee were surprised to learn that no guidance existed concerning *Savings* for young people in foster care, and that no policy existed surrounding the transfer of savings for a child when the placement ended or changed. The Chairman was of the opinion that the savings should be Junior ISA's. Mr Leadbetter advised that these could be difficult to administer.

The Committee proceeded to look at the matter of *Legal Orders* (Special Guardianship Orders and Residence Orders). The Committee were concerned that in most of the cases audited, the legal orders were not available for scrutiny, and it appeared that key documentation was not being retained. It had been clarified during the audit process that there was currently no officer monitoring residence orders. Resultantly, it had been requested that the Carefirst Support Team set up a virtual team for these cases to be allocated to.

The Committee were advised that the rate of payments in respect of *adoption allowances* was not being reviewed annually in line with the adoption regulations, and the audit had discovered that some carers had been overpaid, whereas others had been underpaid. The internal audit had also revealed that there were inconsistencies with the rates of payment regarding *Special Guardianship Orders* and that fifty nine cases had been mis-classified on Care First.

The Committee were informed that the internal audit had raised two priority one recommendations with respect to *training* on Carefirst and on Financial Regulations and Contract Procedure Rules. Management had accepted these findings and recommendations for implementation. The Committee were informed that management had introduced a movement sheet document that was designed to eliminate future cases of overpayments.

The Chairman raised the matter of appropriate training for CareFirst users, and asked if there were any financial constraints concerning this. Mr Leadbetter answered that the matter of Carefirst training was being looked at by Mr David Bradshaw (Head of Finance for Children and Young People). Mr Leadbetter explained that it was not clear if Carefirst was the most appropriate system for the Family Placements Team to use; the possibility of Carefirst "add ons" was being investigated.

Councillor Fawthrop commented that the adoption figures had reduced. Mr Leadbetter responded that this was the result of legislative changes that made courts more wary of issuing adoption orders; it was now the case that adoption orders were issued as a last resort, and that the courts were issuing more Special Guardianship Orders instead. These provided a degree of security but there was a cost to the council. The Committee were informed that last year was not a good one for adoption placements, but that the rates were better this year. However, it was expected that the number of adopters would decrease. The Assistant Director of Safeguarding and Social Care informed the Committee that new data indicated that nationally adoption rates had fallen by 50% over the last year.

Councillor Fawthrop was of the opinion that LBB should make representations to Government in an attempt to rein the courts back in. He also suggested that the report be referred to the Care Services PDS Committee. Members felt that this was not necessary, and that a report should come back to the Audit Committee.

#### VII. Review of Purchasing Cards

The Committee heard that the internal audit had resulted in three priority one recommendations, non claiming back of VAT; non retention of receipts, and the splitting of expenditure. It was estimated that £1121.11 had been lost when VAT had not been claimed back. Managers had since been instructed to conduct an exercise to recheck expenditure to try and claim back unclaimed VAT, and this exercise is ongoing, and that over £6,000 had been identified as being recoverable from HMRC.

#### VIII. Review of Essential Car Users

The Committee were informed that the review had taken place as part of the 2013/14 Internal Audit Plan, when three priority one findings were identified and a limited assurance was given. The audit identified that the Essential Car User criteria may not have been robustly applied to ensure that the Essential Car User Allowance was only awarded to those for whom driving a car/vehicle was an integral and regular feature of the job. The audit noted that there was insufficient monitoring of driving licence and insurance documents. The Essential Car User Scheme would be reviewed by management in 2015. The Director of Human Resources (DHR) appeared before the Committee to provide an update on the current situation, and to answer any questions that arose on the night. The DHR informed the Committee that analysis had been undertaken in conjunction with payroll—in this case just mileage had been looked at. It was noted that drivers had to be insured for business use, which was not the case in many instances. It had also come to light that a driver had been receiving the allowance when not driving, and that this money was being clawed back by the council. One manager had not responded to a request for data. Human Resources were currently undertaking a review of processes and criteria. The DHR informed the Committee that processes were now in place to ensure that managers were pro-actively checking relevant documents like driving licences and business insurance documents. Going forward, the

plan of the council was to reduce the number of drivers claiming the Essential Car User Allowance, and thus save money. The DHR postulated that many jobs could in fact be undertaken without the use of a car, and this was a matter that HR would be looking into.

The DHR stated that HR were looking at a new scheme whereby a single lump payment would be made, and this would save the council money. It was clear however, that there remained certain areas of work where a car would be deemed to be essential regardless of mileage, and the example cited at the meeting was the use of cars by child social workers. There would be situations where a car was required because of the nature of the work, and would not be dependent on mileage.

The Chairman commented that the problem was trying to attain the correct balance, and that other opportunity cost factors (like time wasted on public transport) would also need to be factored in.

Councillor Onslow raised the matter of Insurance, and stated that it needed to be made clear to drivers that they required business insurance. The Council possessed a Contingency Motor Policy, but it was still the case that individuals required business insurance to avoid possible prosecution. Another matter that may need looking into was the age and roadworthiness of vehicles. Councillor Onslow stated that he had previously worked at drafting a Fleet Management Handbook, and offered to assist HR in drafting one for LBB. The Director of HR expressed an interest in meeting with Councillor Onslow to develop this further. The Committee were informed that an allowance did exist for bicycle use, but as the sums involved were small, not many people bothered to claim.

Councillor Fawthrop suggested that LBB look into a Hire Car Account rather than hold a pool of fleet cars, and analyse if this would be a cheaper option for the council. It was agreed that this was a matter that the DHR would investigate with Fleet Management. Councillor Onslow commented that there was a danger with using hire cars with respect to the cars being used for non council business, however there would be no insurance risks with this option.

The Head of Internal Audit informed the Committee that an audit of pool cars was currently taking place. Councillor William Huntingdon Thresher suggested that LBB consider the idea of "Car Clubs".

The discussion around pool cars and the essential car user allowance concluded with the DHR stating that he would be investigating matters further with Fleet Management and with the Executive Director of Environment and Community Services.

#### IX. Primary School

The Committee were informed by the Head of Internal Audit that the audit was undertaken as part of the planned scheme of school audits for 2014/15, and that a priority one finding relating to bank reconciliation had been

recommended. There were also nine priority two findings relating to various matters. The school had agreed all recommendations for implementation.

X. Review of IT Licenses and Asset Register

The Committee discussed IT Licenses and the Asset Register and were informed that LBB had been paying for fobs that were no longer in use. This was mainly because the IT department were not being informed when employees left. The Committee were reassured to learn that Management had given an undertaking to carry out an exercise to ascertain the number of key fobs required before the next invoice was due for 2015/16. Councillor Simon Fawthrop stated that in any future audit concerning fobs, ex councillors should be included. It was noted that there did not appear to be a formal protocol in place concerning IT issues when councillors left LBB.

XI. Audit Activity

The Head of Internal Audit debriefed the Committee on miscellaneous areas of audit activity, and Members were glad to hear that feedback from auditees was positive, and that LBB were now actively seeking to fill the vacant position on the audit team, subject to budgetary constraints. It was noted that “sold services to Academies” was not going to continue, and Councillor Fawthrop praised the Audit Team for the savings that their audits had made.

XII. Request for VfM Study

It was noted that Members had previously requested that the Director of Finance carry out a VfM study offered by Cipfa. Accordingly a report had been drafted by LG Futures and was currently with Chief Officers. This report would be submitted to the next meeting of the Executive and Resources, Policy Development and Scrutiny Committee. Any anomalies would be looked at by the Director of Finance.

XIII. Waivers

The Committee were informed of the controls in place with respect to Waivers, these controls increasing in rigor as the value of the waiver increased. The Committee were provided with a list of waivers under Contract Procedure Rules 3 and 13.1 for their scrutiny.

XIV. Publication of Internal Audit Reports

The Head of Internal Audit explained to Members that since the last cycle of the Committee, twenty five redacted final reports had been published, with exemptions sought for two reports.

XV. Value for Money Arrangements

The Committee were updated with respect to the audit position regarding value for money arrangements as this was an area that had not been audited



recently. The Committee heard that there had been an audit of *Family Placements* that had received a score of 2 out of a possible 4. Management were looking at ways that this score could be improved. The Committee were informed that in terms of VFM, *Temporary Accommodation* was currently being audited, and that an audit of *Planning* was to be completed in the near future.

XVI. Housing Benefit Update

The Committee were updated with respect to the proposed move by the DWP to introduce a Single Fraud Integrated Service (SFIS) which will come into force on the 1<sup>st</sup> July 2015. The current contract with RB Greenwich would be required to end in its current form, but there may be a possibility of some manner of partnership working in the future.

XVII. Web Based Training

The Committee were pleased to hear about the positive uptake of training with respect to Contract Procedure Rules and Financial Regulations. It was reported that 90% of eligible candidates had completed the training and that a revised programme was planned for 2015. Consideration was being given to running a short web based course highlighting the main short comings in audit controls that were identified.

XVIII. Local Audit and Accountability Bill and Post Audit Commission Details

The Head of Internal Audit reminded Members that the Audit Commission was due to close on the 31<sup>st</sup> March 2015. A transitional body would be set up by the Local Government Association to oversee contracts in the meantime. The Committee were also informed that the National Fraud Initiative was going to move to the Cabinet Office, and that the Audit Commission's counter fraud function would transfer to a "Counter Fraud Centre" set up by CIPFA (Chartered Institute of Public Finance and Accountancy). It was also noted that LBB's auditors were going to change from PWC to KPMG.

XIX. Risk Management

Risk management is the identification, assessment, and prioritization of risks, followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events, or to maximise the realisation of opportunities.

The Committee were interested to learn of the formation of the new Corporate Risk Management Group (CRMG) chaired by the Chief Executive that met on 3 November 2014, and agreed new terms of reference. The Group brought together the Risk Management Group, Corporate Health and Safety Committee, Emergency Planning, and Corporate Business Continuity Group. The new CRMG would continue to report to Audit Sub Committee. The

Committee were informed that LBB were looking to develop an e learning training package on Risk Management with the help of the E Learning Team, and Zurich Municipal. Councillor Onslow offered to assist in moving this forward. Councillor Onslow reminded the Committee that it was imperative to have a sound Risk Management system in place to guard against not just physical or financial problems, but also reputational damage.

## **RESOLVED**

- (1)) that the internal audit progress report be noted**
- (2) that the Committee note the Waivers requested since March 2014**
- (3) that the Committee note the internal audit reports published on the web**
- (4) that the Committee agree to exempt two of the audit reports from publication.**
- (5) that an updated report concerning Looked after Children be presented to the next meeting of the Committee**
- (6) that an updated report concerning outstanding issues identified in the Learning Disabilities follow up audit be reported back to the Committee in due course.**

## **20 QUESTIONS ON THE AUDIT SUB COMMITTEE BRIEFINGS**

The following question was raised by Councillor Ian Dunn prior to the meeting:

A number of the reports mention lack of processes and procedures and untrained staff. How does the Council ensure that it does have proper processes in place and that staff are properly trained? Is there some sort of project methodology whereby any business change project has standard deliverables of approved processes and trained staff? Also, how do we obtain this assurance when the process is being carried out by a contractor?

The answer to this question was provided by the Head of Audit:

Any audit recommendations--whether it is to do with processes, procedures, client monitoring, document retention and quality/lack of reporting made by Internal Audit, are followed up by us to ascertain progress on implementation. This would include evidence of action by management, testing on our part and interview of key staff. Therefore in the query you raised on processes being implemented by a contractor, we would look for evidence such as contractor/client meeting minutes that the client side had raised this, and it had been implemented by the contractor. If this was not readily available we would test the process ourselves as we would have rights of access to information.

The follow up process is that if it is a priority one issue reported to Audit Sub Committee we test within six months if possible. Priority two and three recommendations are followed up within a year span or at the next audit if it is an annual audit which most major systems such as creditors, debtors, council tax are.

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

**22 EXEMPT MINUTES OF THE MEETING HELD ON THE 25TH JUNE 2014**

The exempt minutes of the previous meeting of the Audit Sub Committee held on the 25<sup>th</sup> June 2014 were agreed.

**23 INTERNAL AUDIT , FRAUD & INVESTIGATION REPORT**

This report was written to inform Members of recent internal audit activity on fraud and various other investigations across the council. The report provided updates on previously reported cases, expanded on cases of interest, detailed cases on the fraud register, provided information on the forthcoming 2014 National Fraud Initiative exercise, and detailed the reasons given for exemptions sought for not publicising two investigation reports.

These minutes are not published here as they are Part 2 (Private) reports.

**RESOLVED:**

**(1) that the Internal Audit Fraud and Investigation Report be noted**

**(2) that the Committee agree the two exemptions from publication being sought**

The Meeting ended at 10.30pm

Chairman

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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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