

TO MEMBERS OF THE COUNCIL

Notice is hereby given that a meeting of the Council of the London Borough of Bromley is to be held in the Council Chamber at Bromley Civic Centre on Monday 23 February 2015 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

Prayers

A G E N D A

- 1 Apologies for absence
- 2 Declarations of Interest
- 3 To confirm the Minutes of the meeting of the Council held on 8th December 2014 (Pages 3 - 48)
- 4 Petitions (Pages 49 - 54)
- 5 Questions from members of the public where notice has been given.
Questions must be received by 5pm on Tuesday 17th February 2015.
- 6 Oral questions from Members of the Council where notice has been given.
- 7 Written questions from Members of the Council
- 8 To consider any statements that may be made by the Leader of the Council, Portfolio Holders or Chairmen of Committees.
- 9 Budget (Revenue and Capital) and Council Tax setting - to consider the recommendations of the Executive from the meeting on 11th February 2015 (Pages 55 - 116)
- 10 Establishment of Health and Social Care Integrated Commissioning Fund (Pages 117 - 120)
- 11 Refurbishment of Beacon House (Pages 121 - 128)
- 12 Treasury Management - Annual Investment Strategy (Pages 129 - 162)
- 13 2015/16 Pay Award (Pages 163 - 170)
- 14 Pay Policy Statement 2015/16 (Pages 171 - 190)
- 15 Members' Allowances Scheme 2015/16 (Pages 191 - 200)
- 16 Local Pension Board (Pages 201 - 232)

- 17 Committee Membership (Pages 233 - 234)
- 18 To consider Motions of which notice has been given.
- 19 The Mayor's announcements and communications.

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Chief Executive

**BROMLEY CIVIC CENTRE
BROMLEY BR1 3UH
Friday 13 February 2015
Vol.51 No.5**

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the Meeting of the
Council of the Borough
held at 7.00 pm on 8 December 2014

Present:

**The Worshipful the Mayor
Councillor Julian Benington**

**The Deputy Mayor
Councillor Kate Lymer**

Councillors

Vanessa Allen	Simon Fawthrop	Tom Philpott
Graham Arthur	Peter Fortune	Chris Pierce
Douglas Auld	Hannah Gray	Neil Reddin FCCA
Teresa Ball	Ellie Harmer	Catherine Rideout
Kathy Bance MBE	Will Harmer	Charles Rideout
Nicholas Bennett J.P.	Samaris Huntington- Thresher	Michael Rutherford
Ruth Bennett	William Huntington- Thresher	Richard Scoates
Eric Bosshard	Charles Joel	Colin Smith
Kim Botting	David Livett	Diane Smith
Katy Boughey	Russell Mellor	Melanie Stevens
Kevin Brooks	Alexa Michael	Tim Stevens
Lydia Buttinger	Peter Morgan	Michael Tickner
David Cartwright	Keith Onslow	Pauline Tunncliffe
Alan Collins	Tony Owen	Michael Turner
Mary Cooke	Angela Page	Stephen Wells
Peter Dean	Ian F. Payne	Angela Wilkins
Ian Dunn	Sarah Phillips	Richard Williams
Nicky Dykes		
Robert Evans		

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Julian Benington

48 Apologies for absence

Apologies for absence were received from Cllrs Kim Botting, Stephen Carr, Judi Ellis, Peter Fookes, David Jefferys and Terence Nathan.

Apologies for lateness were received from Councillor Ruth Bennett.

49 To confirm the Minutes of the meeting of the Council held on 13th October 2014

Members noted in relation to the motion proposed by Councillor Ian Dunn at the last meeting (minute 46) that the issue had been considered by Executive and Resources PDS Committee on 19th November 2014, after which a letter had been sent to the Chancellor of the Exchequer by the Leader of the Council. Copies of the letter were circulated at the meeting.

The Minutes of the meeting held on 13th October 2014 were confirmed.

50 Declarations of Interest

During consideration of the motions set out in minute 57, Councillor Simon Fawthrop declared an interest as an employee of British Telecom in relation to motion (1) and Councillor Teresa Ball declared an interest as her husband was employed in the financial sector in relation to motion (2).

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

One question had been received from Patricia Trembath. The question and written answer are set out in Appendix A to these minutes.

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

Twelve questions for oral reply and one urgent question had been received. The questions and answers are set out in Appendix B to these minutes.

53 Written questions from Members of the Council

Twenty two questions had been received for written reply. The questions and answers were circulated at the meeting and set out in Appendix C to these minutes.

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

No statements were made.

55 Treasury Management - Performance Q2 2014/15 and Mid-Year Review.

A motion to approve changes to the 2014/15 prudential indicators was moved by Councillor Graham Arthur, seconded by Councillor Colin Smith and **CARRIED.**

56 Council Tax Support/Reduction - 2015/16

A motion to approve the recommendation from the Executive to adopt the Local Council Tax Reduction Scheme for 2015/16 was moved by Councillor Graham Arthur, seconded by Councillor Colin Smith and **CARRIED**.

57 To consider Motions of which notice has been given.

Three motions were considered as follows -

(1) Superfast Broadband

The following motion was moved by Councillor Will Harmer and seconded by Councillor Lydia Buttinger -

“This Council notes the Government’s recent £1 billion investment to secure superfast broadband to 90% of the UK by 2016 and has already seen the positive impact that this investment has in supporting businesses both across the country and in the neighbouring County of Kent.

However, it is disappointed that as a London Borough, Bromley is ineligible for any funding under the Superfast Broadband Programme to improve the very poor provision of Superfast Broadband in the rural parts of the Borough.

It requests that the Secretary of State for Culture, Media and Sport and the Greater London Authority (“GLA”) meet with the Council to discuss how best it can meet the Programme objectives and the needs of our residents and businesses in rural areas and if funding could be extended to provide the required investment.”

The motion was **CARRIED**.

(2) Financial Transaction Tax

The following motion was moved by Councillor Angela Wilkins and seconded by Councillor Ian Dunn -

“It is wrong that local authority funding is continuing to be cut and essential services are being hit in order to pay for the bailout to the financial sector. This Council therefore calls on the Government to introduce a Financial Transaction Tax in order that more resources can be made available to local councils.”

The motion was **LOST**.

(3) Devolution of powers and finance to local councils

The following motion was moved by Councillor Nicholas Bennett JP and seconded by Councillor Colin Smith -

Council
8 December 2014

“This Council notes the proposal to give Scotland more devolved responsibilities and tax raising powers and believes that, as far as practicable, responsibility for local services and their financing should also be devolved down to the most appropriate level of government in England and therefore calls upon the Government to examine how this can be achieved as soon as possible.”

The motion was **CARRIED**.

58 The Mayor's announcements and communications.

The Mayor thanked those Councillors who had attended the Mayoress' ladies lunch on Wednesday 26th November and the Business Reception on Thursday 27th November. Both events had been a great success.

The Mayor invited Members to the following events:

- The Mayor's Christmas Coffee Morning on Tuesday 16th December at 10am, with a choir from Biggin Hill Primary School.
- A Black Tie Boxing Dinner at the Warren on Friday 23rd January 2015, (this was nearly sold out.)
- The annual Quiz Evening in the Great Hall at the Civic Centre on Friday 20th February 2015.

Invitations and further information would be sent out from the Mayor's office nearer the dates.

Mayor

The Meeting ended at 8.56 pm

COUNCIL MEETING

8th DECEMBER 2014

QUESTION FROM A MEMBER OF THE PUBLIC FOR WRITTEN REPLY

(1) From Patricia Trembath, Chair, Crystal Palace Community Development Trust, to the Portfolio Holder for Resources

What are the statutory and other duties and responsibilities placed on a local authority to maintain properties which it owns and manages on behalf of local council tax payers?

Reply:

All organisations that own property irrespective of whether they are a Local Authority, have a number of maintenance responsibilities.

Many of our Buildings in addition to them being places of work, are also open to the public, we have then a range of statutory duties to fulfil which for example we undertake through Cyclical maintenance.

Cyclical Maintenance involves Statutory inspection and testing to mandatory schedules, as deemed by statute, on a range of areas which include; Asbestos Management, Electrical Wiring, Gas Appliances and Pipework, Water Hygiene, Air Conditioning Systems, Fire Alarm Installations and Emergency Lighting.

We also identify a programme of Planned Maintenance Works for major refurbishment/replacement works.

Our Reactive Maintenance Works then address minor day to day repairs which fall outside the Cyclical and Planned Maintenance programmes.

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COUNCIL MEETING

8th December 2014

QUESTIONS FOR ORAL REPLY FROM MEMBERS OF THE COUNCIL

1. From Cllr Michael Rutherford to the Portfolio Holder for Renewal and Recreation

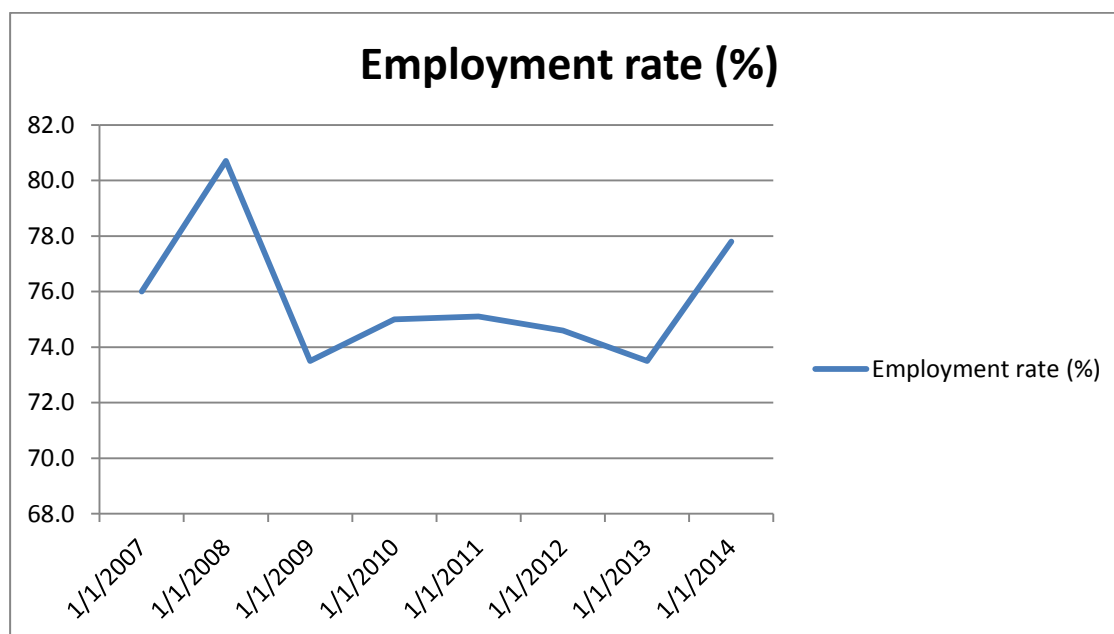
How have levels of employment in Bromley changed over the last three years, and how does that compare to the three years leading to May 2010?

Reply:

In the past three years (2011 – 2014) the employment rate (people in employment as a percentage of the working age population of the borough has fluctuated as follows:

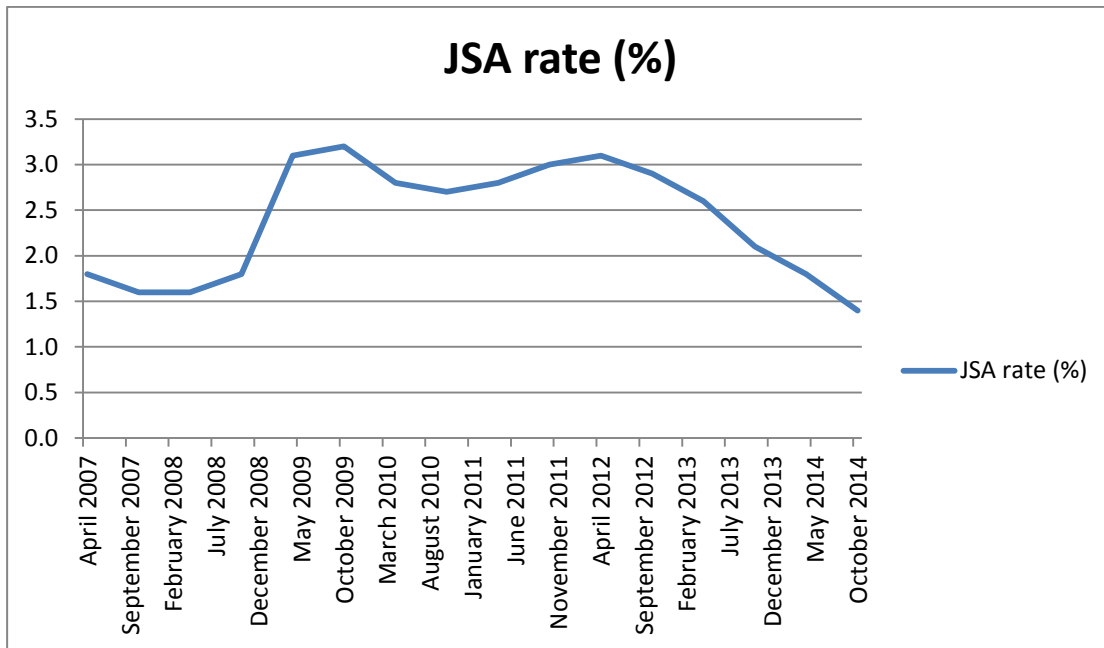
- 75.1% in the year to June 2011
- 74.6% in the year to June 2012
- 73.5% in the year to June 2013
- 77.8% in the year to June 2014 (latest data)

Graph tabled at the meeting -



Looking at the unemployment rate, the number of people on JSA (Job Seekers Allowance), it was 3.1% in April 2012, and it is now (October 2014) 1.4%, so that is really quite good.

Graph tabled at the meeting -



2. From Cllr Kathy Bance MBE to the Portfolio Holder for Care Services

Can the Portfolio Holder confirm that there will be an emergency homeless hostel in Bromley this winter?

Reply:

Yes, I can confirm that the winter shelter opened on Wednesday 3 December and runs for 3 months. Referrals are direct from housing options. It is not just a shelter – it is a variable thing and it goes around the centre of Bromley. Five different churches, to all of which we very grateful, provide the venues.

Supplementary Question:

Are you able to circulate contact details so that we can offer our support, and offer supplies to help them?

Reply:

Councillor Evans agreed to supply details.

3. From Cllr Ian Dunn to the Portfolio Holder for the Environment

Will the Portfolio Holder confirm whether the Council will be following previous practice and waiving road closure notice fees for the Big Lunch in June 2015?

Reply:

The Council will be advertising this event early in the New Year in an attempt to stimulate widespread Borough wide interest in it.

The more residents groups and various Associations who express a mutual interest to hold such an event and thereby dilute the cost of processing the necessary legal paperwork, the happier I shall be. The Council does not rule out funding it, but clearly this is a community event and should be paid for by the community.

Supplementary Question:

Does the Portfolio Holder agree that events such as the Big Lunch are a great opportunity to infuse community spirit across the borough and should be generally supported by the Council?

Reply:

In very large parts I would agree, and this Council does have a proud record in supporting community events of all description. The problem moving to the future, unfortunately, is that there is no money to pay for many of the things that we have held dear in the past. Hopefully, we will find a way through for next summer, and I would like to try to offer another date for residents groups as not all groups will find a particular given date suitable. Watch this space, and there will certainly be an announcement very early in the New Year on this.

4. From Cllr Angela Wilkins to the Portfolio Holder for the Environment

When preparing for the privatisation of "Facilities Management", how will the financial value of the current input of volunteers (e.g. Bromley Countryside Volunteers and various Friends groups) into work done in our parks be calculated? What will the Council do to find out the effect of any privatisation of the parks services on the willingness of these volunteers to continue to make their contribution? Does the Portfolio Holder agree with me that there is a danger here of a contract being implemented which could easily overlook the contribution made by these volunteers and that the natural environment of our Borough would suffer as a consequence?

Reply:

The preparation for the potential outsourcing of a "Facilities Management" contract does not include the Parks and Green space portfolio.

Discussions concerning the future of our Parks and Green Spaces Service remain ongoing under separate cover with potentially affected staff being consulted at this time and over coming weeks.

Having worked with a dedicated team of Council officers for the past 8 ½ years moulding the Bromley Friends of Parks movement into the national leading network that it has become today, I would have to say no, the Portfolio Holder does not agree with any downbeat assessment of that possibility that has been raised in the question arising.

Supplementary question:

Given that contractors are inevitably driven by the profit motive, if we were to commission these services, what can the Council do to ensure that we do not have species damaged or inadvertently neglected as a consequence of lack of training or education?

Reply:

The first thing to notice about outsourcing is that it is not a wholly evil thing, not least around the Parks Service which was partially outsourced in the early 1990s. Many of

our contractors were employed at that time and still exist today. The direct answer, important in any industry or walk of life, is that when you do contract out any company does look to make a profit. I do not think that is a wholly evil thing – with profits they re-invest in infrastructure and employ people and I think that is virtuous and for the good of society. The one thing we must do as contractors, and I suspect we would agree on this, is that we must contract manage very carefully to ensure that the service we are paying for is the service that is delivered, and where a contractor falls short we either get financial reparation for that or ultimately we change the contractor.

5. From Cllr Nicholas Bennett JP to the Portfolio Holder for Resources

What progress is being made with regard to the application by residents of Long Meadow Close, West Wickham, to purchase land owned by the Council adjacent to their back gardens?

Reply:

The land is owned by the Council, but is part of Langley Park Golf Course and is included in the golf club's lease. Council officers are currently in negotiation with the Club to agree the terms under which they would be prepared to surrender the land from their demise and particularly the split in the sale proceeds. The surrender of any land from their demise will require their lease to be surrendered and re-granted and the last correspondence with the Club was a request for the level of their fees in respect of this transaction.

If terms can be agreed with the golf club planning permission will be required for a change of use to garden land. The land is Metropolitan Open Land and very special circumstances would have to be demonstrated for planning permission to be granted.

6. From Cllr Tony Owen to the Portfolio Holder for Resources

What is the name and address of the resident allowing their name to be used for a phishing expedition of Bromley's accounts by a non-resident of the borough? How much has this cost the local taxpayer? What could this sum have provided by way of local services?

Reply:

A letter of authorisation has been provided by a resident for an individual to be their representative. Whilst I am unable to disclose the name and address, the resident has been confirmed as being a local elector in the Bromley Borough.

The costs, including those of the External Auditor and internal officer time, are currently estimated to be approximately £50k which is the equivalent of 49 additional properties paying Council tax (Band D equivalent.) These costs are likely to increase further as additional matters are required to be considered.

For example, this money equates to 75% of the total annual grant the Council receives from Transport for London for the school crossing patrol service. It would provide around 4,000 carer hours to the borough's most vulnerable, elderly residents or it would pay for over two months of graffiti removal.

We have contacted the Audit Commission to enquire as to whether there are opportunities to reduce external auditor costs through the sharing of advice across authorities dealing with similar matters and we are awaiting their response.

Supplementary Question:

I am rather disappointed that they cannot be named and shamed. Have we actually challenged this resident as to how much this game is costing the local taxpayer, as they may not be aware of the sums given, nor what could be bought for that money in these stringent times.

Reply:

I share Councillor Owen's frustration that yet again we are allowing a sum to be built up not only within this Council but across the Councils of London to answer a question that is common to all, and the validity of which has to be questioned by all. I am not aware of whether the individual concerned has been informed of the amount of money that it is costing the council tax payer, but I will ensure if that has not been done then it will be done.

7. From Cllr Kathy Bance MBE to the Portfolio Holder for Care Services

A Bromley Borough Councillor recently responded to DPAC that Bromley Borough residents are not dependant on food banks but that our residents suffered more from obesity. Now that Oxfam have advised that Bromley residents are the second highest number of users of food banks in the capital does he accept that this is wrong?

Reply:

I hesitate to answer on behalf of another Councillor as I did not make the remarks, but I will do my best to give an official answer. The question asks if Bromley Borough residents are dependent on food banks. There is no doubt that food banks support a number of people who have fallen on hard times, but it would be wrong to generalise to the extent that Bromley residents are dependent on food banks. It would not be wrong to indicate that for a small percentage they form a useful support function and we welcome the building of community resilience in this way.

Supplementary question:

Does the Council accept that the people using foodbanks are mostly those on low pay or zero hours contracts, and also those who have worked all their lives but now find their companies going into administration and being made redundant at, say, age 59.

Reply:

I would just repeat what I said – we consider that food banks provide a useful supplement for those in need.

8. From Cllr Angela Wilkins to the Portfolio Holder for the Environment

We recently arranged for several senior officers to visit Crystal Palace ward to inspect the generally poor levels of street cleaning and to look at some typical examples of erratic, incomplete or otherwise unacceptable service levels on waste and recycling collection.

There has been some minor improvement in one or two areas, but some specific problems are ongoing, and overall street cleaning we believe is still below an acceptable standard.

Could the portfolio holder please comment on the following possible explanations:

- The contract has been under-priced and the contractor is unable to deliver the service for the agreed price
- The contract has been suitably priced but the Contractor's own management and monitoring functions are inadequate
- The Council has not adequately resourced its contract management and monitoring function

Reply:

There is a 4th explanation, of course. Namely that the quality of street sweeping locally whilst not perfect is acceptable, and that it is possible that the Group opposite are deliberately mis-representing the extent of any problems for possible electoral gain.

I mention this given that the Group opposite has a recurring history in this regard and would refer any interested party to April full Council minutes for further evidence of Bromley's performance around the street scene compared to other local boroughs.

Supplementary question:

There is no electoral advantage to be gained from this for me or my co-Councillor. When we campaigned in the run up to the election this was the major issue across the ward. There are some areas worse than others – nevertheless this was the biggest issue. I would like to thank Councillor Smith for the work he has done with us to date trying to correct this. Councillor Williams and I are willing to do whatever we can to make the situation better, so what can we do?

Reply:

I would urge colleagues, when you find faults in the streetscene, to use the Fix my Street methodology, and I understand that an increasing number of colleagues are. The system is not perfect, and we are piloting it nationally, but it works very well. It does help the Council by colleagues and officers being the “eyes and ears” of the Council to further monitor the contract. There is no question that, as in all contracts in all industry and all walks of life, some of the contractor's staff perform to higher levels than others. The management tool that is provided with this technology enables us to do the work on the streets without employing officers that sadly we cannot afford to be there following up behind every contractor. My door is always open to discuss these things and all constructive criticism from any colleague in this Chamber is welcome because it will lead to enhanced service capability.

9. From Cllr Nicholas Bennett JP to the Portfolio Holder for Resources

If he will set out the guidance from CIPFA and the DCLG as to when repairs, renewal or improvements to a highways asset may be treated as a capital item rather than a revenue one?

Reply:

According to the CIPFA guidelines, there are several criteria which distinguish between capital and revenue expenditure. In particular, for improvement and repairs, one of the fundamental criteria is whether the cost adds to future economic benefits or service potential. Day to day servicing costs are not considered as capital, as they maintain the asset's potential to deliver the expected levels over the expected useful life, and do not increase the future economic benefits. Expenditure that extends the useful life or increases the level of performance should be considered as capital.

An example that was illustrated in the "CIPFA Practitioners' Guide to Capital Finance in Local Government" (2012 Ed.) is bridge strengthening. These works should normally be treated as capital as, by definition, they extend the useful life and increase the level of performance of an asset.

10. From Cllr Tony Owen to the Portfolio Holder for Care Services

What analysis is available of the number of heavy consumers of care service resources? How much demand on services is failure demand (failure to do something or do something right for a 'customer')? What % time is spent doing value work (for service users)?

Reply:

The question is from the collected works of John Seddon who is Councillor Owen's favourite author, and so I must respond in management speak which will be long-winded and full of statistics.

A wide range of performance data is available across care services. Adult social care is the area of greatest demand in terms of our resources. Recent analysis over a period of 12 months (Sept 13 – Sept 14) evidenced that this service received just over 50,000 initial contacts. 45,000 of these contacts come directly through Bromley Social Services Direct and of these 86% or just over 39,300 contacts were signposted out of the care system. Just over 6,500 contacts were referred onto care professionals in the Local Authority during the same period. When we look at our statutory reporting for last financial year, just under 6,000 referrals were new and we provided just under 7,000 assessments. The difference are existing service users whose circumstances may have changed and so have needs re-assessed. During last financial year, just over 7,000 residents received adult social care services.

Of those receiving a service last year 3,170 had domiciliary care services and of these, 40% received packages that could be defined as heavy consumers (that is over 10 hours per week. 865 adults and older people received residential and nursing home services and could also be defined as heavy consumers of the care resource.

In children's social care just under 10,000 contacts were received with just over 2,000 referrals accepted by the authority last year. Currently there are 289 children in

local authority care and this could be one definition of high usage by virtue of the resource required to keep children and young people safeguarded in this way.

In Housing, just under 6,000 people approached our services last financial year and 2,007 were diverted by housing advice services. However, as widely reported to members, the pressures on temporary accommodation are significant and one definition of high consumers are the 918 households accommodated in this way.

It does need to be remembered that all services are working to eligibility criteria and only those in the most vulnerable situations are eligible for care services funded by the Local Authority.

When things go wrong, staff are encouraged and supported to do their utmost to resolve it at the point of contact. In fact the statutory social care complaints procedure changed a few years ago to reinforce the importance of dealing with concerns from customers at the earliest opportunity. Although Housing sits outside of this statutory procedure the same approach has been adopted within this authority for dealing with housing complaints. The aim of this approach is to ensure that whenever possible things can be put right quickly without recourse to bureaucratic systems that take time and greater resource.

However, this approach does not replace the formal process in place when a complaint cannot be resolved in this way and requires oversight or investigation by a manager, or ultimately the local government ombudsman. Details of all the complaints we dealt with last year are published and available in the Getting it Right Annual Report available on the website. Briefly, last year 286 formal complaints were received about social care and housing and of those 83 were upheld.

The themes from complaints are routinely considered by the Departmental Management Team and in a very small number of upheld complaints it has been recognised that customer service has been the root of the issue. With the significant and complex demands on our services managers have been reminded that staff must do what they say they will do and within the timescale promised. The department is continuing to keep oversight of this, as although it is not a significant area of concern currently, the department is aware that with the volume and demands on services it is important to continue to be efficient at every point of contact.

With regard to value work with service users, recently it has been estimated that in social care, and in most of the housing teams, case workers spend about 40% of time in direct contact with customers, assessing and reviewing needs. However, a high proportion of the remaining time is also spent directly on casework coordinating care packages with other professionals, arranging services, essential monitoring to address any safeguarding concerns and essential record keeping. Housing Options and Support service are currently spending about 60% of time directly with customers.

It is fair to say when things go wrong and we receive a complex complaint this can take up significant time on an individual case, although this is usually management and support service time rather than case work time.

Supplementary question:

We have been told that the drive is firstly to balance the budget and secondly carry out our statutory duties. Are there any statutory duties that we do that are just feeding the government number factory but providing no benefit to our residents? In this day of cuts, if we can cut stuff that is supposedly statutory but is no use whatsoever then we have a way of cutting without destroying services as much as we might otherwise have to.

Reply:

All I would say is that if returns are requested by government we must complete them, otherwise we do not get the various grants and moneys that we can get from central government.

11. From Cllr Kathy Bance MBE to the Portfolio Holder for Renewal and Recreation

Why is the Borough working against the local community by adding its political weight to opposing applications for Assets of Community Value. This is seen clearly in the way it opposed the application for Assets of Community Value for Snowdon Close.

Reply:

We are not. As evidence for that I can say that four nominations have been received for assets owned by the authority. Two have been listed, one was unsuccessful and one is still pending decision. Nominations for assets owned by the local authority are subject to the same fair and rigorous assessment as those owned privately.

12. From Cllr Nicholas Bennett JP to the Portfolio Holder for Resources

What information does he have as to the ownership of the former Health Centre in Hawes Lane, West Wickham, how long the site has been redundant and what plans the owners have to bring the site back into use?

Reply:

A Land Registry search was undertaken in September, at which time the registered proprietor was NHS PROPERTY SERVICES LIMITED.

It is understood that the property has been empty since December 2012 and that it is to be disposed of. Council officers have contacted NHS Property to request an update and a response is awaited.

Supplementary Question:

As far as I am aware, the property has been empty for the entire time that I have been a councillor, since 2006, and in 2006 we were invited as local councillors to look at a scheme for housing on the site which did not progress to a planning application. Does he agree that, when this Council is busy trying to find another £68m in savings, it is a disgrace that another part of the public sector keeps empty for years on end buildings that are paid for by the local public in their taxes and which could be brought back into community use.

Reply:

I share your concern – it is a complete disgrace. As you travel across this borough and you see countless buildings standing empty that can be traced back to being in NHS ownership. It does seem extraordinary that at a time when the NHS is forever

saying how short they are of funds and forever holding out their hand for extra that they do not do better with what they already have. Their assets are under-used, under-utilised and do stand empty, and it is quite wrong. Recently, we have been in negotiation with the NHS about the development of a Health and Wellbeing Centre in Orpington, and what we found was that it was like walking through treacle – you could not find your way to the centre of the maze to find out who you were supposed to be talking to in terms of their property arm, and all their operational people find it as frustrating as we do, if not more.

URGENT QUESTION

From Councillor Tony Owen to the Portfolio Holder for Public Protection and Safety

Following the court ruling in Canterbury last Tuesday giving councils the power to confiscate substances giving so called "legal highs", will the London Borough of Bromley be taking similar action under their trading standards powers to protect the public from harm?

Reply:

As a result of this recent judicial finding, I have tasked Trading Standards here in Bromley to prepare a strategy to tackle the outlets located in the Borough, outlining the risks and potential costs. I will bring this report to the General Purposes and Licensing Committee in due course.

We have been monitoring the outcome of action taken in recent months by Kent County Council, in particular the ruling made on a sample of so called "legal highs" seized from a number of local head shops, which Kent Magistrates have now deemed unsafe. Officers from Bromley have met with Bromley Police recently to prepare the groundwork for enforcement by way of a warning letter to retailers setting out our concerns, as well as asking local police to capture evidence that these products are being ingested or otherwise consumed by customers. This is important to establish for enforcement action taken, both under Trading Standards legislation and the Anti-social Behaviour, Crime and Policing Act 2014.

There may also be scope to make use of the Community Protection Notices under the Anti-social Behaviour, Crime and Policing Act 2014 which provide provisions to stop individuals, businesses or organisations committing ASB which spoils the community's quality of life.

This enforcement tool would effectively allow the local authority or police to serve a notice on a business whose conduct was having a detrimental effect on the quality of life of the community – the key evidence here would be proving the business is selling legal highs to local people which was causing them to commit Anti-social behaviour.

However, I will continue to support pressure on Government for a blanket ban on new psychoactive substances.

This remains one of the most challenging areas of trading standards remit, especially as the legislation available is so inadequate. This recent action by Kent is not a test case. The decision by Magistrates is not binding. We would need to consider the financial risk were we to seek a prosecution or injunctive action. It is therefore

important that we take a staged approach with an appropriate regard to the risk, both financial and reputational.

The Kent action follows similar action taken by Belfast last year and relies on warnings being issued to retailers setting out concerns that products being purchased at the shops are being consumed, despite the warnings “NOT FOR HUMAN CONSUMPTION”. The use of this warning could potentially make a prosecution under existing legislation very difficult.

The burden of proof is on the local authority to prove the product is dangerous, which remains a challenge when so little is known about many of the substances being sold.

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COUNCIL MEETING

8th December 2014

QUESTIONS FOR WRITTEN REPLY FROM MEMBERS OF THE COUNCIL

1. From Cllr Russell Mellor to the Chairman of the Pensions Investment Sub-Committee

HM Government undertook to grant Scotland powers to determine their own taxation levels during the devolution referendum. In view of the fact that two of our Pension Fund Managers are located in Scotland, can you advise me of any adverse effects our funds would suffer as a result of the change in the tax regime, particularly cross border investments.

Reply:

The Director of Finance has received advice from the two Fund managers currently located in Scotland and from the Fund's independent adviser and all three parties share the view that, in a unified UK, there are no issues that would arise from employing a manager based in Scotland. They feel it is very unlikely that new taxation powers would be introduced that would directly affect our portfolio, such as a Scottish stamp duty or transaction tax – this would be infeasible practically and does not appear to be on the agenda of any influential party or body. VAT is a European tax and it is not possible to vary its level within the UK.

With regard to cross-border investments, there could be a tax risk if Scotland became independent, but this would apply more to Scottish company pension funds rather than English, as investments would be listed as overseas. The view is that the Scottish government's ability to change the tax regime would be limited to income tax and, whatever happens in this context, our managers say they will continue to have an absolute commitment to hiring and retaining the best staff and will continue to put clients' interests first.

2. From Cllr Russell Mellor to the Portfolio Holder for the Environment.

Can the Portfolio holder advise me as to the number of claims entered against the Council for injuries sustained by Residents due to accidents caused by damaged pavements?

In addition, can the Portfolio holder advise me of the number of claims, which have been settled together with the total amount of costs paid?

Reply:

Financial Year	Total no of footway claims	Total no of claims paid	Total value of payments made
			£
2010/11	82	14	263,413
2011/12	98	9	109,735
2012/13	79	13	74,899
2013/14	75	6	25,246
2014/15 (to date)	49	0	0

3. From Cllr Simon Fawthrop to the Portfolio Holder for Education

In each of the last 4 years how many (in numbers) of Bromley's looked after Children were entered into entrance exams for selective schools?

- a) 2010
- b) 2011
- c) 2012
- d) 2013

Reply:

None, however, one young person sat the 11+ in Kent and the entrance exam to St Olave's in autumn 2014.

Cohorts of Looked After Children at Key Stage 2 are very small, with disproportionately high incidence of SEN, at School Action, School Action Plus and with Statements. Early neglect and poor school attendance before becoming LAC frequently mean that these children have emotional and behavioural difficulties that are barriers to learning as well as having learning difficulties that may have gone undiagnosed for some time.

Children who are accommodated by the local authority in Early Years or KS1 frequently make more than expected progress between key stage one and key stage 2. Those who become LAC later in key stage 2 are less likely to make good progress and often have more difficulties in the classroom, though there are always some who have done and continue to do well.

The Virtual School supports foster carers and social workers to identify the best possible school at secondary transfer. No child is placed in a school that is not Ofsted rated good or better. If a looked after child has potential to do well at a grammar school, additional support is provided for tuition at home and the carers are required to visit schools and enter the child for entry examinations. The Virtual School is developing a programme in partnership with St Olave's Grammar School for Boys, which will identify pupils in years 4 and 5 who have potential to achieve at least a good level 4 at age 11, and invite them to visit the school with their carers. These pupils will then be given additional support to prepare for entry examinations and secondary transfer.

The table below shows the numbers and percentages of children achieving National expectation (level 4) and the incidence of Special Educational Need at the end of Key Stage 2.

Year	Reading	Writing	Maths	SEN
2014	55% (6 of 11 pupils)	55% (6 of 11 pupils)	55% (6 of 11 pupils)	5 pupils (64%) with identified SEN (Statements 2)
2013	76% (6 of 9 pupils)	44% (4 of 9 pupils)	76% (6 of 9 pupils)	6 pupils (76%) with identified SEN (Statements 5)
2012	57% (4 of 7 pupils)	57% (4 of 7 pupils)	42% (3 of 7 pupils)	6 pupils (86%) With identified SEN (Statements 5)
2011	50% (5 of 10 pupils)		40% (4 of 10 pupil)	8 pupils (80%) with identified SEN (Statements 6)
2010	English 100% (5 of 5 pupils)		80% (4 of 5 pupils)	2 pupils with identified SEN (Statements 2)

4. From Cllr Simon Fawthrop to the Portfolio Holder for Education

In each of the last 4 years how many looked after children (in numbers) were successful in gaining a place at a Russell Group University?

- a) 2010
- b) 2011
- c) 2012
- d) 2013

Reply:

We have 16 care leavers on undergraduate courses at university this year and one post graduate (PGCE). Many of our young people enter university later than their peers, having settled in education after periods of disruption. The average starting age is 22 and a proportion of the young people do not get awarded university places through the usual, A level, route, but through vocational qualifications at level 3 (BTec/NVQ). At this stage, most Care Leavers will have bid for a flat and will have created homes for themselves. Some have young families.

Of the current group of sixteen young people, 10 are in their own accommodation, which they would be required to forfeit if they went to a university further from home and were required to pay for halls of residence. For these young people, going to university away from home and giving up their flats also means that they have limited choices for the holidays. The remaining young people are living in, or returning home to, long term foster placements or to extended family members in holidays.

5. From Cllr Vanessa Allen to the Portfolio Holder for the Environment

Will the Portfolio Holder provide a schedule of street cleaning for Clock House Ward?

Reply:
Officers from the Street Scene Division will make this information available in a suitable format.

6. From Cllr Kathy Bance MBE to the Portfolio Holder for the Environment

Please advise the annual revenue and cost of operation for each of the Borough’s car parks in the Penge and Cator ward. Which of those are full to capacity on a regular basis?

Reply:

Total Income:

Location	Total Income £	Total Costs £	Net Income £
Penge East	16,758.23	10,035.65	6,722.58
Lennard Road	21,202.17	8,055.65	13,146.52

Penge East is usually about 70 per cent full during the week, low usage on Saturdays but is at full capacity when there are major events in London eg the Lord Mayors Show. Lennard Road is at full capacity on weekdays but has little use at weekends.

7. From Cllr Kathy Bance MBE to the Portfolio Holder for Education

With the forecast cut to education and youth budget from city hall of up to 90% will Bromley Council be in a position to support our current youth services and continue to support any maintained schools we may still have responsibility for?

Reply:

The education budget (dedicated schools grant, DSG) is a separate funding stream from the broader budget that maintains all other Council services (revenue support grant, RSG). The Council's school improvement policy is focussed on ensuring that schools in an Ofsted category, or judged as 'Requiring Improvement', receive direct support from staff within the school improvement team. Where a school is judged as being 'Good' or 'Outstanding' but our intelligence tells us that intervention is necessary, such a school would also receive appropriate support from the team. It is not anticipated that this offer will diminish until such time as all schools are academies.

The youth services budget is funded via RSG and, along with all Council services, is currently undergoing a degree of scrutiny given the need to make significant savings. However, no decisions have as yet been made as to how the service may be cut or delivered differently.

8. From Cllr Kathy Bance MBE to the Portfolio Holder for Renewal and Recreation

There is a GLA survey ongoing called "Join the Dots". What has been the Borough's involvement in this and what impact might its final report and recommendations have on plans for the communities of Penge, Anerley and Crystal Palace? Has there been any financial cost to the Borough?

Reply:

Architects 00 were appointed by the Greater London Authority (GLA) to provide a regeneration overview to support the designation of Crystal Place as a Strategic Outer London Development Centre in the revised London Plan. The project has been financed and managed by GLA officers. This Council along with the four other Councils that border Crystal Place Park were consulted on the brief for the work and officers have provided background information into the study. Outside of this limited officer time there has been no financial cost of this study to the Council. The Council has yet to receive a copy of the completed study and therefore is not in position to comment on the recommendations and potential implications for the Borough.

9. From Cllr Kevin Brooks to the Portfolio Holder for the Environment

Will the Portfolio Holder provide a schedule of street cleaning for Penge & Cator Ward?

Reply:

Officers from the Street Scene Division will make this information available in a suitable format.

10. From Cllr Kevin Brooks to the Portfolio Holder for Resources

To what extent will the Council consider and evaluate the environmental performance of those contractors who may enter future tendering processes? What progress has been made and is expected in relation to compliance with ISO 14001?

Reply:

The Council considers, as appropriate, environmental performance matters at various stages of the tender process.

The Council's Contract Procedure Rules identify, at CPR1 a basic principle that to **"Enable a Value for Money, Procurement decisions... (contracting arrangements should be)... based on Whole Life Costing and the consideration of Sustainable Procurement Practice"**.

Whole Life Costing and Sustainable Procurement Practice are defined terms within the Procedures and in this context mean, for Whole Life Costing - **"..The consideration of all costs incurred during the life cycle of the work, goods, service or utility purchased including those identified by adopting good Sustainable Procurement Practice..."**. Sustainable Procurement is defined as **"...a process whereby the organisations meets its needs for goods, services works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only for the organisation but also society and the economy while minimising damage to the environment"**.

Formal consideration is given to this factor as part of any "Gate Reporting" process, as identified in the extract from the Procurement Practice Note below (1); as Part of the Pre-Qualification Process (when used) – a typical example is included below at (2); and at Tender Evaluation (see Tender Evaluation Matrix detailed below at (3)

These are in addition to any Standards which may be specifically included within the Contract Specification where relevant and appropriate.

Examples attached (Appendix 1).

11. From Cllr Ian Dunn to the Portfolio Holder for Resources

Will the Portfolio Holder provide a breakdown of current Council Tax Support claimants, broken down by working age / pensioner, Council Tax band and whether they are liable for the full charge or eligible for 25% discount?

Reply:

Please find tabled below the information requested in the above question:

Pensionable Age claims

Count of claim_id	Column Labels							Grand Total
Row Labels	A	B	C	D	E	F	G	Grand Total
25% disregard discount	1	2	14	16	4	2		39
25% SPD	318	1084	1812	1274	353	94	41	4976
50% disregards				1	1			2
Full charge	40	170	651	919	401	137	53	2371
Grand Total	359	1256	2477	2210	759	233	94	7388

Working Age claims

Count of claim_id	Column Labels								Grand Total
Row Labels	A	B	C	D	E	F	G	H	Grand Total
25% disregard discount	4	19	90	111	38	9	1		272
25% SPD	278	1819	3150	1569	348	88	25	1	7278
50% disregards						1			1
Full charge	76	319	1308	1327	409	102	50		3591
Grand Total	358	2157	4548	3007	795	200	76	1	11142

Pensionable Age claims

Count of claim_id	Column Labels							Grand Total
Row Labels	A	B	C	D	E	F	G	Grand Total
25% disregard discount	1	2	14	16	4	2		39
25% SPD	318	1084	1812	1274	353	94	41	4976
50% disregards				1	1			2
Full charge	40	170	651	919	401	137	53	2371
Grand Total	359	1256	2477	2210	759	233	94	7388

Working Age claims

Count of claim_id	Column Labels								Grand Total
Row Labels	A	B	C	D	E	F	G	H	Grand Total
25% disregard discount	4	19	90	111	38	9	1		272
25% SPD	278	1819	3150	1569	348	88	25	1	7278
50% disregards						1			1
Full charge	76	319	1308	1327	409	102	50		3591
Grand Total	358	2157	4548	3007	795	200	76	1	11142

12. From Cllr Ian Dunn to the Portfolio Holder for Resources

Will the Portfolio holder provide statistics on how much housing benefit was paid during 2013/14 to each Housing Association and to private landlords? How many individual cases do each of these represent?

Reply:

In 2013/14 £73,684,292 was paid to 53 different housing associations. This represented 14,303 different claims.

The attached list shows the amounts paid to the each housing association.

In 2013/14 £11,540,268 was paid to 1293 different private landlords. This represented 1978 individual claims.

Name	amount_paid	no_of_claims
AFFINITY SUTTON HOMES LTD	£44,931,636.00	8919
A2 DOMINION GROUP	£4,195,817.34	781
HYDE HOUSING ASSOCIATION GROUP	£3,633,898.76	706

AMICUS HORIZON HOUSING GROUP	£3,555,863.33	656
RIVERSIDE HOUSING ASSOCIATION	£2,176,674.88	460
LONDON & QUADRANT HOUSING TRUST	£2,407,756.35	427
VIRIDIAN HOUSING	£2,086,225.50	339
KENISTON HOUSING ASSOcn. LTD	£978,706.01	209
TOWN & COUNTRY HOUSING GROUP	£1,287,620.13	195
MOAT HOMES LTD	£978,649.02	187
SANCTUARY HOUSING ASSOCIATION	£1,100,211.15	185
PENGE CHURCH HOUSING ASSOcn.	£740,120.32	165
HANOVER HOUSING ASSOCIATION	£1,110,004.53	131
RADCLIFFE HOUSING SOCIETY LTD.	£508,422.57	104
BROMLEY WOMENS AID (BR)	£350,173.18	96
HELIX HOUSING ASSOCIATION LTD	£441,210.48	92
RAGLAN HOUSING ASSOCIATION LTD	£467,986.52	78
FAMILY MOSAIC	£337,565.12	70
COMMUNITY OPTIONS LIMITED	£312,334.92	63
CHISLEHURST & SIDCUP HSG ASSOC	£309,777.84	57
WANDLE HOUSING ASSOCIATION	£200,194.42	46
GORDON MOODY ASSOCIATION	£78,672.57	39
ONE HOUSING GROUP	£94,531.77	34
ANCHOR TRUST	£115,142.22	24
CEDARMORE HOUSING ASSOC	£141,749.57	24
BEAVER HOUSING ASSOCIATION	£107,677.63	22
PHOENIX COMMUNITY HA LTD	£98,304.65	21
NOTTING HILL HOUSING TRUST	£77,286.49	17
SOUTHERN HOUSING GROUP	£66,059.16	17
STONHAM HOUSING ASSOCIATION	£70,505.21	17
LOOK AHEAD HOUSING ASSOCIATION	£78,348.64	16
EKAYA HOUSING ASSOCIATION	£71,031.50	12
HOMEGROUP - WARDEN HA	£50,956.50	11
GOLDEN LANE HOUSING LTD	£85,122.74	10
RESIDE HOUSING ASSOCIATION	£129,193.70	10
METROPOLITAN HOUSING PARTNERSHIP	£41,937.63	9
GUINNESS TRUST	£41,397.42	8
HOUSING CARE ASSOCIATION LTD	£18,892.69	7
CRYSTAL PALACE HOUSING ASSOC	£15,721.67	5
Hexagon Housing Association Ltd	£24,375.46	4
BIRNBECK HOUSING ASSOCIATION	£54,920.55	4
ADVANCE HOUSING & SUPPORT LTD	£26,568.06	4
ENGLISH CHURCHES HOUSING GROUP	£6,641.11	3
BOURNE HOUSING	£10,990.22	3
CROWN HOUSING ASSOCIATION	£7,165.12	2
WESTMINSTER HOUSING	£1,348.55	2

COOPERATIVE		
GLEBE HOUSING ASSOCIATION	£9,562.30	2
ORBIT HOUSING ASSOCIATION	£3,762.23	2
SLFHA LTD	£8,820.51	2
HABINTEG HOUSING ASSOCIATION LTD	£12,017.39	2
METROPOLITAN HOUSING TRUST	£9,600.36	2
HORIZON HOUSING GROUP	£5,034.14	1
WESTGATE (2) HOUSING ASSOCIATION	£10,106.20	1
Total	£73,684,292.33	14303

13. From Cllr Angela Wilkins to the Leader of the Council

The November meeting of E&R PDS had been scheduled for several weeks previously to receive a report on the future of Anerley Town Hall.

The report was not published until a matter of hours before the meeting at which it was to be discussed. The report incorrectly stated that local members had been consulted.

I am grateful to Cllr Carr for his intervention which postponed this extremely important discussion and decision about the future of the building and the community and business activities it facilitates.

However, what action can be taken to ensure that in future, reports and other documents are made available to members in good time and that local members are in fact consulted where appropriate?

Reply:

Thank you for your question regarding the recently deferred report on Anerley Town Hall. It is of course regrettable that this report was circulated late for Members' consideration. The Chief Executive/Directors seek to ensure that late reports are kept to an absolute minimum and are only considered when there is a compelling justification. In this case officers were aware that Community groups in Anerley were very keen to have the position of the Town Hall clarified as soon as possible. For this reason Mr. Hume had urged his officers to do all they could to get the report to the Executive meeting in December. Unfortunately the report took longer to prepare than originally anticipated and this was the reason for the late notice.

As you know, and as requested, this report will be considered at the R&R PDS Committee in January, prior to consideration at the E&R PDS Committee and Executive. In so doing both community impacts and Property matters can be fully considered.

14. From Cllr Angela Wilkins to the Portfolio Holder for Resources

In relation to Anerley Town Hall, could you please provide details of both those works identified and those works carried out since 2005 in terms of the planned programme, reactive maintenance and cyclical maintenance programmes?

Reply:

Since 2005 £996,106 has been spent on Cyclical, Reactive and Planned Maintenance at Anerley Town Hall.

Future Works have been identified at a cost of £ 1.273 m, which are detailed in the Executive Report DRR14/094 on the future of the site, withdrawn from November Executive meeting.

15. From Cllr Richard Williams to the Portfolio Holder for the Environment

Will the Portfolio Holder provide a schedule of street cleaning for Crystal Palace Ward?

Reply:

Officers from the Street Scene Division will make this information available in a suitable format.

16. From Cllr Peter Fookes to the Portfolio Holder for the Environment

Will he give priority to clearing leaves in and around primary schools, ie, the state of Malcolm Rd in Penge on Saturday 29th November?

Reply:

I am afraid not.

All roads across the Borough are dealt with strictly on a 'most need' basis at this time of year, over which period the regular sweeping patterns can become disrupted.

You have however given me a splendid idea in terms of a junior citizenship project which I will discuss over coming weeks with senior officers in Education and Road Safety.

17. From Cllr Peter Fookes to the Portfolio Holder for the Environment

When will all the bins at 120 Oakfield Rd, Penge be emptied as one has not been emptied for nearly a year?

Reply:

Waste collection at this location has proved difficult for some time due to the unsanitary manner in which it was being presented for collection by the relevant homeowner(s).

Those living at the address have today been written to, explaining what needs to be done to bring themselves into compliance with the relevant requirements.

18. From Cllr Peter Fookes to the Portfolio Holder for the Environment

When will the trees adjacent to Homebase in Oakfield Rd be pruned?

Reply:

The trees were inspected in July 2014 and found not to present a nuisance.

A further examination will be undertaken in due course and should the trees present hazards or other H&S defects, they will be placed in our contractors work programme at that time.

19. From Cllr Nicholas Bennett JP to the Portfolio Holder for Renewal and Recreation

If he will provide the following information in table format for each London Borough and for Sevenoaks, and Tatsfield District Councils and Dartford Borough Council for latest period for which statistics are available;

- i. number of planning committees in each authority;
- ii. whether the committees meet in the evening or daytime;
- iii. the number of applications received annually;
- iv. percentage of applications dealt with by committee;
- v. the percentage of the authority area in the Green Belt?

Reply:

- (i) Number of planning committees in each authority &**
- (ii) Whether the committees meet in the evening or daytime**

[source: each Local Planning Authority]

<u>No of planning Committees</u>		
Barking and Dagenham	12 a year	Evening-
Barnet	12 a year	Evening
Bexley	12 a year	Evening
Brent	12 a year	Evening
Bromley	26* a year	Evening
Camden	12 a year	Evening
Croydon	17 a year	Evening
Ealing	12 a year	Evening
Enfield	12 a year	Evening
Greenwich	12 a year	Evening
Hackney	12 a year	Evening-
Hammersmith & Fulham	12 a year	Evening
Haringey	12 a year	Evening
Harrow	12 a year	Evening

Havering	12 a year	Evening
Hillingdon	12 a year	Evening
Hounslow	12 a year	Evening
Islington	12 a year	Evening
Kensington and Chelsea	12 a year	Evening
Kingston upon Thames	12 a year	Evening-
Lambeth	12 a year	Evening
Lewisham	12 a year	Evening-
Merton	12 a year	Evening
Newham	12 a year	Evening-
Redbridge	12 a year	Evening-
Richmond upon Thames	12 a year	Evening
Southwark	12 a year	Evening
Sutton	12 a year	Evening-
Tower Hamlets	12 a year	Evening
Waltham Forest	12 a year	Evening
Wandsworth	12 a year	Evening
Westminster	12 a year	Evening-
Sevenoaks		
Sevenoaks	12 a year	Evening-
Tandridge	12 a year	Evening-
Dartford	12 a year	Evening

*excludes DCC (of which there are 5 a year). Not all Councils have directly comparable arrangements


(iii) The number of applications received annually in January to March 2014

[source: DCLG website <https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics>]

Applications received

England, January to March 2014

Barking and Dagenham	151
Barnet	1,147
Bexley	425
Brent	814
Bromley	871

Camden	1,070
Croydon	646
Ealing	830
Enfield	612
Greenwich	470
Hackney	604
Hammersmith and Fulham	774
Haringey	540
Harrow	589
Havering	499
Hillingdon	736
Hounslow	654
Islington	638
Kensington and Chelsea	1,297
Kingston upon Thames	482
Lambeth	861
Lewisham	616
Merton	478
Newham	369
Redbridge	661
Richmond upon Thames	1,186
Southwark	601
Sutton	344
Tower Hamlets	453
Waltham Forest	507
Wandsworth	1,180
Westminster	2,061
	
Sevenoaks	583
Tandridge	359
Dartford	146

(iv) Percentage of applications dealt with by committee

**% of applications dealt with by
Committee**

England, January to March 2014

Barking and Dagenham	2
Barnet	4
Bexley	4
Brent	2
Bromley	15
Camden	3
Croydon	3
Ealing	4
Enfield	4
Greenwich	6
Hackney	6
Hammersmith and Fulham	3
Haringey	2
Harrow	3
Havering	11
Hillingdon	11
Hounslow	3
Islington	5
Kensington and Chelsea	11
Kingston upon Thames	8
Lambeth	5
Lewisham	4
Merton	11
Newham	5
Redbridge	11
Richmond upon Thames	3
Southwark	5
Sutton	7
Tower Hamlets	87
Waltham Forest	5

Wandsworth	12
Westminster	6
[REDACTED]	
Sevenoaks	3
Tandridge	3
Dartford	11

(v) The percentage of the authority area in the Green Belt
[source: Bromley Planning Policy Department]

% of authority area in the Green Belt

Barking and Dagenham	14.67%
Barnet	27.43%
Bexley	18.46%
Brent	Information unavailable
Bromley	51.48%
Camden	Information unavailable
Croydon	26.71%
Ealing	5.94%
Enfield	37.62%
Greenwich	Minimal
Hackney	Information unavailable
Hammersmith & Fulham	Information unavailable
Haringey	2.03%
Harrow	21.59%
Havering	53.49%
Hillingdon	42.95%
Hounslow	21.79%
Islington	Information unavailable
Kensington and Chelsea	Information unavailable
Kingston upon Thames	17.18%
Lambeth	Information unavailable
Lewisham	Information unavailable
Merton	Information unavailable
Newham	2.21%

Redbridge	36.50%
Richmond upon Thames	2.44%
Southwark	Information unavailable
Sutton	14.14%
Tower Hamlets	Information unavailable
Waltham Forest	21.63%
Wandsworth	Information unavailable
Westminster	Information unavailable

Sevenoaks	Information unavailable
Tandridge	Information unavailable
Dartford	Information unavailable

Reply:

- (i) number of planning committees in each authority &**
(ii) whether the committees meet in the evening or daytime

[source: each Local Planning Authority]

No of planning Committees

Barking and Dagenham	12 a year	Evening-
Barnet	12 a year	Evening
Bexley	12 a year	Evening
Brent	12 a year	Evening
Bromley	26* a year	Evening
Camden	12 a year	Evening
Croydon	17 a year	Evening
Ealing	12 a year	Evening
Enfield	12 a year	Evening
Greenwich	12 a year	Evening
Hackney	12 a year	Evening-
Hammersmith & Fulham	12 a year	Evening
Haringey	12 a year	Evening
Harrow	12 a year	Evening
Havering	12 a year	Evening
Hillingdon	12 a year	Evening
Hounslow	12 a year	Evening

Islington	12 a year	Evening
Kensington and Chelsea	12 a year	Evening
Kingston upon Thames	12 a year	Evening-
Lambeth	12 a year	Evening
Lewisham	12 a year	Evening-
Merton	12 a year	Evening
Newham	12 a year	Evening-
Redbridge	12 a year	Evening-
Richmond upon Thames	12 a year	Evening
Southwark	12 a year	Evening
Sutton	12 a year	Evening-
Tower Hamlets	12 a year	Evening
Waltham Forest	12 a year	Evening
Wandsworth	12 a year	Evening
Westminster	12 a year	Evening-

Sevenoaks	12 a year	Evening-
Tandridge	12 a year	Evening-
Dartford	12 a year	Evening

*excludes DCC (of which there are 5 a year). Not all Councils have directly comparable arrangements

(iii) the number of applications received annually in January to March 2014

[source: DCLG website <https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics>]

Applications received

England, January to March 2014

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Croydon	646
Ealing	830

Enfield	612
Greenwich	470
Hackney	604
Hammersmith and Fulham	774
Haringey	540
Harrow	589
Havering	499
Hillingdon	736
Hounslow	654
Islington	638
Kensington and Chelsea	1,297
Kingston upon Thames	482
Lambeth	861
Lewisham	616
Merton	478
Newham	369
Redbridge	661
Richmond upon Thames	1,186
Southwark	601
Sutton	344
Tower Hamlets	453
Waltham Forest	507
Wandsworth	1,180
Westminster	2,061



Sevenoaks	583
Tandridge	359
Dartford	146

(iv) percentage of applications dealt with by committee

<u>% of applications dealt with by Committee</u>	
England, January to March 2014	
Barking and Dagenham	2

Barnet	4
Bexley	4
Brent	2
Bromley	15
Camden	3
Croydon	3
Ealing	4
Enfield	4
Greenwich	6
Hackney	6
Hammersmith and Fulham	3
Haringey	2
Harrow	3
Havering	11
Hillingdon	11
Hounslow	3
Islington	5
Kensington and Chelsea	11
Kingston upon Thames	8
Lambeth	5
Lewisham	4
Merton	11
Newham	5
Redbridge	11
Richmond upon Thames	3
Southwark	5
Sutton	7
Tower Hamlets	87
Waltham Forest	5
Wandsworth	12
Westminster	6
	
Sevenoaks	3
Tandridge	3

(v) the percentage of the authority area in the Green Belt

[source: Bromley Planning Policy Department]

<u>% of authority area in the Green Belt</u>	
Barking and Dagenham	14.67%
Barnet	27.43%
Bexley	18.46%
Brent	Information unavailable
Bromley	51.48%
Camden	Information unavailable
Croydon	26.71%
Ealing	5.94%
Enfield	37.62%
Greenwich	Minimal
Hackney	Information unavailable
Hammersmith & Fulham	Information unavailable
Haringey	2.03%
Harrow	21.59%
Havering	53.49%
Hillingdon	42.95%
Hounslow	21.79%
Islington	Information unavailable
Kensington and Chelsea	Information unavailable
Kingston upon Thames	17.18%
Lambeth	Information unavailable
Lewisham	Information unavailable
Merton	Information unavailable
Newham	2.21%
Redbridge	36.50%
Richmond upon Thames	2.44%
Southwark	Information unavailable
Sutton	14.14%
Tower Hamlets	Information unavailable

Waltham Forest	21.63%
Wandsworth	Information unavailable
Westminster	Information unavailable
Sevenoaks	Information unavailable
Tandridge	Information unavailable
Dartford	Information unavailable

20. From Cllr Nicholas Bennett JP to the Portfolio Holder for Renewal and Recreation

If he will list the number of 'call ins' by ward for each of the past three years (including the current year), and the number called in and refused and the number subsequently allowed on appeal?

Reply:

Ward	Total calling to committee that have been decided	Number refused	Number allowed on appeal as of 05/12/2014
Bickley			
2012	6	3	
2013	7	2	
2014	3	2	
Biggin Hill			
2012	2	1	1
2013	1		
2014	1		
Bromley Common And Keston			
2012	7	3	1
2013	5	1	
2014	5	1	
Bromley Town			
2012	1	1	
Chelsfield And Pratts Bottom			
2013	3	1	1
2014	2	1	
Clock House			
2012	1	1	
2013	2	2	

Copers Cope			
2012	6	3	
2013	6	1	
2014	4	2	
Cray Valley East			
2014	2	2	1
Darwin			
2013	2	2	
2014	4	2	
Farnborough And Crofton			
2012	4	1	
2013	1	1	1
2014	1	1	
Hayes And Coney Hall			
2013	1	1	
Kelsey And Eden Park			
2012	3	1	1
2014	3	2	
Mottingham &Chislehurst North			
2012	1	0	
Orpington			
2012	2	1	
2013	1		
2014	4	2	
Penge And Cator			
2012	4	1	
Petts Wood And Knoll			
2012	3		
2013	10	6	3
2014	5	5	2
Plaistow And Sundridge			
2013	2	1	
2014	1		
Shortlands			
2012	1		
2013	2	2	
West Wickham			
2012	1		
2013	1	1	
2014	2	1	

21. From Cllr Nicholas Bennett JP to the Portfolio Holder for Renewal and Recreation

If he will give for the past three years (including the current year) the number and percentage of applications refused by -

(a) delegated authority

(b) by committee

and the number and percentage in each category which were subsequently allowed on appeal?

**Reply:
Committee:**

Year	Refused (% of total refusals)	Allowed at Appeal (% of total refused at committee)
2012	107 (12%)	30 (8%)
2013	120 (15%)	39 (33%)
2014 (to date)	117 (14%)	21 (18%)

Delegated authority:

	Refused (% of total refusals)	Allowed at Appeal (% of total refused under delegated authority)
2012	755 (88%)	61 (8%)
2013	702 (85%)	69 (10%)
2014 (to date)	740 (86%)	36 (5%)

22. From Cllr Tony Owen to the Chairman of Development Control Committee

Please give a timeline listing all communication (emails, letters and phone calls) relating to the following planning applications from initial application through to appeal decisions.

(a) 18 Oatfield Road, Orpington

(b) 2 Queensway, Petts Wood

Reply:

The timelines don't include any phone calls, which are not routinely logged.

(a) 14/01600/FULL6 - 18 Oatfield Road

29/4/14 – Application received by the Portal

9/5/14 – Invalidity letter sent to agent

15/5/14 – Application validated
 19/5/14 – Neighbour consultation letter sent
 19/5/14 – Acknowledgement letter sent to agent
 4/6/14 – Objection letter received from No.9 Vinson Close
 5/6/14 – On-line comments received from No.11 Vinson Close
 16/7/14 – Committee report
 31/7/14 – Application refused at Plans Sub-Committee and enforcement action authorised
 5/8/14 – Decision notice issued
 12/9/14 – Notification of appeal from Planning Inspectorate (PI)
 12/9/14 – Details of appeal forwarded by email to Cllrs Auld, Fawthrop and Owen
 12/9/14 – Email from Cllr Owen requesting a hearing
 16/9/14 – Email from Appeals team to PI requesting a hearing
 24/9/14 – Email from PI to appellant stating that hearing is requested by the Council, and the views of the appellant are requested by 1st October. States that final decision on the procedure will be made by PI
 14/10/14 – Unaccompanied site visit undertaken under the householder fast track procedure
 22/10/14 – Appeal decision issued – Appeal allowed
 27/10/14 – Email from Appeal section of Council to PI stating that the Council had not been informed that their request for a hearing had not been granted
 3/11/14 – Response from PI stating they are looking into the matter
 24/11/14 – Letter from PI stating that the decision had been made after the deadline for the appellant/agent to comment had passed that a hearing was not appropriate as it was considered that the matters at issue could be clearly understood from an examination of the appeal documents and a site inspection. They noted that enforcement action was pending, but considered that following the Inspector's decision on the appeal, it would be open to the Council to consider enforcement action at that time. The PI did, however, apologise for not informing either of the main parties of the PI's decision that a hearing was not appropriate.

(b) 13/01014/FULL1 - 2 Queensway:

5/12/11 – Original application, 11/03638/FULL1 for 2 detached houses received
 24/2/12 – 2011 application made valid
 3/4/12 – 2011 application refused under delegated authority
 5/4/12 – Decision Notice Issued
 17/4/13 – Post application letter received from the Agent regarding reason for refusal. No response provided as the protocol is to use the Council's Pre-application service.
 24/7/12 – Pre-application enquiry received to address above refusal
 7/6/12 – Pre application meeting takes place at Civic Centre
 25/6/12 – Agent emails revised plans to Planner
 28/6/12 – Email from Agent to Planner requesting an update on the matter
 18/7/14 – Further revised plans from Agent received
 26/7/12 – Planner provides formal pre-application response letter to Agent
 26/3/13 – Formal planning application received and validated, ref. 13/01014
 9/4/13 – Invalidity letter sent to agent
 15/4/13 – Acknowledgement letter sent to agent
 18/4/13 – Agent asks for application description to be amended to exclude the words, "Vehicular access to Tudor Way", which is now no longer proposed

19/4/13 – Objection received x 3
22/4/13 – Planner advises Agent that description has been rectified
23/4/13 – Local residents re-notified with amended description
24/4/13 – Objections received / Consultee comment received
25/4/13 – Neighbour comment received
29/4/13 – Consultee comment received
May '13 – Application called into committee by Cllr Owen
7/5/13 – Agent confirm receipt of two site notices; Planner advises that second one probably relates to the amended description
7/5/13 – Planner advises Agent that application has been called in to committee; Agent asks which councillor has called it in
10/5/13 – Planner advises that application was called in by Cllr Owen
17/5/13 – Agent seeks advise from Agent regarding progress update on application
30/5/13 – Planner confirms committee date
31/5/13 – Committee report
13/6/13 – Application considered at committee. Recommendation for permission is overturned and refused
5/7/13 – Appeal received
9/7/13 – Email to Ward Members advising of appeal
10/7/13 – Emails from Ward Members regarding appeal procedure
15/7/13 – Appeal start letter from PINS
18/7/13 – Appeal neighbour notification letter sent
18/7/13 – Appeal questionnaire sent
21/8/13 – Appeal statement sent to PINS
18/10/13 – Letter from appeal agent
23/10/13 – Letter from PINS re Inspector
14/11/13 – Planning Inspector visits site
9/12/13 – Appeal Decision issued granting planning permission for the scheme

Examples for Written Question No. 10

(1) Extract from Procurement Practice Note

“Gate Report - Considerations

14. SUSTAINABILITY / IMPACT ASSESSMENTS

(Sustainability Considerations

Detail here any sustainability issues that have been considered in specifying the works, goods, or services and in the delivery of the contract. For this, you may wish to consult with the Sustainability Manager in Environment and the Sustainability Lead in Procurement

Community and Sustainability Impact Statements /Assessments

The following questions should be addressed:

- *What will be the impact on local people, contractors and SME’s?*
- *Who will be affected by the contract?*
- *Are particular communities/groups likely to be affected differently by the issue?*
- *If there are likely to be adverse or less good implications for any particular communities/groups, what possible actions could be taken to ameliorate these? Are there any resource implications?*
 - *Where it is possible that the contract will have a disproportionate effect on a particular community or group explain the positive/negative effects. Include within this section any impacts required to be considered under the 2010 Equality Act.*
 - *If the contract will genuinely have no impact on local people or communities the following statement should be included: ‘This decision has been judged to have no or a very small impact on local people and communities’)*
 - ***If not included in the above, for service contracts there must be consideration of the requirements in the Public Services (Social Value) Act 2012 identifying how what is proposed might improve the economic, social and environmental well-being of the relevant area, how this will be aided by the procurement process and considering whether to have a consultation on the potential improvements themselves or how they might be secured. ...”***

(2) Example of Information Requested at PQQ stage

11. Environmental Sustainability		
Question	Applicant Response Please state; Yes / No	

	<i>to each question</i>	
<p>11.1 Does your organisation operate an Environmental Management System (EMS) and if so does the EMS meet the standards in ISO14001, EMAS or equivalent?</p> <p><i>If 'Yes' please enclose FULL examples and a copy of your certification.</i></p> <p><i>If 'No' please provide details of your organisation's own environmental policy / strategy document or provide details of what measures your organisation takes to adhere to good environmental practices.</i></p>		

(3) Example Tender Evaluation Matrix

19.0 STAGE 2 - EVALUATION CRITERIA

19.1 Stage 2 will consist of a fresh round of scoring based on Tenderers responses to service specific questions and will include evaluation of the tenderers pricing schedule.

19.2 All Stage 2 questions will require method statements using the methodology as noted in Section 17 'Method Statements' above.

19.3 All Stage 2 questions will be scored in accordance with the weightings illustrated in Table D below.

19.4 The percentage for each question for Stage 2 is detailed in Table D below:

Table D – Stage 2 Scoring Methodology

Question	% of Total Score
Price	60%
Quality Total	40%
Quality Questions are Comprised of:	% Score
1 Approach to Service Delivery	(25%)
2 Service Development & Ongoing Management Arrangements	(20%)
3 Customer Care	(20%)
4 Operation of Quality Management arrangements within Service Delivery	(20%)
Sustainability Issues covering Environmental, Social and Economic factors and benefits	(15%)

Report No.
CSD14020

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: PETITIONS

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: Orpington;

1. Reason for report

1.1 Under the Council's Petition Scheme, if petitioners are dissatisfied with the Council's response to a petition they have submitted they can request that the issue be brought to a meeting of the full Council for consideration, provided that the number of verified signatures exceeds the threshold required (500 signatures, or 1,000 signatures for an e-petition.) The lead petitioner or their nominee can address the Council for up to five minutes.

1.2 A petition has been received asking the Council keep the Bromley Museum at The Priory; after receiving a formal response the lead petitioner has requested to address the Council. Further details are set out in section 3 of this report.

2. **RECOMMENDATION(S)**

The Council is requested to consider the case made by the petitioners and make recommendations to the Executive as necessary.

Corporate Policy

1. Policy Status: Existing Policy: Petitions are dealt with in accordance with the Council's agreed Petition Scheme.
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: £N/A
 5. Source of funding: N/A
-

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? N/A
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Council's Petition Scheme allows for petitioners to present their case to full Council if they are dissatisfied with the Council's response to their petition, provided that the number of verified signatures exceeds the threshold of 500 signatures (1,000 for an e-petition.) The lead petitioner or their nominee) can address the Council for up to five minutes. Once Council has considered the matter, it can choose whether to recommend any further action.

3.2 A petition was received in December 2014 from Gillian Hughes at Perry Hall Primary School asking the Council to keep Bromley Museum at The Priory with its collection intact. The petition contained in excess of 500 validated signatures. A formal response was sent by the Director of Environment and Community Services on 21st January 2015 (attached as appendix 1), but the lead petitioner indicated that she was not satisfied with the response and wanted to address full Council.

3.3 The full prayer of the petition is as follows –

"Bromley Museum

We, the undersigned, are concerned that as a result of Bromley Council's decision not to guarantee that Bromley museum will stay at the Priory in Orpington, Bromley Museum may now be under threat of closure or relocation to another site.

Visitors to the museum (especially school children from all over Bromley) benefit from visiting the museum, not only to see its collection, but to enjoy the historic building, one of the most important medieval buildings in the borough.

We therefore ask Bromley Council to reconsider its decision and to keep Bromley Museum at the Priory with its collection intact."

3.4 Members will be aware that a report "A New Approach for Bromley Museum" was submitted for consideration at Renewal and Recreation PDS Committee on 29th January 2015, Executive and Resources PDS Committee on 4th February 2015 and the Executive on 11th February 2015. A large number of public questions were also received and dealt with at these meetings.

3.5 At the time of writing, a further petition has been received with in excess of 1,000 signatures asking the Council not to sell The Priory. A formal response is being prepared.

Non-Applicable Sections:	Policy/Financial/legal/Personnel
Background Documents: (Access via Contact Officer)	Report to R&R PDS Committee (29 th January 2015) and Executive (11 th February 2015).

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THE LONDON BOROUGH
www.bromley.gov.uk

Environment and Community Services

Civic Centre, Stockwell Close, Bromley BR1 3UH

Telephone: 020 8464 3333

Direct Line: 020 8313 4443

Email: nigel.davies@bromley.gov.uk

Fax: 020 8313 0095

DX5727

Mrs G Hughes
Perry Hall Primary School
Perry Hall Road
Orpington
Kent
BR6 0EF

21st January 2015

Dear Mrs Hughes

RE: The Priory Museum – Petition

Thank you for your letter of the 4th December 2014 and the accompanying petition.

I should start my response by saying that the Council remains committed to protecting and conserving heritage across the borough and no formal proposals or decisions have yet been taken over the future of the museum. Consultation has only recently just concluded on the Council's budget, with more than £60 million needing to be saved from a net budget of £206 million, with difficult decisions still to be made. The Council has been consulting residents on their views and priorities via an on line survey, the results of which now need to be considered against the competing service priorities that the Council has to deliver.

The Council must look at the future of every Council service as part of this, which includes the museum service. Decisions are likely to be taken in the New Year, and we will continue to keep residents and interested parties informed.

In 2013 extensive public consultation was undertaken to inform both the development of the Heritage Lottery Fund museum bid, and to assess the quality of the existing museum. The public response showed that the current museum offer is unsatisfactory. Common complaints were the lack of public toilets, the difficult to access location, the lack of welcome and way finding, and the poor standard of exhibitions. The number of visits has been consistently low

One Idea arising from this work is to move the Museum to Bromley Central Library where it can more easily be accessed by residents, and benefit from the library's public facilities and resources. The Central Library currently receives 200,000



INVESTOR IN PEOPLE

Executive Director of Environment and Community Services, Nigel Davies

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The Government Standard

visitors each year, ten times more than the museum. Additionally, moving the museum to the library will complement the local studies and archives service located there. A design scheme has been developed for high quality museum exhibitions in Central Library should the decision be taken to move the museum from its current location. This will enable more museum artefact's to be viewed by a greater number of people. I am anticipating that this option will be considered at the Renewal and Recreation Committee on the 29th January 2015.

I hope that you will accept that we have spent some considerable time on discussing with interested parties the options around the future of the Museum in conjunction with the more generic survey on service preferences, all of which have been designed to assist in the decision making process around service priorities that we are having to engage in at this time. For the time being the future of the Priory building remains open to suggestion.

If you are not satisfied with this response, and as there are more than 500 validated signatures on your petition, under the Council's Petition Scheme you can request to address a meeting of full Council for five minutes in support of your case. The next meeting of full Council will be held on 23rd February 2015 starting at 7pm and Graham Walton, Democratic Services Manager, is the lead officer to contact (020 8461 7743) if you would like the opportunity to address this meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nigel Davies', with a stylized, cursive script.

Nigel Davies
Executive Director of Environment and Community Services

EXECUTIVE

Minutes of the meeting held on 11th February 2015 starting at 7.00pm

Present

Councillor Stephen Carr (Chairman)
Councillors Graham Arthur, Robert Evans, Peter Morgan
Colin Smith, Tim Stevens and Stephen Wells

Also present

Councillors Nicholas Bennett, Eric Bosshard, Peter Fookes, William Huntington-Thresher, Pauline Tunnicliffe and Angela Wilkins

2015/16 COUNCIL TAX

FSD15009

Report FSD15009 identified the final issues affecting the 2015/16 revenue budget and sought recommendations to the Council on the level of the Bromley element of the 2015/16 Council Tax. The report also sought final approval of the schools budget. A replacement set of recommendations were tabled for the meeting as was a replacement Appendix 2 ("*Summary of Draft 2015/16 Revenue Budget – Portfolio*") to the report. Comments from PDS Committees in considering the initial draft budget were also provided.

Confirmation of the final GLA precept would be reported to the Council meeting on 23rd February 2015.

Report FSD15009 reflected the Council's approach to not only achieve a legal and financially balanced budget in 2015/16 but to have measures in place to deal with the medium term financial position (2016/17 to 2018/19).

Referring to benefits provided by the KeyRing scheme, Councillor Fookes (Penge and Cator), suggested that long term savings could possibly be made by helping to fund the scheme, perhaps by charging a levy for leaving a property empty. Recognising the scheme was appreciated, the Portfolio Holder for Care Services indicated however that it would not be possible for the Council to provide funds for the scheme in the current financial climate.

The Chief Executive outlined the approach taken to the consideration of savings and priorities in arriving at the draft 2015/16 budget. It was also necessary to consider the financial outlook for the Council for the forthcoming two years. The Leader added that this was the start of a process which would only become more difficult. It was necessary to secure a balanced budget. Should decisions be taken that cause particular difficulties, Members would be prepared to re-consider further and take action as necessary to help rectify the difficulties.

RESOLVED that:

(1) Council be recommended to:

- (a) approve the schools budget of £99.1 million which matches the estimated level of Dedicated Schools Grant (DSG);**
- (b) approve the draft revenue budgets (as at Appendix 2 to Report FSD15009) for 2015/16 to include the following updated changes -**
 - (i) additional core grant funding of £202k in 2015/16**
 - (ii) reduction in Discretionary Housing payments funding from £683k in 2014/15 to £509k in 2015/16 (variation of £174k), with a corresponding reduction in the Discretionary Housing Payments in the 2015/16 Budget;**
- (c) agree that Chief Officers identify alternative savings within their departmental budgets where it is not possible to realise any proposed savings reported to the previous Executive meeting;**
- (d) approve the following provisions for levies for inclusion in the budget for 2015/16 -**

	£'000
London Pension Fund Authority	475
London Boroughs Grant Committee	340
Environment Agency (Flood defence etc)	236
Lee Valley Regional Park	376
Total	1,427

- (e) approve a revised Central Contingency sum of £13,817k to reflect the changes in (b) and (d);**
- (f) approve the revised draft 2015/16 revenue budgets to reflect the changes detailed above;**
- (g) set a 1.99% increase in Bromley's council tax for 2015/16, compared with 2014/15, and, based upon their consultation exercise, an assumed 1.34% reduction in the GLA precept;**
- (h) note the latest position on the GLA precept, to be finalised in the overall Council Tax figure to be reported to full Council (see section 11 of Report FSD15009);**

- (i) approve the approach to reserves outlined by the Director of Finance (see Appendix 4 to Report FSD15009);
- (j) the Director of Finance be authorised to report any further changes directly to Council on 23rd February 2015.

(2) Council Tax 2015/16 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011) -

Subject to (1) (a) to (j) above, if the formal Council Tax Resolution as detailed below is approved, the total Band D Council Tax will be as follows:

	2014/15 £	2015/16 £	Increase/decrease (-) %
Bromley	1,010.07	1,030.14	1.99
GLA *	299.00	295.00	-1.34
Total	1,309.07	1,325.14	1.23

* The GLA Precept may need to be amended once the actual GLA budget is set.

(3) Council be recommended to formally resolve as follows:

- (i) it be noted that the Council Tax Base for 2015/16 is 125,130;
- (ii) calculate that the Council Tax requirement for the Council's own purposes for 2015/16 is £128,901k;
- (iii) that the following amounts be calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act) -
 - (a) £560,346k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act;
 - (b) £431,445k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
 - (c) £128,901k being the amount by which the aggregate at (iii) (a) above exceeds the aggregate at (iii) (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year;
 - (d) £1,030.14 being the amount at (iii) (c) above, divided by (i) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;

(iv) to note that the Greater London Authority (GLA) has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below (N.B. the GLA precept figure may need to be amended once the actual GLA budget is set);

(v) that the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2015/16 for each part of its area and for each of the categories of dwellings.

LONDON BOROUGH OF BROMLEY

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
686.76	801.22	915.68	1,030.14	1,259.06	1,487.98	1,716.90	2,060.28

GREATER LONDON AUTHORITY

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
196.67	229.44	262.22	295.00	360.56	426.11	491.67	590.00

AGGREGATE OF COUNCIL TAX REQUIREMENTS

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
883.4	1,030.6	1,177.9	1,325.1	1,619.6	1,914.0	2208.5	2,650.2
3	6	0	4	2	9	7	8

(vi) that the Council hereby determines that its relevant basic amount of council tax for the financial year 2015/16, which reflects a 1.99% increase, is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2015/16 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2015/16. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

(4) The Director of Finance be authorised to report any further changes directly to Council on 23rd February 2015.

Decision Maker: **Executive**

Date: **11th February 2015**

Decision Type: Non-Urgent Executive Key

TITLE: 2015/16 Council Tax

Contact Officer: Peter Turner, Director of Finance
Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk

Director: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 This report identifies the final issues affecting the 2015/16 revenue budget and seeks recommendations to the Council of the level of the Bromley element of the 2015/16 Council Tax. Confirmation of the final GLA precept will be reported to the Council meeting on 23rd February 2015. The report also seeks final approval of the "schools budget". The approach reflected in this report is for the Council to not only achieve a legal and financially balanced budget in 2015/16 but to have measures in place to deal with the medium term financial position (2016/17 to 2018/19).
-

2. RECOMMENDATIONS

2.1 The Executive is requested to recommend to Council that it:

- (a) Approves the schools budget of £99.1m which matches the estimated level of Dedicated Schools Grant (DSG);
- (b) Approves the draft revenue budgets (as in Appendix 2) for 2015/16;
- (c) Agrees that Chief Officers identify alternative savings within their departmental budgets where it is not possible to realise any proposed savings reported to the previous meeting of the Executive held on 14th January 2015;
- (d) Approves a contingency sum of £13.5m (see section 5);

- (e) Approves the following provisions for levies for inclusion in the budget for 2015/16:

	£'000
London Pension Fund Authority *	509
London Boroughs Grant Committee	340
Environment Agency (Flood defence etc.) *	248
Lee Valley Regional Park *	411
Total	1,508

* Provisional estimate at this stage

- (f) Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (see section 11);
- (g) Considers the “Bromley element” of the Council Tax for 2015/16 to be recommended to the Council, having regard to possible “referendum” issues (see section 15);
- (h) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);
- (i) Notes that any decision on final council tax level will also require additional “technical” recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting (see 15.7);
- (j) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 23rd February 2015.

Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
 2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 1
 3. Budget head/performance centre: Council wide
 4. Total budget for this head £129m Draft 2015/16 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 2 for overall funding of Council's budget
-

Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2015/16 Financial Control Budget to be published in March 2015
 2. If from existing staff resources, number of staff hours – N/A
-

Legal

1. Statutory requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000; and the Local Government Act 2002.
 2. Call-in is applicable
-

Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2015/16 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

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

3. Previous Reporting to Members

- 3.1 There was a presentation for the Members Finance Seminar on 12th June 2014 which is available on “One Bromley” which provides some detailed financial context.
- 3.2 The “Draft 2015/16 Budget and Update on the Council’s Financial Strategy 2016/17 to 2018/19” was reported to the Executive on 14th January 2015. Key matters reflected in the report included, for example:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 14th January 2015)

- (a) The Economic Situation which can impact on Public Finances (Appendix 1);
- (b) Council Tax Levels, Government Funding and Spend Levels (Appendix 2 and Section 19);
- (c) Various Key Changes/Proposals/Issues that could impact on the Council’s Finances (Appendix 3);
- (d) Real Changes including Cost Pressures etc. (Appendix 5);
- (e) Proposed savings (Appendix 6);
- (f) Detailed Draft 2015/16 Budget (Appendix 7)
- (g) Options being undertaken with a “One Council” approach (Section 11 of the report);
- (h) Budget Consultation 2014 (Appendix 8);
- (i) Risk Areas within each Portfolio (Appendix 9);
- (j) Future Local Authority Landscape (Section 13).

All of the above should be considered with this report as part of finalising the 2015/16 Budget and council tax levels.

4. 2015/16 Draft Budget and changes since last meeting of Executive

- 4.1 The last report to the Executive identified a significant “budget gap” over the four year financial planning period. The main updates are shown below:
- (a) The report includes an update on inflation provision to reflect the latest annual increase in RPIX of 1.7% (2% in previous month). This change has been factored into the draft 2015/16 budget and future year projections. Significant falls in oil prices have contributed to the latest inflation position
 - (b) It is too early to gage the impact of the announcement of a quantitative easing programme worth at least €1 trillion combined with the political uncertainty in the euro zone and the resultant impact on the UK’s future economic growth.
- 4.2 A summary analysis of key variations in the draft 2015/16 Budget, compared with the 2014/15 Budget, including further saving options required to balance the budget for 2015/16 and changes since the report to the meeting of the Executive on 14th January 2015, are shown in Appendix 1 and summarised below.

Variations Compared with 2014/15 Budget

	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m
Cost Pressures				
Inflation	4.0	8.1	12.4	16.6
Grant Loss	11.0	22.1	37.1	44.1
Real Changes considered by Executive in January 2015	6.4	11.9	14.6	17.8
Total Additional Costs	21.4	42.1	64.1	78.5
Income/ savings				
Saving proposals considered by Executive in January 2015	-8.8	-11.7	-11.7	-11.7
Funding from Better Care Fund towards protection of social care	-3.3	-3.3	-3.3	-3.3
Impact of revised Treasury Management Strategy	-1.1	-1.1	-1.1	-1.1
Increase in property numbers (council tax base)	-0.9	-0.9	-0.9	-0.9
Total income/ savings	-14.1	-17.0	-17.0	-17.0
Other Proposed Changes				
New Homes Bonus	-4.4	-4.7	-4.7	-4.7
New Homes Bonus – contribution to Investment Fund	4.4	4.7	4.7	4.7
Collection Fund Surplus (2012/13) set aside as one off support towards meeting funding shortfall in 2015/16	-3.0	0.0	0.0	0.0
Collection Fund Surplus 2013/14	-2.3	0.0	0.0	0.0
Reduction in business rate share	0.5	0.5	0.5	0.5
	-4.8	0.5	0.5	0.5
Impact of 1.99% increase in Council tax	-2.5	-5.0	-7.6	-10.0
Remaining “Budget Gap”	0.0	20.6	40.0	52.0

The above table shows, for illustrative purposes the impact of a council tax increase of 1.99% in 2015/16. Each 1% council tax increase generates on-going annual income of £1.26m.

- 4.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative ‘Bromley element’ Council Tax of £1,030.14 (1.99% increase) and Appendix 3 includes the Draft 2015/16 Central Contingency Sum. Appendix 2 is based on draft portfolio/departmental budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept.
- 4.4 The above table identifies that a balanced budget can be achieved for 2015/16 and the Council will need to identify further savings in future years to achieve a balanced budget in the medium term. The remaining “budget gap” of £20.6m in 2016/17 rising to £52.0m per annum in 2018/19 highlights that the Council, on a roll forward basis, has a “structural deficit” as the ongoing budget has increasing costs relating to inflation and service pressures as well as the ongoing loss of Government grants. These changes are not being funded by a corresponding growth in income. The “budget gap” may increase or reduce as a result of a number of variables in future years.

- 4.5 The Council has to plan for a very different future, i.e. several years of strong financial restraint. The future year's financial projections shown in Appendix 1, includes a planning assumption of ongoing reductions in Government funding in 2016/17, 2017/18 and 2018/19. Projections need to be treated with caution as there remains significant uncertainty relating to any future changes arising from the outcome of the general election in May 2015 as well as the impact of recent Government changes which includes for example, Care Act, the longer term impact of the Better Care Fund, and further funding reductions from 2016/17. It is important to recognise that the downside risks remain as well as limited opportunities for improvement in the overall financial position in future years.
- 4.6 Further changes will be required, prior to the report to full Council on 23rd February, for the finalisation of the Council Tax, to reflect latest available information on levies and the GLA precept.
- 4.7 The key growth pressures reported to the previous meeting of Executive are summarised below:

	2015/16 £'000	2018/19 £'000
Full year effect of social care overspends in 2014/15	3,022	3,022
Homelessness/impact of welfare reforms	1,100	4,300
Increase in net cost of waste services	871	1,569
Removal of contracted out national insurance from 2016/17	0	1,300
Changes in parking enforcement – reduction in income	1,000	1,000
Impact of auto enrolment	100	700
Deprivation of Liberty	628	628
Cost of freedom passes (mainly usage)	245	1,745
Provision for future years cost pressure not included above		1,700
Reduction in rate of schools converting to academies compared with 2014/15 Budget assumptions	-956	45
Other growth pressures (net)	347	1,840
Total	6,357	17,849

- 4.8 If further growth pressure continues in these areas, as well as other areas, then further cost pressures will increase the future years “budget gap”.
- 4.9 In considering action required to address the medium term “budget gap”, savings for 2015/16 were reported to the previous meeting of the Executive. These savings (see below) were reported through PDS Committees and their comments will be circulated separately prior to the meeting of the Executive.

	2015/16 £'000
Reduction in staffing and further efficiencies	3,200
Additional income	2,055
Changes in service delivery	1,893
Contract Efficiencies	1,454
Funding of staff costs through Growth Fund	164
Total	8,766

The savings of £8,766k increase to £11,669k per annum by 2016/17.

5. Draft 2015/16 Central Contingency Sum

- 5.1 Details of the 2015/16 Draft Contingency Sum of £13,534k have been included in Appendix 3. This sum allows for proper financial planning and ensures the council is prepared for changes in financial circumstances. There may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council's overall 2015/16 Budget.

6. Earmarked Reserves

- 6.1 At the meeting of the Executive on 14th January 2015, Members agreed as part of the draft 2015/16 Budget the setting aside of the 2015/16 New Homes Bonus (£4,400 after top-slice) as a contribution to the earmarked reserve for the Investment Fund.
- 6.2 As reported to the Executive previously, the Council has reduced its level of general reserves (general fund reserves in 1997 were £131 million). Part of the reduction reflects the funding towards the Invest to Save Fund, Growth Fund and Investment Fund. These funds will help support the achievement of sustainable savings/income to the Council. The Council will continue to seek opportunities to increase the Economic Development and Investment funds to support the purchase of investment properties (generating income) as well meet future plans to invest in employment growth areas of Biggin Hill, Bromley Town Centre and the Cray Business Corridor.
- 6.3 Reserves are one off monies and are utilised to resource investment in schemes that will deliver long terms savings, support economic development, create employment opportunities and enable income opportunities as well as have sufficient resources to manage financial risks during this unprecedented period of austerity. It is not financially sustainable to use Council reserves as part of the revenue budget to fund ongoing service costs.
- 6.4 The position on reserves is reported to Executive as part of the final accounts report in June each year as well as the Council Tax report to Executive in February each year. Bromley's overall reserves are expected to remain below average for London and have to be considered in the context of an underlying "budget gap" of over £52m per annum by 2018/19.
- 6.5 Further details of earmarked reserves are provided in Appendix 4

7. 2014/15 Financial Monitoring

- 7.1 There continue to be significant cost pressures in social care which is reflected in the 2014/15 Financial Monitoring report elsewhere on this agenda. The majority of the full year impact of the in-year overspends on social care are reflected in the 2015/16 Budget, including the impact of action to reduce the overspend and its associated full year effect
- 7.2 A sum of £1.2m was set aside in the 2014/15 contingency budget to reflect additional homelessness costs. In October 2014 Executive agreed to drawdown £653k to meet cost pressures with the remaining monies being used for a capital contribution for works at Manorfields for temporary accommodation which will generate a revenue savings and avoid costly bed and breakfast accommodation. The financial forecast assumes further costs of £4.3m per annum from 2018/19 compared with the 2014/15 Budget.

7.3 Other variations, including, for example, the future containment of costs within Portfolio Budgets have been reflected in the draft 2015/16 Budget. Directors continue to identify options to manage these other cost pressures.

8. The Schools Budget

8.1 The latest funding for the Schools' Budget was reported to the previous meeting of the Executive including an announcement of an additional £19.5m to be added to the schools block for distribution to schools for 2015/16.

8.2 The Schools' Budget includes the delegated budgets for individual schools and also other pupil-led services such as Special Educational Needs, pre school provision and pupils excluded from schools. The ring fenced Dedicated Schools Grant (DSG) funds the Schools' Budget, and so there is no funding required from the Revenue Support Grant or Council Tax.

8.3 The ringfencing of this grant results in a continuation of minimal scope to redirect resources from the Schools Budget to other services.

8.4 The use of the DSG will be subject to consultation with Members, Governors, Head Teachers, the Schools Forum and other interested parties. The Education Portfolio Holder will make a final decision, following this consultation, at his meeting on 27th January 2015.

9. Levies

9.1 Miscellaneous levies must be charged to the General Fund and shown as part of Bromley's expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 23rd February 2015 and will impact on the final council tax level. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

10. Collection Fund

10.1 It is a statutory requirement to maintain a Collection Fund at arms length from the remainder of the Council's accounts.

10.2 The 2014/15 Budget included the one off release of a surplus of £3.853m of which £0.889m relates to the GLA precept and allowed for the net sum of £2.964m to be set aside to reduce the "budget gap" in 2015/16. In addition, there is a sum of £2.3m, as reported in the Provisional 2013/14 Final Accounts report to Executive in June 2014 consisting of a council tax collection fund surplus of £2.9m offset by a business rate share deficit of £0.6m. There have been no changes to the council tax base since the previous meeting of the Executive.

11. The Greater London Authority Precept

11.1 The GLA's 2015/16 Draft Budget has been issued for consultation and includes proposals for a reduction of 1.3% in existing GLA precept levels for 2015/16. The final GLA precept for 2015/16 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 23rd February 2015.

12. Council's Capital Programme, Utilisation of General Reserves and Building Maintenance

- 12.1 The latest estimated general fund (revenue) balance at 31st March 2015 is £20.5m as shown in the "Budget Monitoring 2014/15" report elsewhere on this agenda, is provided below:

	2014/15 Projected Outturn £Million
General Fund Balance as at 31 st March 2014	20.0
Impact of net projected underspends reflected in the 2014/15 budget monitoring report elsewhere on this agenda	+2.0
Adjustment to Balances: Carry forwards (funded from underspends in 2013/14)	-1.5
Estimated General Fund Balance at 31 st March 2015 (end of year)	20.5

- 12.2 Bromley's Capital programme is mainly funded by external government grants and contributions from TfL. There are, however, a number of schemes funded from capital receipts.
- 12.3 The "Capital Programme Monitoring Q3 2014/15 & Annual Capital Review 2015 to 2019" report highlights the financial implications of the proposed capital programme and the impact on revenue balances. Members were previously advised of the importance of the financial strategy of retaining rolling programme schemes within the Council's revenue budget (final year of transfer of rolling programme to revenue was in 2009/10) and to avoid dependency on revenue reserves to support the revenue budget.
- 12.4 Alongside the introduction of the new prudential code for capital spending, the Director of Finance is required to report to the council on the appropriateness of the level of reserves held by the council and the sustainability of any use of reserves to support the revenue budget. The detailed advice is contained in Appendix 4.
- 12.5 The 2015/16 Draft Budget includes the Council's building maintenance programme. Details of the utilisation of these monies are reported elsewhere on this agenda.

13. Consultation

- 13.1 Executive, at its meeting on 14th January 2015, requested that the "Draft 2015/16 Budget and Update on Council's Financial Strategy 2016/17 to 2018/19" report and the saving options are considered by individual PDS Committees. PDS Committees comments relating to the report in January will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 23rd February 2015 where the 2015/16 Budget and Council Tax will be agreed.
- 13.2 Two separate resident association meetings and two wider public meetings relating to "Our Budget Your Views" in November 2014 with a new web survey seeking the public's views online (with a closing date of 7 December 2014) were held and the outcome was reported to the previous meeting of the Executive.

- 13.3 Meetings have taken place with Head Teachers, Governors and the Schools Forum. Following consultation, spending decisions will be taken by the Education Portfolio Holder on 27th January 2015.
- 13.4 Consultation papers have been sent to Bromley Business Focus, Federation of Small Businesses (Sevenoaks & Bromley Branch) and the 20 largest business ratepayers in the borough. At the time of writing this report no responses have been received. Any verbal updates on responses will be provided at the meeting of the Executive.
- 13.5 Chief Officers' indicative saving options were referred by the Executive in January and, where appropriate, the consultation process is being undertaken and the outcome to date will be reported to the meeting.

14. Position by Department – Key Issues/Risks

- 14.1 There remain significant cost pressures for future years particularly relating to homelessness and social care. Although additional funding has been provided, without action to contain any further cost pressures, alternative savings would need to be identified.
- 14.2 Details of the potential risks which will be faced in future years, as part of finalising the 2015/16 Budget, were reported to the previous meeting of the Executive. The level of balances held by the Council provides significant safeguards against any adverse financial pressures.

15. Council Tax Level 2015/16

- 15.1 The current overall Council Tax (Band D equivalent) includes the "Bromley element" relating to the cost of the council's services and various levies of £1,010.07 in 2014/15 and a further sum of £299.00 for the GLA precept (providing a total Band D equivalent Council Tax of £1,309.07).
- 15.2 For 2015/16 every £1m change in income or expenditure causes a 0.8% variation in the "Bromley element" of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.26m.
- 15.3 As part of the 2015/16 Local Government Financial Settlement, council tax freeze grant for 2015/16 will continue (since 2014/15) to be included in future years base funding. The Council would receive a council tax freeze grant of £1.39m if council tax levels were unchanged. A council tax increase of 1.99% equates to income of £2.51m. Compared with a Council tax increase of 1.99% the Council would forego ongoing annual income of £1.12m.
- 15.4 If the Council agrees an increase which exceeds the referendum trigger of 2% and above, an automatic referendum will be required of all registered electors in the borough. If the registered electors do not, by a majority, support an increase of 2% and above then the Council would be required to meet the cost of rebilling of approximately £100k. The one off cost of a referendum is up to £400k.
- 15.5 The table below identifies the changes required to the draft 2015/16 Budget to achieve different levels of increases in the Bromley element of the council tax and also illustrates that a decision to freeze council tax, compared with an increase above 1.1%, will result in a permanent loss of income. An increase of 1.99% has been assumed in the 2015/16 Draft Budget, at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2015/16	Additional Income 2015/16 £'m	Ongoing Income 2015/16 £'m
Freeze	-1.39	-1.39
1.0	-1.26	-1.26
1.5	-1.89	-1.89
1.99 *	-2.51	-2.51

*Assumed in draft 2015/16 Budget

- 15.6 Any decision on council tax levels will need to be based on a medium term view and therefore not only consider the financial impact on 2015/16 but also the longer term impact over the four year forecast period.
- 15.7 The Council tax Referendum Principles are not expected until mid-February and may change the existing calculation. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.
- 15.8 Members should note that Bromley has the lowest Band D Council tax in Outer London, using Office for National Statistics categories. Bromley had the second lowest Settlement Funding per head in London partly reflecting a low perceived need to spend. Bromley's lowest Council Tax in outer London is particularly noticeable when compared to other low grant funded boroughs that in some cases have the highest level of Council Tax. More details were included in the "Draft 2015/16 Budget and Update on Council's Financial Strategy 2016/17 to 2018/19" report to the meeting of the Executive on 14th January 2015.
- 15.9 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2015/16, having regard to all the above factors, including the Director of Finance comments in Appendix 4.
- 16. Medium Term Financial Planning**
- 16.1 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 14th January 2015 and the draft 2015/16 Budget and future years forecasts reflect the impact of this approach.
- 16.2 The Council has had to take significant action to reduce the cost base while protecting priority front line services, keeping council tax low, continuing to provide resources for investing in the future and providing sustainable longer term solutions. The scale of savings required is evidence that this remains the most challenging budget process undertaken by the Council in recent times. In order to continue to provide priority services the Council will need to radically review existing service provision, reduce overall resources to match reduced funding and continue to mitigate against cost pressures being forecast. In the future Bromley will be a different council – fewer staff numbers, probably a smaller proportion of staff in direct employment and certainly a smaller management structure.
- 16.3 Council tax has been kept low and the proposals include retaining investment resources (new homes bonus) to meet the "sustainability" requirements. There will be increasing financial volatility, uncertainty and risk and the Council faces the challenge of delivering a balanced budget over the medium term. Stewardship and delivering sustainable finances are increasingly important during the ongoing period of austerity which impacts on local government funding. It is probable that the situation will remain volatile in the medium term requiring ongoing changes in our detailed approach but the framework should be one of tight financial forecasts and control linked to a clear strategic service direction.

- 16.4 The council has taken a prudent approach to identify and deliver front loading efficiency savings. This together with being debt free and healthy reserves places the council in a strong position to respond to the challenges that will undoubtedly arise. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and the structural budget deficit during this austerity period.

17. POLICY IMPLICATIONS

- 17.1 The Council's key priorities are included within the Council's "Building a Better Bromley" statement and include:
- Safer Communities
 - A quality environment
 - Vibrant, thriving town centres
 - Supporting independence, especially of older people
 - Ensuring all children and young people have opportunities to achieve their potential
 - An Excellent Council
- 17.2 "Building a Better Bromley" refers to aims/outcomes that include "remaining amongst the lowest Council tax levels in Outer London" and achieving a "sustainable council tax and sound financial strategy".

18. PERSONNEL IMPLICATIONS

- 18.1 The Corporate Trade Union and departmental Representatives' Forum receives regular updates on the Council's finances and the associated policy implications and challenges. Staff and their trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the budget options. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning

19. LEGAL IMPLICATIONS

- 19.1 The Local Authorities (Standing Orders) (England) Regulations 2001 deal, amongst other things, with the process of approving the budget. Under these provisions and the constitution, the adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. Sections 73-79 of the Localism Act 2011 has amended the calculations billing and precepting authorities need to make in determining the basic amount of Council tax. The changes include new sections 31A and 31B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax. These calculations are required to be presented to and be subject to formal resolution by the Council
- 19.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply (see 15.4).
- 19.3 The introduction of the Education Act 2005 has changed the procedure for the setting of schools budgets. The Act has introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.

- 19.4 The Schools Finance (England) Regulations 2005 introduced under the provisions of the new Section 45AA of the School Standards and Framework Act 1998, place a requirement on the LEA to determine schools budgets by the 31st March. Notice of a schools determination must be given to maintained schools governing bodies. Contained within the regulations is a designated procedure that allows the LEA to predetermine schools budget and the individual schools budget. There is also a provision allowing amendment to the determination, but any reduction in budget can only be proportionate to any reduction in the dedicated schools grant that has been received.
- 19.5 The making of these budget decisions is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases (see 15.4). As previously a lawful Council Tax must be set by 11th March 2015.
- 19.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring the adequacy of future years reserves in making budget decisions.
- 19.7 “The Public Sector Equality Duty, at section 149 of the Equality Act 2010, requires public bodies such as the Local Authority to consider all individuals when carrying out their day to day work – in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities. The Act covers discrimination because of a ‘protected characteristic’- age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 19.8 In fulfilling our equalities duty, and in particular the specific equalities duty, regard has been had to the impact of budget proposals and savings options on those with ‘protected characteristics’, As part of the budget setting process where appropriate impact assessments have been performed at service level where service managers and frontline staff will be involved in implementing the changes and fully understand the customer base and likely impact on them.
- 19.9 In some instances detailed analysis will be undertaken after the budget has been set but before a policy arising from the budget is implemented. In these instances the council will comply with its legal obligations including those relating to equalities and consultation and if a proposal is deemed to be unsustainable after such detailed work or where a disproportionate impact on a protected group is identified consideration will be given to any necessary mitigation, rephrasing or substitution of the proposed service changes.

Background documents	<p>Budget Monitoring 2014/15 (Executive 11th February 2015); Capital Programme Monitoring Q3 2014/15 and Annual Capital Review 2015 to 2019 (Executive 11th February 2015); Draft 2015/16 Budget and Update on Council's Financial Strategy 2016/17 to 2018/19 (Executive 14th January 2015); Council Tax Support/Reduction – 2015/16 (Executive 14th January 2015); Growth Fund Update (Executive 26th November 2014); Temporary Accommodation Update – Use of Manorfields as Temporary Accommodation (Executive 15th October 2014); Homelessness and Welfare Reform Draw Down from Central Contingency (Executive 15th October 2014); Treasury Management – Investment Strategy Review and Q1 Performance 2014/15 (Executive 10th September 2014); Care Act 2014 Impact (Care Services PDS Committee 2nd October 2014); Approval of Better Care Fund Financial Arrangements (Executive 19th September 2014); Acquisition of Investment Properties (Executive 10th September 2014); Operational Property Review and Disposal Opportunities (Executive 10th September 2014); Acquisition of Investment Properties (Executive 10th September 2014); Provisional Final Accounts 2013/14 (Executive 10th June 2014); Economic Development and Investment Fund (Executive 16th July 2014); Deprivation of Liberty Safeguards – Funding Request (Executive 16th July 2014).</p>
Financial Considerations	Covered within overall report

Financial Forecast 2015/16 to 2018/19

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2014/15 (before funding from Formula Grant)	202,736	202,736	202,736	202,736	202,736
Formula Grant and Business Rate Share	-77,296	-77,296	-77,296	-77,296	-77,296
	125,440	125,440	125,440	125,440	125,440
Increased costs		4,035	8,193	12,317	16,549
Net reduction in core funding		10,989	22,148	37,148	44,148
Impact of revised Treasury Management Strategy - Interest on Balances		-1,150	-1,150	-1,150	-1,150
Real Changes and other Variations					
Education, Care and Health Services (mainly homelessness and full year effect of 2014/15 overspend)		4,346	6,448	7,026	8,535
Environment (mainly changes in parking enforcement and growth in waste services)		1,974	2,543	2,769	2,996
Renewal and Recreation (statutory planning fees)		27	54	81	108
Other (mainly council wide)		10	2,010	3,110	3,910
Provision for future years cost pressures not included above		0	800	1,600	2,300
Sub total - real changes and variations		6,357	11,855	14,586	17,849
Sub total		145,671	166,486	188,341	202,836
Better Care Fund - Funding for the "protection of social care" (assumes continuation of funding from 2016/17)		-3,250	-3,250	-3,250	-3,250
Reduction in business rate share		510	510	510	510
Collection Fund Surplus 2012/13 set aside in 2014/15 to support 2015/16 budget gap		-2,964	0	0	0
Net collection fund surplus 2013/14 (Council tax £2.9m less NNDR deficit of £0.6m)		-2,300	0	0	0
		-4,754	510	510	510
New Homes Bonus (includes top slice reduction from 2015/16)		4,400	4,700	4,700	4,700
Contribution to Investment Fund		-4,400	-4,700	-4,700	-4,700
		0	0	0	0
Remaining Sum to be met from Council Tax/Budget Options		137,667	163,746	185,601	200,096
Savings proposals considered by Executive in January 2015		-8,766	-11,669	-11,669	-11,669
Increase in council tax (assume 1.99% per annum)		-2,511	-5,040	-7,560	-10,080
Current Council Tax Income (updated council tax base from 2015/16)	-125,440	-126,390	-126,390	-126,390	-126,390
Remaining "Budget Gap"	0	0	20,647	39,982	51,957

Summary of Draft 2015/16 Revenue Budget

2014/15	Portfolio/Item	2015/16	2015/16
Budget		Draft	Band "D"
£'000		£'000	Equivalent
			£
119,542	Education	103,442	826.68
Cr 114,893	Less costs funded through Dedicated Schools Grant	Cr 99,057	Cr 791.63
4,649	Sub total	4,385	35.05
104,940	Care Services	103,991	831.06
32,699	Environment	32,316	258.26
2,526	Public Protection and Safety	2,080	16.62
8,371	Renewal and Recreation	8,353	66.76
31,769	Resources	30,020	239.91
7,450	Non Distributed Costs & Corporate & Democratic Core	7,599	60.73
192,404	Total Controllable Budgets	188,744	1,508.39
16,827	Total Non Controllable Budgets	20,997	167.80
Cr 917	Total Excluded Recharges	Cr 912	Cr 7.29
208,314	Portfolio Total	208,829	1,668.90
Cr 15,735	Reversal of Net Capital Charges	Cr 19,698	Cr 157.42
Cr 1,591	Interest on General Fund Balances	Cr 2,741	Cr 21.91
8,004	Contribution to Investment Fund and Other Reserves	4,400	35.16
-	Use of collection fund surplus	Cr 2,964	Cr 23.69
11,850	Central Contingency Sum	13,534	108.16
	Levies		
486	- London Pension Fund Authority	509	4.07
310	- London Boroughs Grants Committee	340	2.72
236	- Environment Agency	248	1.98
391	- Lee Valley Regional Park	411	3.29
212,265	Sub Total	202,868	1,621.26
Cr 42,031	Revenue Support Grant	Cr 32,769	Cr 261.88
Cr 35,265	Business Rates Retention	Cr 34,409	Cr 274.99
Cr 144	Local Services Support Grant	Cr 89	Cr 0.71
Cr 2,964	Collection Fund Surplus	Cr 2,300	Cr 18.38
Cr 1,381	Council Tax Freeze Grant	-	-
Cr 5,040	New Homes Bonus	Cr 4,400	Cr 35.16
125,440	Bromley's Requirement (excluding GLA)	128,901	1,030.14

2015/16 CENTRAL CONTINGENCY SUM

£'000

Environmental Services

Street Environment Contract 60

Renewal and Recreation

Planning Appeals - Changes in Legislation 60

Grants included within Central Contingency Sum

Reduction in Education Services Grant		400
Lead Local Flood Authorities - Grant Related Expenditure (LSSG)		216
Public Health - Transfer of 0-5 year old Services (health visitors etc.)		1,901
Government Funding to meet Cost of Service	Cr	1,901
Tackling Troubled Families Grant - Expenditure		426
Tackling Troubled Families Grant - Income	Cr	426
Transformation Challenge Award - Expenditure		344
Transformation Challenge Award - Income	Cr	344
Adoption Reform Grant - Expenditure		273
Adoption Reform Grant - Income	Cr	273
SEND Implementation Grant - Expenditure		182
SEND Implementation Grant - Income	Cr	182
Individual Electoral Registration Process - Expenditure		102
Individual Electoral Registration Process - Income	Cr	102
SEND Pathfinder SEN Reform Grant - Expenditure		71
SEND Pathfinder Grant - Income	Cr	71

General

Provision for Cost Pressures arising from Variables		2,000
Provision for Unallocated Inflation		1,864
Provision for Risk/Uncertainty		2,193
Provision for Risk/Uncertainty relating to Volume and Cost Pressures		1,950
Increase in Cost of Homelessness/Impact of Welfare Reforms		1,100
Changes in Parking Enforcement		1,000
Growth for Waste Services		300
Deprivation of Liberty		314
Impact of Automatic Enrolment (additional employee costs)		300
Retained Welfare Fund		450
Freedom Passes		326
Grants to Voluntary Organisations		275
Disabled Facilities Grant RCCO		232
Care Act - Revised Assessment of Costs		2,876
Care Act - Funding from Better Care Fund	Cr	750
Care Act - Government Funding	Cr	1,848
Other Provisions		216
		<u>13,534</u>

There will be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2015/16 BUDGET

1. Background

With the introduction of the prudential approach to capital investment, Chief Financial Officers in local authorities are required to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. In considering the affordability of its capital plans, councils are required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. This requires clear and objective attention to the levels and application of the council's balances and reserves. The level of balances and reserves needs to be adequate to ensure that the longer term stewardship of the Council's finances remains effective and the Council maintains "sustainable" finances in the medium term. Medium term planning becomes absolutely key in recognition of the ongoing "structural" budget deficit facing the Council.

2. General Reserves

2.1. Bromley has estimated general reserves of £20.5 million as at 31st March 2015 as well as earmarked reserves (Section 3). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:

- (a) To provide some "contingency" reflecting the financial risks facing the Council. The scale of budget reductions and associated impact, the need to manage effectively action to reduce the longer term "budget gap" and recent government changes which include the transfer of risks from central to local government provides significant new risks for longer term planning purposes;
- (b) To provide alternative one off funding to offset the impact of any overall large overspends facing the Council;
- (c) To provide adequate resources for spend to save initiatives which, following investment, can provide real longer term financial and service benefits;
- (d) To provide support in financing the capital programme, particularly to assist in funding key initiatives;
- (e) To provide financial support (income) to the revenue budget through interest earnings, which will reduce as balances are gradually reduced;
- (f) To utilise short term monies available from any "front loading" of savings to assist in managing the key risks facing the Council and fund key initiatives preventing the further deterioration in the "sustainability" of the Council's finances;
- (g) To provide investment to seek a long term alternative to current income streams;
- (h) To provide funding (e.g. severance costs) to enable the release of longer term ongoing savings;
- (i) To set aside income available, that does not provide a permanent income stream, towards one off investment in the community for schemes that meet the Council's priorities;
- (j) To buy time to identify further savings needed whilst avoiding "knee jerk" actions to deal with future budget deficits;
- (k) To assist the council achieve as much stability as possible for both longer term service delivery and planning the moving of resources to areas of agreed priority.

- 2.2 In order to assess the adequacy of unallocated general and earmarked reserves when setting the budget, account must be taken of the strategic, operational and financial risks facing the authority. This is an important aspect of Bromley's developing approach to risk management. An "Annual Governance Statement" signed by the Chief Executive and the Leader of the Council covers, for example, the processes to fully underpin the Council's system of internal control.
- 2.3 Setting the level of reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account needs to be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements.
- 2.4 Bromley's reserves have reduced from £131m to £54m (general reserves) between 1997 and 2011. The Council had previously agreed to set aside part of these reserves towards an Invest to Save Fund and to fund the Economic Development and Investment Fund. Further details were reported to Executive in September 2011 and June 2013. The latest projected level of general reserves remaining is £20.5m. It was previously estimated that reversing the current strategy of eliminating the ongoing dependency on the use of reserves to support the revenue budget and abandoning the transfer of rolling programmes to revenue would have eliminated the Council's overall general reserves by 2016/17 which is not sustainable. Further details were reported in the Annual Capital Review reports.
- 2.5 The main reasons for reducing reserves over the previous years were:
- (a) Reserves had been utilised to provide a one off contribution to partly fund the Council's revenue budget, of between £3.1m and £4.3m per annum from 2000/01 to 2007/08, to assist in keeping the Council Tax lower;
 - (b) Utilised to partly fund the council's capital programme, particularly as future capital receipts diminish.
- 2.6 The most significant gain to balances was following the housing transfer to Broomleigh in 1992. The balances have reduced considerably since then as shown above. Opportunities to generate additional capital resources and reserves through disposal of surplus assets should continue to be vigorously pursued, however, there are unlikely to be opportunities to again generate the very substantial level of reserves held in the past.
- 2.7 Latest projections in the capital programme indicate that there will be no requirement to fund capital expenditure from revenue balances over the next three years which should enable the current level of balances to be retained. This position could change if there is significant slippage in capital receipts.
- 2.8 If the existing general reserves are released now to fund continuing service initiatives and/or significantly reduce council tax further then there would be a resultant "opportunity cost" relating to the corresponding loss in interest earnings and depletion of reserves which is not recommended by the Director of Finance, particularly at this time of financial uncertainty. Funding for any increases in service levels would only be in the short term. Retaining a significant level of reserves provides a major opportunity to fund any transformation/spend to save programmes in future years, as well as provide an ongoing source of significant revenue income to the Council.

- 2.9 Executive previously agreed that the following principles be applied to determining the use of reserves:
- (a) As a prudent working balance that a target minimum level of general reserves of £15m should be set at this stage for reserves, with higher amounts being retained for specific purposes. The Director of Finance subsequently reviewed the minimum level of general reserves and recommended a minimum sum of £20m to reflect the significant financial uncertainty facing the Council and the need to address the significant ongoing “budget gap”.
 - (b) Any support for the capital programme to be focused on areas that can generate business efficiencies and maintain and enhance the Council’s core infrastructure. The programme should be driven by the Council’s asset management plan, which in turn should be derived from the key priorities of the Council.
 - (c) Any support for the revenue budget will need to be modest and sustainable in the medium term and the impact of any withdrawal built into future financial plans. From 2008/09 Members agreed to eliminate the continuing use of reserves to support the revenue budget.
 - (d) The council has limited scope to utilise general fund reserves for capital spending in excess of the current capital programme and will need to continue to progress a programme of asset disposals. Given the substantial pressures on the revenue position of the council it would be sensible to focus the spending of the general reserves in excess of the basic level on investments to increase the efficiency of the council, provide income and reduce the cost base rather than in funding the continuation of current practices and patterns of spending.
- 2.10 Balancing the annual budget by drawing on general reserves is a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this needs to be explicitly considered and the sustainability of this over the lifetime of the medium term financial plan needs to be considered.
- 2.11 In the context of Bromley’s current financial position the reserves are adequate in 2015/16 and 2016/17. However, the important issue to consider is planning the future use of the reserves in the context of the authority’s medium term financial plan and not to focus exclusively on short-term considerations.

3. Earmarked Reserves

3.1 As part of developing a medium term financial plan and preparing the annual budget members need to consider appropriate use of reserves for specific purposes and the levels at which these should be set. Further details on the utilisation of earmarked reserves together with general reserves are provided in section 2.1. The current specific (earmarked) reserves and their estimated uses are:

Description	Balance at 31/3/14	Estimated Net Movement	Estimated Balance at 31/3/15	Estimated Movement	Estimated Balance at 31/3/16
EARMARKED BALANCES	£'000	£'000	£'000	£'000	£'000
LPSA/LAA Reward Grant Investment Fund	1,046	-300	746	-300	446
Technology Fund	1,801	21	1,822	25	1,847
Town Centre Improvement Fund (LABGI)	66	-	66	-66	-
Reserve for Potential Redundancy Costs	115	-18	97	-27	70
Transformation Fund	4,817	-450	4,367	-1,200	3,167
Community Fund	655	-38	617	-	617
Works to Property	100	-	100	-	100
Building Control Charging Account	68	28	96	-20	76
Government Grants (c/fwd from previous years)	2,352	-1,645	707	-707	-
Glaxo Wellcome Endowment	183	-5	178	-5	173
Public Halls Fund	8	-	8	-3	5
Investment Fund	41,193	-17,703	23,490	-20,000	3,490
Growth Fund	10,000	-250	9,750	-3,000	6,750
Invest to Save Fund	15,975	-3,565	12,410	700	13,110
Bromley Welcare	29	-	29	-29	-
One off Member Initiatives	1,162	-156	1,006	-328	678
Interest Rate Risk Reserve	1,185	-1,185	-	-	-
Infrastructure Investment Fund	2,000	-	2,000	-	2,000
Provision for Impact of Recession	1,500	-1,500	-	-	-
Commissioning Authority Programme	99	-60	39	-39	-
Health & Social Care Initiatives – Promise Programme	5,953	-	5,953	-	5,953
Key Health & Social Care Initiatives	1,700	-	1,700	-	1,700
Integration of Health & Social Care Initiatives	1,937	-500	1,437	-1,437	-
Healthy Bromley Fund	2,670	-90	2,580	-2,580	-
Winter Pressures Reserve	1,542	-	1,542	-1,542	-
Housing Strategy Trading Account	29	-	29	-20	9
Community Right to Bid & Challenge	30	17	47	-	47
Glades Refurbishment	572	-241	331	-241	90
Impact of Winter Damage – Potholes and Highways	1,000	-1,000	-	-	-
Provision for Emergency Flood Damage	100	-100	-	-	-
Refurbishment of War Memorials	25	-25	-	-	-
Cheyne Woods and Cyphers Gate	192	-24	168	-121	47
Collection Fund Surplus	-	2,964	2,964	-2,964	-
Parallel Fund	-	2,720	2,720	80	2,800
Sub Total	100,104	-23,105	76,999	-33,824	43,175
PROVISIONS					
Insurance Fund	2,981	-481	2,500	-	2,500
OTHER					
School Budget Share Funds	6,767	-1,920	4,847	-2,111	2,736
Total Estimated Reserves	109,852	-25,506	84,346	-35,935	48,411

- 3.2 The above table includes new earmarked reserves which are dependent on any final decision on council tax levels. The report includes further provision of £4,400k in 2015/16 relating to new homes bonus.
- 3.3 The report highlights the ongoing “budget gap” (see 4.4 of main report) which results in the Council, on an ongoing basis, having a “structural deficit”. To respond to this, Members have agreed over the last three years to create new earmarked reserves to support longer term investment and provide a more sustainable longer term financial position. This includes setting aside resources to support the Council’s future transformation programmes (invest to save), support acquisition of investment properties to generate sustainable income, and setting aside new homes bonus and other resources to support economic development and employment within the borough whilst generating income opportunities. These measures are important to provide sustainable solutions in the longer term.
- 3.4 A summary of other significant areas are:
- School Balances - these are unspent balances of budgets delegated to individual schools and these are legally only available to schools.
 - Insurance Reserves – self-insurance is a mechanism used by a number of local authorities including Bromley. In the absence of any other statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves or provisions.
 - Technology Fund - this represents IT budgets that have been put into a reserve in previous years to allow projects to be carried out across the boundaries of financial years and the utilisation of this will become increasingly important over the next few years.
- 3.5 In addition there is the pensions reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes’ requirements and the net change in the authority’s recognised liability under IAS19 – employee benefits, for the same period. An appropriation is made to or from the pensions reserve to ensure that the bottom line in the income and expenditure account reflects the amount required to be raised in taxation. This effectively prevents the large deficit on the pension fund needing to be made good from taxation in one year.
- 3.6 The final outcome of the actuarial valuation as at 31/3/13 was that the Council’s pension fund is 82% funded with a total deficit of £128m (including other non-council employees). Decisions on the deficit repayment period of 15 years were made at the meeting of Pensions Investment Sub Committee on 11th February 2014. The triennial actuarial valuation will impact on the budget from 2015/16 to 2016/17 with a subsequent valuation impacting from 2017/18.

4. **Budget Assumptions**

4.1 Treatment of Inflation and Interest Rates

4.1.1 Previously market assumptions about interest rates increasing have not materialised which is impacting on Income from interest on balances. Low lending rates are expected to continue over the next two years due to, for example, the continuation of “funding for lending” , Bank of England is expected to keep the base rate low, and limiting the lending period to banks to reflect cautionary advice from credit rating agencies. The Treasury Management policy was reviewed and Members agreed alternative lending options including investment in a property fund, diversified growth fund and increasing of lending limits to part nationalised banks which has led to potential additional income of £1.15m per annum. There remains a need to ensure the strategy finds the right balance between Security, Liquidity and Yield – in that order. In a recent survey Bromley achieved the second highest returns against a benchmark group of 12 local authorities. The 2015/16 Budget assumes income of £2.74m. Some local authorities are achieving returns as low as 0.25% per annum. Alternative investments relating to acquisition of properties as part of a wider investment strategy is expected to deliver additional income of £1m in 2015/16 rising to £2m per annum from 2016/17 (in addition to income of £2m per annum achieved through previous acquisitions).

4.1.2 A general allowance of 1.7% has been built into the forecast for 2016/17 and future years for contractual running expenses. This compares with current general RPIX increase of 1.7% (Dec. '14).

4.1.3 The 2015/16 Budget includes the impact of the proposed salary increase for staff announced by the Resources Portfolio Holder at the Executive meeting on 14th January 2015.

4.2 **Level and Timing of Capital Receipts**

4.2.1 Details of the level and timing of capital receipts are included in the “Capital Programme Monitoring Q3 2014/15 and Annual Capital Review 2015 to 2019” report elsewhere on the agenda.

4.3 **“Demand Led” Budgets**

4.3.1 The major demand led services that currently affect Bromley's budget are Children in Care, adults and older people social care services and homelessness. These have all been based around a detailed analysis of the current position with reasonable estimates of likely changes in activity in the next financial year. For homelessness, significant increases have been built into the budget. The net full impact of the 2014/15 overspend on social care has also been built into the Draft 2015/16 Budget.

4.4 **Financial Standing of the Authority**

4.4.1 Long-term Council Tax collection rates have been consistently high at around 98/99%. Other external debt collection is also high. There are plans to continue to improve the recovery of income across service areas. Any improvement will serve to improve the Council's overall financial position. There remains, however, a risk that collection rates could suffer within the current economic climate. As a debt free authority, Bromley has relatively limited exposure to interest rate movements and changes in interest earnings on external investments have been reflected in the budget based upon likely use of reserves and current interest rates.

4.5 **Budget and Financial Management**

4.5.1 Bromley has for many years operated multi year budget planning. There have been substantial improvements in the quality and accuracy of financial planning in recent years. The introduction of cash targets for service departments has led to greater realism in the projection and management of the volume of service activity. Overspends against the budget had been **generally contained in** overall terms in previous years. Should overspending be forecast on any service in 2015/16, then balancing the budget will require very positive action if the council is not to overspend in the current and future years.

4.6 **Financial Information and Reporting**

4.6.1 The arrangements for finance staff to report to the Director of Finance, in place since April 2002, have produced far greater clarity of roles and responsibilities. This has led to the production of more accurate budgets and improved the quality of budget monitoring. However the implementation of further savings to revenue budgets for 2015/16 will require even greater scrutiny than was the case in previous years and this will include the capital programme. The Council will need to continue with a rolling service review process to be able to generate savings as part of future years' budgets. Bromley was previously graded 4 ("performing strongly") in the external audit for financial management as part of the Use of Resources (this assessment has now ceased). The main issue remaining is to ensure that service managers continue to develop even greater ownership of their budgets and have more sophisticated activity and performance information on the service which they are providing. Should there be overspending in 2015/16 then compensating savings will need to be generated.

4.6.2 The Council will need to continue to adopt a corporate "One Council" approach in addressing budget pressures and identifying saving options.

4.7 **Virement Procedures**

4.7.1 Currently Bromley does not routinely allow the carry forward of under-spending (and overspending) by service departments as part of its year-end procedures. The Director of Finance remains satisfied however, that the current virement rules allow sufficient flexibility within the year for officers/Members to manage the budget to enable them to contain overspending within overall budgets.

4.8 **Risk areas**

4.8.1 Details were reported to the previous meeting of the Executive.

4.9 **Link with other plans/strategies**

4.9.1 A budget is a service plan/strategy expressed in financial terms and there will be linkages with other strategies and plans across the Council. The proposed budget also takes into account the outcomes of the Public Sector Equality Duty on the council's proposals (see legal considerations of main report).

4.10 Insurance Fund

4.10.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a stop loss of £1.4 million that prevents the council from having to meet losses in excess of this amount on liability claims in any one year. The “Insurance Fund – Annual Report 2013/14”, considered by the Resources Portfolio Holder at the meeting of the Executive and Resources PDS Committee on 19th November 2014, gives more background information.

4.11 Funds and the adequacy of provisions

4.11.1 As is discussed above, the council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year’s capital expenditure and other commitments. It is essential that an adequate level of reserves is maintained to reflect the impact of the future years budget gap of £20.6m in 2016/17 and £52m in 2018/19, “balance sheet” liabilities (e.g. pension fund deficit) combined with the significant financial uncertainty facing the Council in this austerity period. Bad debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council’s external auditors.

4.11.2 The scale of the medium term “budget gap”, coupled with the significant financial uncertainty in the ongoing austerity period makes it important to maintain adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart for the need to retain reserves to address risks and uncertainty there are specific reserves to fund invest to save as well as investment in the future towards economic development within the borough whilst generating sustainable income and savings to help reduce the future years budget gap. This helps ensure that key measures of sustainable finances and stewardship in the medium term can be realised. These funds retained are adequate to meet the needs of the Council in the medium term. The level of reserves will continue to be kept under review during the Medium Term Financial Plan period.

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EXECUTIVE – 11TH FEBRUARY 2015**COMMENTS FROM PDS COMMITTEES ON THE DRAFT 2015/16 BUDGET**

Extracts from minutes of PDS meetings are set out below -

EDUCATION BUDGET SUB-COMMITTEE – 6TH JANUARY 2015

The Sub-Committee considered a report setting out the draft Education Portfolio Budget 2015/16, which incorporated future cost pressures and initial budget saving options to be reported to the Executive on 14th January 2015. Members were requested to consider the initial budget saving options proposed and identify any further action to be taken to reduce the cost pressures facing the Local Authority over the next four years.

The Head of Education, Care and Health Services Finance advised Members that approximately £900k savings had been identified across the Education Portfolio for 2015/16. This included savings in essential car users' allowances, the redesign or reorganisation of some services, including the Youth Service and Schools and Early Years Commissioning and Quality Assurance Service, the reorganisation of contracts related to some services, and increased income generation targets for Children and Family Centres.

In considering the draft Education Portfolio Budget 2015/16, The Portfolio Holder for Education noted that no additional growth pressures had been identified in the Education Portfolio for 2015/16, but that there had been an additional allocation of funding relating to the full year effect of the reduction in the Education Services Grant and the closure of the outreach service. There would be further significant reductions in the Education Services Grant provided to the Local Authority as more Local Authority maintained schools converted to academy status, although the pace of transfer had now slowed. It was expected that the Local Authority would lose £6m per annum between 2013/14 and 2016/17 as a result of the conversion of Local Authority maintained schools to academy status.

RESOLVED that:

- 1) The financial forecast for 2016/17 to 2018/19 be noted;**
- 2) Members' comments on the initial draft saving options proposed by the Council's Executive for 2015/16 be noted; and,**

- 3) Members' comments on the initial draft 2015/16 Education Portfolio budget be provided to the meeting of the Council's Executive on 11th February 2015.**

EXECUTIVE AND RESOURCES PDS COMMITTEE, 7th January 2015

The report set out the initial draft budget for 2015/16 and indicated actions to reduce the Council's medium term "budget gap." The report set out potential savings to be considered by the Executive, but there were still outstanding issues and areas of uncertainty remaining. All PDS committees would be asked for their views before the Executive made its final recommendations to Council.

The Committee commented on a number of issues as follows –

- A Member commented that he found it unusual that the Council had three separate long term insurance policies expiring at different times, and that it would be better to approach insurers now and move towards a common renewal date, packaging these risks together.
- It was noted that the recent Working Group on the Effectiveness of Children's Centres had recommended 10% savings from the 2015/16 and 2016/17 budgets.
- It was noted that a strategic decision was being taken to charge Renewal Team and some Strategic Property costs to the Economic Development Fund and the Investment Fund respectively.
- A Member queried why the central contingency for the street cleansing contract could be reduced from £200k to £60k. It was explained that the context was that a saving of £1m had been made on the contract and a large contingency had been needed in case this saving could not be delivered; as no problems had been encountered it was possible to substantially reduce the provision.
- There was a £1m reduction in parking enforcement income; the Portfolio Holder had already been lobbying government on this issue.

The Chairman concluded that costs must continue to be contained.

RESOLVED that the recommendations be supported.

ENVIRONMENT PDS COMMITTEE, 20th January 2015

Members considered the Portfolio Holder's Draft 2015/16 Budget incorporating future cost pressures and initial draft budget saving options as reported to Executive, 14th January 2015.

Executive requested that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio, with the views of each PDS Committee reported back to the Executive's next meeting on 11th February.

Concerning a proposal to cease the development function in parks, it was explained that this related to landscaping development. The core service for parks would not be affected and costs for any future development landscaping in parks would have to be met from grant funding.

By reducing the frequency of paper collections from weekly to alternate week collections, it was suggested there might be increased litter problems and a greater influx of online “fix my street” requests. However, it was considered that a number of residents would retain paper in their home or garage. If it was necessary to keep paper bins outside, officers would encourage residents to cover the bins. Streets would also be cleaned by the Council’s street cleansing contractor.

Paper levels and associated revenue were already in decline and a primary reason for moving to an alternate week collection; any additional income reduction from paper had been modelled into the draft budget. To help increase paper tonnages it would be necessary to encourage more recycling. Measures to help achieve this are considered by the Committee’s Waste Working Group.

Should an alternate week paper collection be aligned with green box collection dates, it was suggested there might be a temptation to place excess paper in the green box. This was accepted, but associate waste advisers would be available to advise residents. Extra bins could also be provided as necessary. An alternate week paper collection would be considered in detail at a forthcoming Portfolio Holder meeting.

It was not possible to fine householders for leaving out waste/recycling before collection day, but any material so left could be regarded as a fly tipping problem if insufficiently protected. Waste/recycling should also be left for collection within the curtilage of a property and netting could help keep boxes and lids together.

Proposals were also noted to introduce collection charges for domestic clinical waste (or at least transfer the costs back to the relevant health authority). It was suggested that this should be a matter for the health authority and officers were working to this end.

RESOLVED that the Committee’s comments on the 2015/16 draft budget be provided to the Executive for consideration at their meeting on 11th February 2015.

CARE SERVICES PDS COMMITTEE, 21st January 2015

The Committee considered a report, including an updated version of appendix 1, setting out the draft Care Services Portfolio budget for 2015/16, based on the assessments of future cost pressures and initial budget savings presented to the Executive on 14th January 2015. All PDS Committees were requested

to consider the draft budgets for their portfolios, identify any further actions that could be taken to reduce cost pressures and report to the next meeting of the Executive on 11th February 2015 prior to the Executive making recommendations to full Council on 23rd February 2015 on the 2015/16 budget and Council Tax levels.

The Committee discussed the proposed commissioning savings listed at line 22 in appendix 1. Councillor Angela Wilkins attended as a ward councillor to emphasise the important role carried out by the Pineapple Club in Crystal Palace and Penge and Cator wards not just in offering a lunch club and healthy food but also in providing transport, giving advice and combating isolation. The Club had little warning that these savings were proposed and she proposed that transitional arrangements should be put in place if the proposals were approved. She also commented that this would be a false economy as the costs saved here would emerge elsewhere. Some other Members and Co-opted members agreed and it was suggested that further engagement with the groups involved was required.

Councillor Tony Owen also attended the meeting to speak on this issue. He commented on the importance of the role of the Ethnic Communities Project Manager, particularly given the large Somali community in the borough, the campaign against female genital mutilation and the increased risk from radical extremists. He urged that the savings be put on hold and alternative means to fund this post be investigated.

Members accepted that the Council faced difficult decisions and had to make savings to set a budget, but urged the Executive to consider carefully the implications of reducing funding for BME groups and to look at alternative sources of funding.

RESOLVED that the financial forecast for 2015/16 to 2018/19, the initial draft savings options presented to the Executive for 2015/16 and the initial draft budget be noted and the Committee's comments set out above be submitted to the Executive's meeting on 11th February 2015.

EDUCATION PDS COMMITTEE, 27th January 2015

The Committee considered a report setting out the draft Education Portfolio Budget for 2015/16, which incorporated future costs pressures and initial draft saving options reported to the Council's Executive on 14th January 2015. The draft Education Portfolio Budget for 2015/16 had also been considered at the meeting of Education Budget Sub-Committee on 6th January 2015, the minutes of which had been provided to Members of the Education PDS Committee for their information. Members were requested to provide their comments on the proposed savings and identify any further action to be taken to reduce cost pressures facing the Local Authority over the next four years.

The Head of Education, Care and Health Services Finance advised Members that approximately £1.1m savings had been identified across the Education

Portfolio for 2015/16. This included savings in essential car users' allowances, the redesign or reorganisation of some services, including the Youth Service and Schools and Early Years Commissioning and Quality Assurance Service, the reorganisation of contracts related to some services, and increased income generation targets for Children and Family Centres.

It was recommended than a new charge be introduced for the provision of Key Stage 2 Writing Moderation to academies. This service was currently free of charge to all Bromley schools by the School Standards team and was funded by a grant from the Department for Education, but recent guidance had clarified that the grant was intended to fund moderation services in Local Authority Maintained schools only. There was a statutory requirement to provide moderation services to academies if requested, but the Local Authority was permitted to charge for this service.

A Co-opted Member was concerned at high level of savings related to the proposed reorganisation of the Youth Service and how this would impact service provision.

RESOLVED that:

- 1) The financial forecast for 2016/17 to 2018/19 be noted;**
- 2) Members' comments on the initial draft saving options proposed by the Executive for 2015/16 be noted;**
- 3) Members' comments on the initial draft 2015/16 Education Portfolio Budget be provided to the meeting of the Council's Executive on 11th February 2015; and,**

The Portfolio Holder be recommended to agree the implementation of a new charge for moderation services to academy schools.

RENEWAL & RECREATION PDS COMMITTEE, 29th January 2015

Members considered a draft 2015/16 Budget for the Renewal and Recreation Portfolio incorporating future cost pressures and initial draft budget saving options as reported to the Executive on 14 January 2015.

The Executive requested individual PDS Committees to consider the proposed initial draft budget savings and cost pressures for their Portfolio and requested that Member comments be reported back to the next meeting of the Executive prior to Members making recommendations to Council on 2015/16 Council Tax levels.

During consideration of the variations compared with the 2014/15 budget (page 61), it was confirmed that the inflation figures were based on a 2% increase per annum.

The words 'impact of 2.0% Council Tax Increase' (page 61), pertained to a 2% Council Tax increase per annum.

The New Homes Bonus was created as an Investment Fund to generate income and was treated as a one-off payment as future funding may be dependent on the outcome of the General Election in May 2015. This would be a decision for the Executive or Full Council to take.

RESOLVED that:-

- (1) the financial forecast for 2016/17 to 2018/19 be noted;**
- (2) the initial draft savings options proposed by the Executive for 2015/16 be noted;**
- (3) the initial draft 2015/16 Budget be considered as a basis for setting the 2015/16 Budget; and**
- (4) Member comments on the initial draft 2015/16 Budget be provided to the February meeting of the Executive.**

PUBLIC PROTECTION & SAFETY PDS COMMITTEE, 3rd February 2015

The purpose of the Draft Budget report was to consider the Portfolio Holder's Draft Budget for 2015/16, and to scrutinise future cost pressures and possible budget savings options. Members were encouraged to suggest any further action that may be taken to reduce cost pressures.

Comments and suggestions from the Committee would be reported back to the Executive before their next meeting on February 11th 2015.

The Committee were reminded that the report to the Executive in January 2015 identified a budget gap rising to over £53m per annum by 2018/19.

The Committee were informed that there were four key areas in the Portfolio where possible savings had been identified:

- a review of the council wide Essential Car User Allowance Scheme, generating savings to the PPS Portfolio of £28k
- as part of the review of council wide organisational efficiencies and management costs, it was estimated that £95k could be saved through implementing these efficiencies
- a review of staffing and associated budgets across Public Protection and Community Safety was expected to save the Portfolio £219k
- a reduction in CCTV staffing costs would save £50k

Members noted that the total net budget for 2015/16 was estimated at £2,312,380.

RESOLVED:

(1) the Draft 2015/16 Budget report be noted

(2) that the initial draft savings options proposed by the Executive for 2015/16 be agreed

(3) that the initial draft 2015/16 budget be used as a basis for setting the 2015/16 budget

EXECUTIVE & RESOURCES PDS COMMITTEE, 4th February 2015

The Committee considered the draft 2015/16 revenue budget proposals. Confirmation of the GLA precept was still awaited, but it was anticipated that the 1.3% reduction proposed in the GLA's draft budget would not be changed. Notification of the final grant settlement had been received, and the Council would be getting an additional £202k. However, there was also a significant reduction in funding for discretionary housing payments from £683k to £509k. In response to a question, the Director confirmed that the current £683k was fully utilised.

RESOLVED that the recommendations be supported.

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Line	Division	Saving Option	15/16	16/17	Full Year Saving (£000k)
ALL DEPARTMENTS					
1	Essential Car Users	Circa £300k	300	300	300
2	Organisational efficiencies & Management costs restructure		1,500	2,000	2,000
SUB-TOTAL			1,800	2,300	2,300
CHIEF EXECUTIVES DEPARTMENT					
<u>Corporate Services Division (£21m Controllable Budget)</u>					
3	Facilities & Support	Retendering of cleaning contract	60	60	60
4	Facilities & Support	Restructuring Attendant service	25	25	25
5	Facilities & Support	Changes to franking machine provision	2	2	2
6	Information Systems and Telephony	Post revisions, software removal, resource days	121	121	121
7	Legal Services	Staff reduction	10	10	10
8	Contact Centre	North shoring - transferring whole contact centre to Barrow SSC*	13	26	26
9	Contact Centre	**Reduce contact centre SLA from 80% of calls answered in 30 seconds to 50% of calls answered within 1 minute	31	31	31
10	Contact Centre	Cease supply of caddy liners at Reception (available via Libraries)	6	6	6
11	Contact Centre	*Electoral register to be viewed by appointment only	4	4	4
12	Contact Centre	Parking fine appeals to only be online only	4	4	4
13	Contact Centre	Meeting attendees to self-serve notifying their arrival via internal phone - incl. training courses, officer & member meetings	4	4	4
14	Contact Centre	LBB staff & Cllr's to self serve and use online forms	4	4	4
15	Democratic Services	Remove coordination of complaints/FOI	50	50	50
16	Democratic Services	Approved changes to Cllr IT/Telephones	34	34	34
SUB-TOTAL			368	381	381
<u>Financial Services & Procurement Division - (£11m Controllable Budget)</u>					
17	Exchequer - Payments & Income	Saving from outsourcing and charging	221	221	221
18	Exchequer - Revenue & Benefits	Reduction of licence fees	75	75	75
19	Exchequer - Revenue & Benefits	Increased Council Tax & NNDR court costs	100	100	100
20	Exchequer - Revenue & Benefits	Contract negotiation with Liberata	100	100	100
21	Management Accounting & Systems	Delete further two finance posts within management accounting teams (if frequency of BM reduced to quarterly & response for financial information not so timely)	30	30	30
22	Management Accounting & Systems	Delete manager in FIS team (will then be dependent on 1 senior post for all interfaces in financial systems, FBM, EBM, BACS payments etc)	0	70	70
SUB-TOTAL			526	596	596
<u>Transformation & Regeneration - £2.5m Controllable Budget</u>					
23	Aquisition of Investment Properties	Assuming we invest £40m in the purchase of commercial property at a yield of 5.3% or higher £2m p.a. could be achieved	1,000	2,000	2,000
24	Planning	Increase pre-application advice fees (on top of inflation). Report to be submitted to the 18 March 2015 R & R PDS meeting.	15	15	15
25	Renewal	Renewal Team costs to be charged to Economic Development and Investment Fund on the basis that the work they do contributes to the investment, growth and development of the Borough.	51	155	155

Line	Division	Saving Option	15/16	16/17	Full Year Saving (£000k)
26	Strategic Property Services	Charge some of the Strategic Property costs to the Regeneration & Investment Fund	20	129	129
27	Strategic Property Services	Anerley Business Centre (subject to Member decision in November 14)	21	52	52
SUB-TOTAL			1,107	2,351	2,351
ENVIRONMENT & COMMUNITY SERVICE DEPARTMENT					
Public Protection (£2.5M controllable budget)					
28	Public Protection and Community Safety	Review of staffing to reduce services to the statutory baseline, which would include the deletion of 10 posts within the following areas: - Trading Standards, Food Safety, Licensing, Public Health & Nuisance, Community Safety and Housing	169	339	339
29	Community Safety	Reduction of the Portfolio Holder grant budget	50	100	100
30	Public Protection	Reduction of CCTV staffing costs	50	50	50
SUB TOTAL			269	489	489
Street Scene & Green Spaces (£30.5m Controllable Budget)					
31	Area Management & Street Cleansing	Cleansing of Public Conveniences Contract - Closure of remaining facilities (Bromley Town Centre, Beckenham, Penge and West Wickham)	22	89	89
32	Area Management & Street Cleansing	Reduce central contingency sum for street cleansing contract from £200k to £60k	140	140	140
33	Street scene and green space	Restructuring of SSGS division including; a fully commissioned park service and a review of the client contract monitoring function across the whole division.	182	530	530
34	Parks and Green Space	Parks Strategy - cease development function in parks	80	80	80
35	Waste Services	Reduced opening hours of the green garden waste satellite sites as per Environment PDS report 4 Nov 2014.	146	271	271
36	Waste Services	Reduce frequency of kerbside paper collections from weekly to fortnightly. Savings achieved by rationalising vehicle utilisation.	250	250	250
37	Waste Services	Introduce charges for collection of domestic clinical waste, or transfer costs back to health authority	30	30	30
38	Waste Services	Increase price of food waste liners from £2 to £2.50	35	35	35
39	Waste Services	Increase price of GGW Wheelie Bin service from £60 to £65 per annum from 1 April 2016.	0	30	30
SUB-TOTAL			885	1,455	1,455
Transport & Highways (£6.9m Controllable Budget)					
40	Parking	Increase parking charges	390	230	230
41	Network management	Additional £60k staffing to be charged to TfL Principal Road Maintenance capital budget	60	60	60
42	Traffic & Road Safety	New charges for disabled parking bays and white bar markings as per report to Environment PDS 23 September 2014.	20	20	20
SUB-TOTAL			470	310	310
Recreation (£6.8M Controllable Budget)					
43	Town Centre Management & Business Support	Efficiencies in TCM	0	46	46
44	Culture	Relocate Museum Exhibition Service to Central library as part of the agreed Heritage Strategy.	0	44	44
45	Libraries	Create 6 Community managed libraries as per the agreed library strategy report R & R PDS 18.11.14	0	250	250

Line	Division	Saving Option	15/16	16/17	Full Year Saving (£000k)
	SUB-TOTAL		0	340	340
	EDUCATION, CARE & HEALTH SERVICES DEPARTMENT				
	<u>Children's Social Care</u>				
46	Care and Resources	Personal Education Allowances	30	30	30
47	Care and Resources	Reorganisation of the service	50	50	50
48	Safeguarding and Care Planning	Bromley Gypsy Traveller - SLA	33	33	33
49	Referral and Assessment	CAMHS Funding, already achieved through recommissioning of service	125	125	125
50	Children's Disability Services	Changes to playgroup funding, cessation of floating support, and CIN play schemes already achieved	66	66	66
51	Bromley Youth Support Programme	Further efficiencies within the YOT Service	50	50	50
52	Safeguarding and Quality Assurance	Volunteers in Child Protection, already achieved	38	38	38
53	Safeguarding and Quality Assurance	Reorganisation of the service	27	27	27
	SUB-TOTAL		419	419	419
	<u>Adult Social Care</u>				
54	Assessment and Care Management	Deletion of one vacant post and a further post being redeployed	81	81	81
55	Assessment and Care Management	Older People contract efficiencies already achieved	181	181	181
56	Assessment and Care Management	Care management - new contracting arrangements already achieved	130	130	130
57	Assessment and Care Management	Implementation of IMPOWER work	250	250	250
58	Assessment and Care Management	Charging Policy update	200	200	200
59	Direct Services	Carelink	25	25	25
60	Direct Services	Reduce extra care housing capacity	150	150	150
61	Learning Disabilities Day and Short breaks Service	Staffing restructure - vacant posts	70	70	70
62	Learning Disabilities Day and Short breaks Service	Stop My-Time activities	52	52	52
63	Learning Disabilities Day and Short breaks Service	Running expense reduction	26	26	26
64	Learning Disabilities Care Management	Integration of Services, restructure to achieve integration	100	100	100
	SUB-TOTAL		1,265	1,265	1,265
	<u>Commissioning Division</u>				
65	Supporting People	Review service levels at retender for all contracts	213	213	213
66	Commissioning	Cease funding BME groups. Ethnic Comms Programme/Somali women and men, BACA, Pineapple club (£111k). Keyring service (£91k)	202	202	202
	SUB-TOTAL		415	415	415
	<u>Strategic & Business Support</u>				
67	Performance & Information	R&R and L & D reconfiguration of service, vacant post	31	31	31
68	Performance & Information	Running cost reduction	48	48	48
69	Performance & Information	Income generation from Perf & Info and Learning and Development Services.	45	45	45
	SUB-TOTAL		124	124	124
	<u>Housing Division</u>				
70	Housing Needs	Withdrawal of Winter Shelter contribution, peer education and CAB advice (specific housing advice contract)	51	51	51
	SUB-TOTAL		51	51	51
	<u>CHILDRENS SOCIAL CARE (Education Portfolio)</u>				
71	Youth Service	Bromley Youth Music Trust	230	306	306

Line	Division	Saving Option	15/16	16/17	Full Year Saving (£000k)
72	Youth Service	Service Redesign	506	506	506
73	Children's Centres	Income Generation/Savings	120	120	120
	SUB-TOTAL		856	932	932
	EDUCATION				
74	Schools & Early Years Commissioning and QA	Reorganisation of service including charging some elements to DSG	130	160	160
75	Strategic Place Planning	Charge 50% of 1 post to capital	33	33	33
76	Schools & Early Years Commissioning and QA	Contract efficiencies already achieved	48	48	48
	SUB-TOTAL		211	241	241
	TOTAL		8,766	11,669	11,669

EXECUTIVE

Minutes of the meeting held on 11th February 2015 starting at 7.00pm

Present

Councillor Stephen Carr (Chairman)
Councillors Graham Arthur, Robert Evans, Peter Morgan
Colin Smith, Tim Stevens and Stephen Wells

Also present

Councillors Nicholas Bennett, Eric Bosshard, Peter
Fookes, William Huntington-Thresher, Pauline Tunnicliffe
and Angela Wilkins

CAPITAL PROGRAMME MONITORING Q3 2014/15 AND ANNUAL CAPITAL REVIEW 2015 TO 2019

Report FSD15014

The current position on capital expenditure and receipts was outlined following the third quarter, 2014/15. New schemes were also presented for approval supported by Council Directors in the annual capital review process - the main focus again being a continuation of existing essential programmes and externally funded schemes, with a limited new spending programme (two new schemes) being put forward at this stage.

Members noted and approved the recommendations in Report FSD15014.

RESOLVED that:

- (1) Report FSD15014 be noted, including the re-phasing of a total of £8,377k from 2014/15 into later years (see paragraph 3.3.7 of Report FSD15014), and a revised Capital Programme agreed;**
- (2) the following amendments to the Capital Programme be approved –**
 - (i) reduction of £112k in respect of schemes having reached completion (see paragraph 3.3.1 of Report FSD15014);**
 - (ii) addition of £663k in 2015/16 for Social Care Grant (see paragraph 3.3.2 of Report FSD15014);**
 - (iii) increase of £101k in 2014/15 to reflect revised grant support from Transport for London for highway schemes (see paragraph 3.3.3 of Report FSD15014);**

(iv) addition of £395k in 2015/16 for Relocation of Exhibitions in Bromley Museum (see paragraph 3.3.4 of Report FSD15014);

(v) a net reduction of £6,294k on the Council's Investment Fund scheme to reflect the latest update on property acquisitions (see paragraph 3.3.5 of Report FSD15014);

(vi) transfer (virement) of £113k from the budget for the Reconfiguration of Special Schools to the Basic Need budget (see paragraph 3.3.6 of Report FSD15014);

(vii) addition of £15m to the Council's Investment Fund in the 2016/17 Capital Programme, to be funded by capital receipts (see paragraph 3.12 of Report FSD15014); and

(3) Council be recommended to –

(i) include the new scheme proposals supported by Chief Officers (listed at Appendix C to Report FSD15014) in the Capital Programme (see paragraphs 3.4 and 3.5 of Report FSD15014); and

(ii) approve the addition of £15m to the Council's Investment Fund in the 2016/17 Capital Programme, to be funded by capital receipts (see paragraph 3.12 of Report FSD15014).

Decision Maker: Executive
Council

Date: Executive 11th February 2015
Council 23th February 2015

Decision Type: Urgent Executive Key

Title: CAPITAL PROGRAMME MONITORING Q3 2014/15 & ANNUAL
CAPITAL REVIEW 2015 TO 2019

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

Chief Officer: Director of Finance

Ward: All

1. Reason for report

This report summarises the current position on capital expenditure and receipts following the 3rd quarter of 2014/15 and presents for approval the new capital schemes supported by Council Directors in the annual capital review process. With regard to the annual bidding process, the main focus has again been on the continuation of existing essential programmes and on externally funded schemes, with only a limited new spending programme (two new schemes) being put forward at this stage. The Executive is asked to approve a revised Capital Programme.

2. **RECOMMENDATIONS**

The Executive is requested to:

- (a) Note the report, including the re-phasing of a total of £8,377k from 2014/15 into later years (see paragraph 3.3.7) and agree a revised Capital Programme;
- (b) Approve the following amendments to the Capital Programme:
 - (i) Reduction of £112k in respect of schemes that have reached completion (see para 3.3.1);
 - (ii) Addition of £663k in 2015/16 for Social Care Grant (see para 3.3.2);
 - (iii) Increase of £101k in 2014/15 to reflect revised grant support from Transport for London for highway schemes (see para 3.3.3);

- (iv) Addition of £395k in 2015/16 for Relocation of Exhibitions in Bromley Museum (see para 3.3.4);**
 - (v) A net reduction of £6,294k on the Council's Investment Fund scheme to reflect the latest update on successful property acquisitions (see para 3.3.5);**
 - (vi) Transfer (virement) of £113k from the budget for the Reconfiguration of Special Schools to the Basic Need budget (see para 3.3.6);**
 - (vii) Addition of £15m to the Council's Investment Fund, to be funded by capital receipts (see para 3.11).**
- (c) Recommend to Council that :**
- (i) The new scheme proposals supported by Chief Officers (listed in Appendix C) be included in the Capital Programme (see para 3.4 &3.5);**
 - (ii) An additional £15m be added to the Council's Investment Fund in the 2016/17 Capital Programme, to be funded by capital receipts (see paragraph 3.11).**

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: Total increase of £15,353k over the 5 years 2014/15 to 2018/19, mainly due to the schemes proposed in the 2014 annual review (£5.6m), an additional £663k from Social Care Grant in 2015/16, an overall net reduction of £6.3m in the scheme for properties acquisitions and the addition of £15m to the Investment Fund for further acquisitions.
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: Total £173.0 m over 5 years 2014/15 to 2018/19
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
-

Staff

1. Number of staff (current and additional): 1 fte
 2. If from existing staff resources, number of staff hours: 36 hours per week
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Capital Expenditure

- 3.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2014/15 and also seeks approval to the new capital schemes supported by Council Directors in the 2014 annual capital review process. The report is divided into two distinct parts; the first (paragraphs 3.3.1 to 3.3.7) looks at the Q3 monitoring exercise and the second (paragraphs 3.4 to 3.5) includes details of the proposed new schemes.
- 3.2 Appendix A sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2014/15. The base position is the revised programme approved by the Executive on 26th November 2014, as amended by variations approved at subsequent Executive meetings. If all the changes proposed in this report are approved, the total Capital Programme 2014/15 to 2018/19 would increase by £353k, mainly due to the new schemes proposed in the 2014 annual review (£5.6m), an additional £663k from Social Care Grant in 2015/16 and a £6.3m reduction in the Council's Investment Fund scheme. Total estimated expenditure in 2014/15 would reduce by £8.7m, mainly due to the re-phasing of expenditure from 2014/15 into 2015/16. Details of the monitoring variations are included in Appendices A and B and the proposed revised programme, including the proposed new schemes, is summarised in the table below.

	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL 2014/15 to 2018/19
	£000	£000	£000	£000	£000	£000
Programme approved by Executive 26/11/14	59,176	57,316	31,707	4,582	0	152,781
Variations approved at subsequent Executive meetings (Appendix A)	1,936	2,959	0	0	0	4,895
Approved Programme prior to 3rd Quarter's Monitoring Variations identified in Q3 monitoring exercise (Appendix A)	61,112	60,275	31,707	4,582	0	157,676
Variations requiring the approval of the Executive	-275	-4,972	0	0	0	-5,247
Variations not requiring approval:						
Scheme rephasings from 2014/15 to later years (Appendix B)	-8,377	8,377	0	0	0	0
Total Q3 Monitoring variations	-8,652	3,405	0	0	0	-5,247
New schemes (Appendix C)	0	930	30	30	4,610	5,600
Investment Fund - increased provision (paragraph 3.10)	0	0	15,000	0	0	15,000
Revised Capital Programme (Appendix D for source of finance)	52,460	64,610	46,737	4,612	4,610	173,029
Assumed Further Slippage (for financing purposes)	-2,000	-5,000	2,000	2,000	2,000	-1,000
Assumed New Schemes (to be agreed in future years)	0	0	0	2,500	2,500	5,000
	-2,000	-5,000	2,000	4,500	4,500	4,000
Total revised expenditure to be financed	50,460	59,610	48,737	9,112	9,110	177,029
Rounded for financing statement (Appendix D)	50,460	59,610	48,740	9,110	9,110	177,030

Q3 Capital Monitoring

3.3 Variations requiring the approval of the Executive (£5,247k net decrease)

3.3.1 Deletion of residual balance for completed schemes (£112k reduction):

It is recommend that residual budgets totalling £112k be deleted in respect of three schemes that reached completion in 2014/15. This includes £60k on Newstead Wood Tennis centre,

£49k from the new Penge/Anerley Library at 46 Green Lane, and £3k from the Increasing Network Security scheme to protect the Council's data and to ensure compliance with Government Codes of Connection.

3.3.2 Social Care Grant – new allocation for 2015/16 (£663k increase):

2015/16 allocations for Social Care Grant have been notified by the Department for Health. We will receive £663k in 2015/16 as part of the Better Care Fund initiative and Members are asked to include this in the Capital Programme.

3.3.3 Transport for London (TfL) – Revised Support for Highway Schemes (£101k increase):

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2014/15 to 2017/18 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an overall increase of £101k in 2014/15 has been received from TfL. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

3.3.4 Relocation of Exhibitions in Bromley Museum (£395k increase in 2015/16):

The museum service has been identified as a budget cut for 2015/16 towards meeting the Council's budget gap over the next four years. The Priory building is recommended to be declared surplus with effect from 1st April 2015. Details are included in a separate report 'A New approach for Bromley Museum' elsewhere on the agenda. Members are asked to approve the inclusion of £395k in the capital programme to fund the relocation of exhibitions, to be funded by capital receipts from the sale of the Priory building.

3.3.5 Property Investment Fund (£264k reduction in 2014/15 and £6,030k reduction in 2015/16):

Members are asked to approve reductions of £264k in 2014/15 due to lower costs than expected on the acquisition of 145 – 153 High Street and £6,030k in 2015/16 as a planned acquisition approved by Executive on 10th September 2014 cannot progress further as the owners have decided not to sell.

3.3.6 Virement of £113k between Reconfiguration of Special Schools and Basic Need:

There is an unallocated balance of £113k on the budget for the Reconfiguration of Special Schools which, as was approved by the Executive in November 2013, is now allocated to contribute towards the Riverside School project. The Riverside scheme is mainly funded by Basic Need grant and Members are asked to approve a virement of £113k to the Basic Need budget to ensure the funding is located where the actual spend is.

3.3.7 Scheme Rephasing

As part of the 3rd quarter monitoring exercise, £8,377k has been re-phased from 2014/15 into 2015/16 to reflect revised estimates of when expenditure is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

Annual Capital Review – new scheme proposals

- 3.4 In recent years, we have steadily scaled down new capital expenditure plans and have transferred all of the rolling maintenance programmes to the revenue budget. Our general (un-earmarked) reserves, established from the disposal of our housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £42m (including unapplied capital receipts) as at 31st March 2014. Our asset disposal programme has diminished and any new capital spending will effectively have to be met from our remaining revenue reserves.
- 3.5 As part of the normal annual review of the Capital Programme, Chief Officers were invited to come forward with bids for new capital investment. Apart from the regular annual capital bids (Devolved Formula Capital grant to schools, DSG-funded schools access initiative, TfL-funded highway schemes and feasibility studies), two bids have been recommended for approval, with a total value of £1.02m, all of which would require funding from the Council's resources. The bids are summarised in Appendix C. Invest to Save bids were particularly encouraged, but none were received, and it is assumed that any such bids will be submitted in due course through the earmarked reserve that was created in 2011.

Capital Receipts

- 3.6 Details of the receipts forecast in the years 2014/15 to 2018/19 are included elsewhere on the agenda in a confidential appendix to this report (Appendix E). The latest estimate for 2014/15 remains at £9.2m as reported in November. Estimates for 2015/16, 2016/17 and 2017/18 are now £6.0m £6.5m and £1.0m respectively (£5.8m, £6.7m and £1.0m were reported in November). A total of £1m per annum is assumed for receipts yet to be identified in later years. The financing and balances projections shown in Appendix D reflect prudent assumptions for capital receipts.

Financing the Proposed Capital Programme

- 3.7.1 The following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections, which reflect prudent assumptions on the level and timing of disposals. Total balances would reduce from £42.0m (General Fund £20.0m and capital receipts £22.0m) at the end of 2013/14 to £29.6m by the end of 2017/18 and would then reduce further to £24.6m by the end of 2019/20. It is estimated that the General Fund would not be required to make any contributions to the funding of capital expenditure through to 2019/20.

	Balance 1/4/14	Estimated Balance 31/3/18	Estimated Balance 31/3/20
	£m	£m	£m
General Fund	20.0	20.5	20.5
Capital Receipts	22.0	9.1	4.1
	<u>42.0</u>	<u>29.6</u>	<u>24.6</u>

3.7.2 A summary of how the capital programme will be financed is shown in the table below with further detail provided at Appendix D.

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total Capital Expenditure	50,460	59,610	48,740	9,110	9,110	177,030
Financed by:						
Usable Receipts	2,950	11,900	18,170	4,540	4,540	42,100
Revenue Contributions	30,700	1,300	270	270	270	32,810
Government Grants	8,530	38,280	22,910	300	300	70,320
Other Contributions	8,280	8,130	7,390	4,000	4,000	31,800
Total	50,460	59,610	48,740	9,110	9,110	177,030

Section 106 Receipts

3.8 In addition to capital receipts from asset disposals, the Council is holding a number of Section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held in a reserve, the balance of which stood at £6,032k as at 31st March 2014, and will be used to finance capital expenditure from 2014/15 onwards. The current position on capital Section 106 receipts (excluding commitments) is shown below:

Specified capital works	Balance 31/3/14 £000	Receipts 2014/15 £000	Expenditure 2014/15 £000	Balance 31/12/14 £000
Housing provision	4,461	748	435	4,774
Education	1,571	369	456	1,484
TOTAL	6,032	1,117	891	6,258

Post-Completion Reports

3.9 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes should be submitted to the relevant Portfolio Holders during 2014/15:

Bellegrove – temporary accommodation

The Hill Car Park – strengthening works

Bromley Town Centre – increased parking capacity

Former Chartwell Business Centre – improvement works

Investment Fund and Growth Fund

(formerly Economic Development and Investment Fund)

3.10 A detailed analysis of this Fund, dating back to its inception in September 2011, was included in a report to the September meeting (“Acquisition of Investment Properties”). To date, total funding of £66.1m has been placed in the earmarked reserve (formerly known as the

Economic Development and Investment Fund) to contribute towards the Council's economic development and investment opportunities. In November 2014, £10m was set aside in a new reserve (The Growth Fund) to support growth initiatives in Biggin Hill, the Cray Valley and Bromley Town Centre. A total of £34.4m has been allocated to date from the Economic Development and Investment Fund (now known as the Investment Fund), mainly on the acquisition on investment properties, and the uncommitted balances currently stand at £21.7m for the Investment Fund and £10m for the Growth Fund.

	£'000
Funding:	
Approved by Executive 7th September 2011	10,000
Approved by Council 27th February 2013	16,319
Approved by Council 1st July 2013	20,977
Approved by Executive 10th June 2014	13,792
New Home Bonus (2014/15)	5,040
	66,128
Expenditure:	
<i>Property Investment Fund</i>	
Approved by Executive 7th September 2011	1,620
Approved by Executive 6th December 2012	2,167
Approved by Executive 5th June 2013	2,888
Approved by Executive 12th June 2013	3,150
Approved by Executive 12th February 2014	18,755
Approved by Executive 19th December 2014	3,968
	32,548
<i>Other</i>	
Growth Fund Study	170
Crystal Place Development work	200
Bromley Town Centre	245
Queens Gardens Bromley	990
Strategic Property Costs	258
	1,863
Less: Allocated to Growth Fund (Executive 26/11/14)	-10,000
Uncommitted Balance on Investment Fund	21,717

3.12 In addition to the sums identified above, a further sum of £4.4m will be added to the Investment Fund as part of the 2015/16 budget proposals and Members are also asked to approve a further addition of £15m to the Capital Programme (to be met from capital receipts) to supplement the Fund in 2016/17. This would bring the uncommitted balance on the Investment Fund up to £36.7m.

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix D is a capital financing statement, which gives a long-term indication of how the revised Programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The phased transfer of rolling programmes of maintenance-type expenditure from capital to revenue was completed in the 2009/10 budget and the financing projections continue to assume no General Fund support to the revenue budget in

future years. They also assume approval of the revised capital programme recommended in this report, together with an estimated £2.5m pa for new capital schemes and service developments from 2017/18 onwards.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	<p>Departmental monitoring returns January 2015. Approved Capital Programme (Executive 26/11/14). A New Approach for Bromley Museum (Executive 11/02/15) Q2 Monitoring report (Executive 26/11/14). Capital appraisal forms submitted by Chief Officers in November 2014. Report to Council Directors' meeting 10/12/14. List of potential capital receipts from Valuation & Estates as at 08/01/15.</p>

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APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - FEB 2015 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of Portfolio meeting	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	TOTAL £000	Comments/reason for variation
Current Approved Capital Programme								
Programme approved by Executive 26/11/14	Exec 26/11/14	59,176	57,316	31,707	4,582	0	152,781	
Bromley Museum at the The Priory	Exec 22/07/14	-2,032	-241				-2,273	
Property Investment Fund - additional acquisition	Exec 19/12/14	3,968					3,968	
Beacon House Refurbishment	Educ 06/01/15		3,000				3,000	
Gateway Review of Housing I.T System	Exec 14/01/15		200				200	
Approved Programme prior to 3rd Quarter's Monitoring		61,112	60,275	31,707	4,582	0	157,676	
Variations in the estimated cost of approved schemes								
(i) Variations requiring the approval of the Executive								
Deletion of residual budgets re. completed scheme								See paragraph 3.3.1
- Penge/Anerley Libraries - 46 Green Lane		-49					-49	
- Increasing Network Security		-3					-3	
- Newstead Wood Tennis Centre		-60					-60	
Social Care Grant Allocation for 2015/16			663				663	See paragraph 3.3.2
Additional TfL funding for Highway schemes		101					101	See paragraph 3.3.3
Relocation of Exhibitions - Bromley Museum	Exec 11/02/15		395				395	See paragraph 3.3.4
Property Investment Fund - acquisition not progressing / reduced costs		-264	-6,030				-6,294	See paragraph 3.3.5
Virement re. Riverside School project:								See paragraph 3.3.6
From: Reconfiguration of Special Schools		-113					-113	
To: Basic Need		113					113	
Addition to Investment Fund				15,000			15,000	See paragraph 3.11
		-275	-4,972	15,000	0	0	9,753	
(ii) Variations not requiring approval								
Rephasing of schemes from 2014/15 into 2015/16		-8,377	8,377	0	0	0	0	See paragraph 3.3.7 and Appendix B
TOTAL AMENDMENT TO CAPITAL PROGRAMME		-8,652	3,405	15,000	0	0	9,753	
Add: Proposed new schemes (see Appendix C)		0	930	30	30	4,610	5,600	
TOTAL REVISED CAPITAL PROGRAMME		52,460	64,610	46,737	4,612	4,610	173,029	
Less: Further slippage projection		-2,000	-5,000	2,000	2,000	2,000	-1,000	
Add: Estimate for further new schemes					2,500	2,500	5,000	
TOTAL TO BE FINANCED		50,460	59,610	48,737	9,112	9,110	177,029	
NB. ROUNDED		50,460	59,610	48,740	9,110	9,110	177,030	

Variations on individual schemes	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	TOTAL £000	Comments/reason for variation
Rephasing of schemes						
Upgrade of Core Network Hardware	-189	189				0 Due to the number of concurrent major projects in progress with CAPITA, we will postpone the core switch implementation until 15/16. Although we are still proceeding with other hardware replacements as required, we request to rephase £189k into 15/16
Replacement of MD110 telephone switch	-651	651				0 Certain telephone lines will remain with Damovo until the gateway review of telephony circuits & minutes has been finalised. We expected further work on Anerley Business Centre, Yeoman House and Lync voice recorder system and request to rephase £651k into FY15/16
Server Virtualisation	-14	14				0 The POC (Proof of Concept) with Microsoft proved to be extremely useful and we are now looking to build a new virtualization platform based on Hyper-V. However, we do not anticipate a start until FY15/16 and request to rephase £14k into next financial year.
Replacement of Storage Area Network	-338	338				0 The major SAN replacement project has been postponed due to conflicts with other major projects until Mar 15, however we are still proceeding with some parts of the project. Request to rephase a further £338k to 15/16 to cover major SAN replacement.
Rollout of Windows & Office 2000	-441	441				0 Work is progressing and has been re-baselined. There has been a new plan for the rollout due to the problems experienced at other councils. Request to rephase £441k in FY15/16.
SharePoint Productivity Platform upgrade / replacement	-130	130				0 Initial consultancy work has been completed and work will commence pending the final agreement on the contract to be signed. Request to rephase £130k into FY15/16.
London Private Sector Renewal Schemes	-76	76				0 Anticipate a potential £10k additional expenditure to be spent by end of March. Request to rephase the remaining balance £76k into FY15/16 which will mainly be used for works relating to empty properties.
Renovation Grants - Disabled Facilities	-236	236				0 We have £567k of outstanding works on approved projects (Uniform as of Jan 15), of which we anticipate around £389k will be spent in FY15/16. There are further £1.05m of pre-approved projects which we expect to start in FY15/16 and FY16/17. We expect £1.05m of works to be completed in FY14/15 and request to rephase £236k into FY15/16
Empty Homes Programme	-250	250				0 Take-up has increased and the scheme is being heavily targeted. 25 additional potential properties have been identified and negotiations are underway. Request to rephase £250k into FY15/16
Bromley MyTime Investment Fund	-30	30				0 £330k will be spent in FY14/15 for improvements at Beckenham Spa. Request to rephase the remaining balance £30k into FY15/16
Early Education for Two Year Olds	-852	852				0 It is unlikely that the Early Years capital will be fully spent in this financial year as the schemes are not yet fully established. Request to rephase the remaining balance £852k to FY15/16 which relates to the works required at James Dixon, Poverest, and Leesons Schools.
Transforming Social Care	-52	52				0 Request to rephase £52k to FY15/16 to support the SCIS gateway review process.
Former Chartwell Business Centre	-11	11				0 Request to rephase the remaining balance £11k into FY15/16 as provision is required in relation to costs to investigate / remedy a latent defect.
FIS upgrade / replacement of unsupported software	-30	30				0 Request to rephase £30k to FY15/16. This sum is expected to be required for further enhancements relating to the Oracle R12 upgrade, Windows 7 upgrades, Version One and other financial system upgrades.
Manorfields - Temporary Accommodation	-375	375				0 Planning permission for Manorfields has not been approved yet. Request to rephase £375k into FY15/16
Care Homes - improvements to environment for older people	-2	2				0 This funding was provided to support care homes in the voluntary/independent sector to improve the environment in care homes for older people. Care homes are able to "bid" to the Council for this funding and there are criteria agreed for this. Request to rephase the remaining balance into FY15/16, as expenditure is unlikely to occur in FY14/15.
Social Care Grant	-845	845				0 Capital works to Council owned learning disability properties (agreed by Executive in 2013) is out to tender. Bid for £260k has been agreed by Executive in respect of proposed investment in older people day opportunity services and works are expected to start in FY15/16. Request to rephase remaining balance £845k into FY15/16 to support the reconfiguration of extra care housing.
Biggin Hill Leisure Centre	-95	95				0 Request to rephase the remaining balance into FY15/16 as it is unlikely that final payment (final retention) on Biggin Hill will be released before end of March
Street Lighting Invest to Save Initiative	-600	600				0 As agreed by Executive 15/10/14, project has been amended. Additional connections are being passed to UKPN as a result of a previously unknown interconnected network. We aim to complete the scheme and clear all invoices by the end of March. However, we request to rephase £600k into FY15/16 which includes £500k contingency and £100k for any unexpected delay.
Winter maintenance - gritter replacement	-34	34				0 Ongoing assessment of equipment throughout this winter season in conjunction with Highways and Area Management Colleagues. For FY14/15 we anticipate £14k of expenditure on related equipment. Request to rephase £34k into FY15/16
Star Lane Traveller Site	-100	100				0 The property division have now commenced this project and are currently working through the full specification with Thames Water. At this stage they are confident that the work will progress during the current financial year, however the full specification has not been completed yet. It is likely that the completion date will be in Qtr1 15/16. Request to rephase £100k into FY15/16.
Payment in Lieu Fund	-520	520				0 Spend for Site K allocation (start on site tranche) is now expected to be delayed until FY 15/16 based on some delays in the early stages of the development. The remaining expenditure related to the acquisition of residential properties is expected to be concluded in FY14/15. Request to rephase the remaining balance into FY15/16.
Seed Challenge Fund	-450	450				0 Await invoices for work on School. £300k of work allocated in January 2015 and it is not expected to start in this financial year. We anticipate that around 50% of the outstanding grants will not be claimed before year end (£150k). Request to rephase £450k into FY15/16
Security Works	-236	236				0 Ad hoc security works for schools. Works on Kingswood and Poverest are at tender stage. Expected a further £100k of works to be completed by Mar 15. Request to rephase the remaining balance £236k into FY15/16
Suitability / Modernisation issues in schools	-300	300				0 Request to rephase £300k as capital works at Bromley Road Primary to support reorganisation from Infant to Primary school will be carried out in FY15/16.
Capital maintenance in schools	-50	50				0 Works are managed by the Property division and approx. £1.3m of works are committed this year (which includes £100k on Burwood). Majority of works have been completed, and request to rephase £50k into FY15/16.
Children and Family Centres	-95	95				0 Castlecoble works completed during Summer 2014. Works at Mottingham (managed by Property) are due to be undertaken in the current financial year, however it is not anticipated to be completed until FY15/16. Request to rephase £95k into FY15/16.
Langley Park Boys School - BSF (Building Schools for the future)	-50	50				0 Awaiting final completion of works (subject to weather conditions) and final account being agreed with contractor. Request to rephase £50k into FY15/16 to cover outstanding costs including consultancy costs
Primary Capital Programme	-120	120				0 Scheme completed, awaiting outstanding final invoices including consultancy costs. Request to rephase the balance of £120k into FY15/16. Once all outstanding invoices are paid, any funding that may remain will need to be returned to Basic Need as allocations were made from this funding source to underpin this scheme.
Basic Need	-1,000	1,000				0 Various projects are in the planning stage, and some schemes have been tendered and works have recently started. However we do not expect the work to be completed in FY14/15 and request to rephase £1m into FY15/16. These projects includes Bromley Road, Churchfield (due to start in Summer FY15/16), Clare House and St Pauls Cray of which some are total rebuild.
Universal free school meals	-205	205				0 We expect an additional £150k of work to be completed before end of Mar 15, total value of work completed in FY14/15 to be £182k. Request to rephase the remaining balance £205k into FY15/16.
TOTAL REPHASING ADJUSTMENTS	-8,377	8,377	0	0	0	

Capital Scheme/Project	Priority	TOTAL £000's	15/16 £000's	16/17 £000's	17/18 £000's	18/19 £000's	Revenue effect		Comments
							Running £000's	Financing £000's	
Windows Server 2003 replacement program	HIGH	900	900				0	18	To migrate from Windows Server 2003 to a supported version of the operating system
Emergency Works on Surplus Sites	HIGH	120	30	30	30	30	0	2	For emergency works that may arise to facilitate the sale of a surplus property and to ensure the Council complies with its statutory obligations.
Transport for London (Highway Schemes)	HIGH	4000				4000	0	0	Schemes to be fully funded by Transport for London
Devolved Formula Capital	HIGH	390				390	0	0	100% funded by government grant
Schools Access Initiative	HIGH	150				150	0	0	Works under Disability Discrimination Act (100% revenue contribution from schools' budget)
Feasibility studies - block provisions	HIGH	40				40	0	1	Provision for 14/15 - 17/18 already in Capital Programme
GRAND TOTAL NEW CAPITAL BIDS		5600	930	30	30	4610	0	21	

COST TO THE COUNCIL (LBB RESOURCES)	15/16 £000's	16/17 £000's	17/18 £000's	18/19 £000's	TOTAL £000's
Grand total new bids above	930	30	30	4610	5600
<u>External funding for new bids</u>					
Transport for London (Highway Schemes)	0	0	0	-4000	-4000
Devolved Formula Capital	0	0	0	-390	-390
Schools Access Initiative	0	0	0	-150	-150
Funding from Council's resources	930	30	30	70	1060

100% TFL funding
 100% government grant
 Revenue contribution from schools' budget

CAPITAL FINANCING STATEMENT Executive 11/02/15 - ALL RECEIPTS										
(NB. Assumes all capital receipts - see below)										
	2012-13		2013-14		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate	Actual	Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000	£000's	£000's	£000's	£000's
<u>Summary Financing Statement</u>										
Capital Grants	9,610	7,755	5,560	2,971	8,532	38,282	22,912	302	302	302
Other external contributions	11,070	9,036	8,960	8,047	8,280	8,130	7,390	4,000	4,000	4,000
Usable Capital Receipts	6,520	4,636	1,400	510	2,948	11,898	18,168	4,538	4,538	3,538
Revenue Contributions	4,870	6,927	15,700	13,681	30,700	1,300	270	270	270	270
General Fund	0	0	0	0	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0	0	0	0	0
Total expenditure	32,070	28,354	31,620	25,209	50,460	59,610	48,740	9,110	9,110	8,110
<u>Usable Capital Receipts</u>										
Balance brought forward	14,002	14,002	11,797	11,797	21,987	28,469	22,771	12,633	9,125	5,617
New usable receipts	7,230	2,431	10,400	10,700	9,430	6,200	8,030	1,030	1,030	2,030
	21,232	16,433	22,197	22,497	31,417	34,669	30,801	13,663	10,155	7,647
Capital Financing	-6,520	-4,636	-1,400	-510	-2,948	-11,898	-18,168	-4,538	-4,538	-3,538
Balance carried forward	14,712	11,797	20,797	21,987	28,469	22,771	12,633	9,125	5,617	4,109
<u>General Fund</u>										
Balance brought forward	31,609	31,609	20,000	20,000	20,000	20,470	20,470	20,470	20,470	20,470
Less: Capital Financing	0	0	0	0	0	0	0	0	0	0
Less: Transfer to earmarked reserves 31/3/11	0	-20,692	0	0	0	0	0	0	0	0
Less: Use for Revenue Budget	1,711	9,083	1,630	0	470	0	0	0	0	0
Balance carried forward	33,320	20,000	21,630	20,000	20,470	20,470	20,470	20,470	20,470	20,470
TOTAL AVAILABLE RESERVES	48,032	31,797	42,427	41,987	48,939	43,241	33,103	29,595	26,087	24,579
Assumptions:										
Rolling programmes - £1.5m t/f to revenue in 2009/10 (i.e. completes the transfers).										
General Fund contribution to support revenue budget - zero in 2012/13 and no further contributions thereafter.										
GF contribution to support capital programme not required in any year.										
New capital schemes - £2.5m p.a. from 2017/18 for future new schemes.										
Capital receipts - includes figures reported by Property Division as at 08/01/15 (pessimistic/realistic estimate, including Tweedy Road & Town Hall) and £1m pa from 2017/18.										
Current approved programme - as recommended to Executive 11/02/15										

CAPITAL PROJECT APPRAISAL – NEW SCHEMES

A. PROJECT SPECIFICATION

1. Project title and description Windows Server 2003 replacement program

2. Total estimated capital cost 900,000

3. Proposed start date 01/04/2015

4. Justification for “early” start (i.e. before 2016/17), if applicable

Microsoft Windows server 2003 reaches end of life on the 14th July 2015. Initially the migration was planned as part of the SAN migration process, however during the windows 7 rollout preparation it has become clear that the proposed upgrade plan will not work in all cases and will need further remediation or migration process.

B. POLICIES AND OBJECTIVES

5. What are the aims and objectives of the project?

To migrate the servers and services away from windows server 2003 to a supported version of the operating system namely server 2008r2 or server 2012r2.

6. Which objective(s) of the Council’s Plans and Strategies (specifically the “BBB 2020 Vision” Sustainable Community Strategy, Corporate Operating Principles, Portfolio/Service Plans, Asset Management Plan and I E & E Plans) will be met by the project, and how?

It will help to meet a member led commissioning organization, and an excellent council, by allowing us to update the LBB environment and in the future move to a hybrid or fully cloud based solution.

7. What are the expected additional outputs and outcomes from the proposed project? (including increase in service users, additional jobs, etc.)

Greater reliability of systems, better uptime, ability to move to the cloud for specific services, greater flexibility in provision of new systems and services. Reduction in physical hardware and licensing costs.

8. What, if any, statutory requirement or government initiative(s) will the project contribute towards?

The Public Services Network requires us to only use patchable software. After July 2015, server 2003 will no longer meet that requirement. By using a targeted rollout plan we will comply with this mandate and ensure our code of connection submission will remain valid.
Data protection Act - need to keep data secure and accessible. Business continuity.

9. What, if any, partnership working will be involved, and how?

We will be working with our outsourced IT partners Capita to achieve this. We will engage with specialist where necessary.

10. Who are the interested stakeholders and what consultation has taken place with them?

Whilst the whole of LBB is a stakeholder, consultation has not been undertaken as we have no option but to upgrade. Engagement with the business will take place as we look to migrate servers that will impact their service areas.

C. FINANCIAL CONSIDERATIONS

11. Total estimated capital cost 900,000

12. Analysis of capital cost (including elements to be funded by other bodies).

	2015/16 (early start)	2016/17	2017/18	2018/19	TOTAL
	£000	£000	£000	£000	£000
Land / Property acquisition					
Construction/Works (main contractor)	700				
Furniture & equipment	200				
Consultants' Fees					
Other (please specify)					
TOTAL	900				

13. Analysis of potential external funding.

N/A

14. Revenue implications of capital expenditure.

	2015/16 (early start)	2016/17	2017/18	2018/19	TOTAL
	£000	£000	£000	£000	£000
Capital financing (leave blank)					
Employees	N/A				
Building maintenance	N/A				
Energy costs	N/A				
Rates	N/A				
Other (please specify)	N/A				
Less: Income	N/A				
TOTAL					

15. Is the external funding in 13 above ring-fenced? If not, please provide a justification for allocating the funding to cover this proposal in preference to allocating to cover general capital expenditure.

N/A

16. Will any capital receipt arise from the proposal? If so, please give details

N/A

D. RISK MANAGEMENT

17. Please identify any potential risks associated with the project. (These could include risks associated with land acquisition, planning, development, management, marketing, etc.)

1. Major security risk to system by not having secure system. This will lead to major reputational damage and fines from the ICO (Information Commissioner' Office)
2. Non compliance with Public Services Network (PSN) Code of connections. By using unsupported and unpatchable software, the London PSN could withdraw our connection. This would mean that we would not be able to fulfil our statutory obligations.

18. What contingency arrangements would be in place to address these risk factors?

None

19. What, if any, would be the consequences of not undertaking the project?

a) At all?

Reputational damage, unsupported systems, risk of attack, large fines for data loss

b) In the proposed timescale?

As above. The timescales are very aggressive in order to meet the deadlines.

E. SUSTAINABILITY

20. Has any consideration been given to social, environmental and financial outcomes arising from the project? Please provide details.

Financial loss due to fines and potential litigation from the public who's details may have been compromised.
Reputational damage to the council.

21. Have the whole life costs of the scheme been fully considered (i.e. have all the key stages of the scheme been considered, from design through to potential disposal), and have the social, environmental and economic impacts and costs, both positive and negative, been identified? Please provide details.

Key stages have been considered including the ongoing revenue costs, however there is an element of uncertainty to the work which we cannot predict until we undertake the project. We have a mitigation plan to minimize the impact to the business whilst we are undertaking the work.

F. GENERAL

22. VAT IMPLICATIONS

Are there any VAT implications arising from the proposed scheme?

No

23. ASSESSMENT OF PRIORITY

What would you assess the overall priority for this project to be? (please tick as appropriate).

	High	Medium	Low
Departmental	Y		
Public	Y		
Council Members	Y		

Report No.
CSD15029

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: ESTABLISHMENT OF HEALTH AND SOCIAL CARE
INTEGRATED COMMISSIONING FUND

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

1.1 As part of consideration by the Executive at the meeting on 11th February 2015 of the latest Budget Monitoring report for 2014/15, the Director of Finance presented a supplementary report (set out in section 3 below) recommending the establishment of an earmarked reserve to be known as the "Health and Social Care Integrated Commissioning Fund." The Executive recommended that Council approve the establishment of the fund.

2. **RECOMMENDATION**

The Executive recommends that a sum of £4.5m be set aside as an earmarked reserve known as the "Health and Social Care Integrated Commissioning Fund."

Corporate Policy

1. Policy Status: Not Applicable:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: N/A
 5. Source of funding: N/A
-

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: Decisions by full Council are not subject to call-in.
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

3.1 The Director of Finance submitted the following supplementary information for consideration by the Executive on 10th February 2015 -

3.2 Bromley Clinical Commissioning Group (BCCG) is committed to achieving 'Better Value, Better Care, Better Health'. BCCG's five year strategy states that they will work directly with the Local Authority as one of their key stakeholders to develop the necessary integrated commissioning in Bromley.

3.3 Health are leading on a number of new initiatives to reduce admissions into acute and bed based settings including the management of patients with long term conditions out in the community and the creation of local care networks leading to being able to shift resources from the acute to the community sector. Examples of the key initiatives have been reported to Executive previously as part of the approval of the Better Care Fund. Critical to the success of some of these initiatives is the joint working with the Council to achieve successful outcomes.

3.4 BCCG have identified one off funding to pump prime and deliver the investment required by health working with the Council to deliver integrated 'out of hospital' services across the whole health and care system.

3.5 The monies will form part of a joint Section 75 agreement between BCCG and the Council.

3.6 Any future release of the monies will require the approval of the Executive.

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

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Report No.
CSD15027

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: REFURBISHMENT OF BEACON HOUSE

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: Bromley Town

1. Reason for report

1.1 At its meeting on 11th February 2015 the Executive considered and approved the attached report on the refurbishment of Beacon House to enable it to house Burwood School's alternate KS4 and KS5 provision. The report was also considered for pre-decision scrutiny by the Education PDS Committee on 27th January 2015 and the Executive and Resources PDS Committee on 4th February 2015. Council approval is required to add the project to the Capital Programme.

2. **RECOMMENDATION**

The Executive recommends that the scheme to refurbish Beacon House be added to the Council's Capital Programme.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Children and Young People:
-

Financial

1. Cost of proposal: £3,267,000
 2. Ongoing costs: Non-Recurring Cost:
 3. Budget head/performance centre:
 4. Total current budget for this head: £
 5. Source of funding: DSG - £3m; DfE Basic Need Capital Grant: £267k
-

Staff

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

Legal

1. Legal Requirement: Statutory Requirement None: Further Details
 2. Call-in: Not Applicable: Reports to full Council are not subject to call-in
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 120 per year
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: See attached report

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

Decision Maker: **Executive**
(via Education Portfolio Holder)
For Pre-Decision Scrutiny by the Education PDS Committee on

Date: 27 January 2015

Decision Type: Non-Urgent Executive Key

Title: **REFURBISHMENT OF BEACON HOUSE**

Contact Officer: Jane Bailey, Assistant Director: Education
Tel: 020 8313 4146 E-mail: jane.bailey@bromley.gov.uk

Robert Bollen, Head of Strategic Place Planning
Tel 020 8313 4697 E-mail: robert.bollen@bromley.gov.uk

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

Ward: Bromley Town Ward

1. Reason for report

1.1 This report updates Members on the feasibility undertaken at Beacon House and provides information on the cost and refurbishment timetable to enable Beacon House to open as Burwood School's alternate KS4 and KS5 provision.

2. **RECOMMENDATIONS**

2.1 **That the Education PDS Committee notes the outcomes of the feasibility study at Beacon House and proposal for the refurbishment of Beacon House.**

2.2 **That the Portfolio Holder for Education agrees the outline scheme proposals and cost estimate and recommends the scheme to the Executive and Full Council.**

2.3 **That the Executive approves the scheme and recommends to Council its admission to the Council's Capital Programme.**

2.3 **That the Portfolio Holder for Education agrees the continuation of design development to the stage where a planning application can be submitted for approval whilst Executive and Council approval is obtained.**

2.4 **Authorise the Executive Director of Education, Care and Health Services to seek planning permission for scheme at the appropriate time when required.**

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Children and Young People
-

Financial

1. Cost of proposal: Estimated Cost £3,267,000
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre:
 4. Total current budget for this head: £
 5. Source of funding:

DSG,£3,000,000	
DfE Basic Need Capital Grant	£267,000
-

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
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 120 per year
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: No comments have been received to date.

3. COMMENTARY

Background

- 3.1 Burwood is a SEMH school for boys who have statements of special educational need/EHC plans due to their emotional and behavioural difficulties (under the new SEND Code of Practice 2014 this is now termed SEMH: social, emotional, mental health difficulties). The current provision is based at Avalon Road Orpington and is limited in what it can offer in order to deliver the right outcomes for pupils. There is currently no provision for girls or KS5/post 16 provision in the borough .
- 3.2 There have been historical issues with both the performance of the Burwood School and the condition and suitability of the school premises.
- 3.3. Although the school is judged by Ofsted as 'Requires Improvement' a recent HMI unannounced Section 8 inspection indicates that it would be likely that the school would be put into an Ofsted category when it undergoes a full section 5 inspection.
- 3.4 To drive the improvement of the school the local authority, with the agreement of the DfE, has replaced the governing body of Burwood School with an Interim Executive Board. The aim of the IEB is to secure a sound basis for the future improvement of the school and promote high standards of educational achievement.
- 3.5 £400,000 is currently being invested in the current facilities at Burwood to ensure that the existing school is compliant with fire and health and safety regulations and improve safeguarding. However, it is recognised that the current facilities fail to provide an adequate range of learning and subject options for pupils.
- 3.6 Beacon House, a light office and manufacturing facility on Old Holmesdale Road, recently became available and was purchased in July 2014 by the Council. The premises was previously used by an organisation that provided alternative education provision to pupils that had similar needs to the Burwood client group.
- 3.5 The purchase and refurbishment of Beacon House will allow the Council to significantly improve provision for SEMH children in Bromley and expand the existing provision to support girls and KS5 pupils.
- 3.6 This project will allow Bromley to create a purpose built provision for young people whose significant special needs affect their ability to engage with a mainstream curriculum. By designing the right provision the benefits will be significant to pupils and their communities. In addition the new facilities will enable secondary schools to purchase part time places for young people who need a more practical curriculum alongside the high degree of support that a special school is able to offer.
- 3.7 It is considered critical that the facilities are available at the earliest opportunity to maximise the benefits to Bromley pupils and drive the improvement of the school. The new facilities will also improve the ability of Burwood School to attract and retain staff.

Feasibility

- 3.8 In Autumn 2014 the Council commissioned consultants to review Beacon House and make recommendations on how the facilities could be adapted to meet the needs of SEMH pupils. Proposals have been developed in conversation with staff from Burwood School and the Council.

- 3.9 The feasibility report highlights the poor condition of the existing building including inadequate accessibility, lighting and ventilation and a number of health and safety risks. In its current condition it fails to comply with BB103 the DfE guidelines on school buildings.
- 3.10 A proposed layout has been developed to deliver the intended curriculum. It maintains the necessary separation between practical and class based space. It also makes all areas of the building accessible and addresses the key inadequacies identified through improvements to lighting, ventilation and the compliance with health and safety regulations.
- 3.11 The proposed layout will allow for the delivery of vocational courses in hair and beauty, carpentry, brickwork and decorating, plumbing, catering and motor mechanics. It will also include classrooms for mainstream subjects and specialist spaces for science, ICT, media and music. Necessary provision is also made for dining, toilets and welfare, social amenity and administration.
- 3.12 There are also plans to improve the street facing aspects and elevations of the building and improve access and parking.
- 3.13 The final feasibility report indicated a programme completion date of 31.8.2016. Officers are working with consultants to establish a programme that ensures delivery at the earliest date without compromising the require outcomes of the project. In order to achieve this officers are exploring the following:
- Opportunities to compress the length of time to gain approvals without compromising the Council's procurement and award processes, such as seeking delegation from the Executive to award the contract.
 - The use of enabling packages for instance to start demolition and strip out of the building in advance of the award of the main works package. This can have significant advantages in terms of de-risking the project.
 - Considering the phased delivery of works and whether this could provide some of the facilities in advance of completion. This may have implications on the cost and programme and add additional health and safety risks when considering the client groups.
 - The outcome of consideration of the above items will be presented to the Executive when the project is admitted to the Council's capital programme.

4. POLICY IMPLICATIONS

The need to ensure sufficient school places, the quality of those places and their efficient organisation is a priority within the Council's Strategy 'Building a Better Bromley' and contributes to the strategy to achieve the status of being an excellent Council. This policy also contributes to key targets within the Education Portfolio Plan.

5. FINANCIAL IMPLICATIONS

- 5.1 It is proposed that the works are funded through a combination of Dedicated Schools Grant (DSG) (£3,000,000) and Basic Need Capital Grant (£267,000). The use of DSG was agreed by Schools Forum on 15 January 2015 but is subject to agreement by the DfE.

5.2 It is anticipated that the construction would begin during 2015-16 and therefore the majority of spend would be during the 2015/16 and 2016/17 financial years. The expenditure profile, shown in the table below, will be monitored and reviewed through the design development process in liaison with the Council's cost consultants.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Contract Payments		1,935	352	58	2,345
Fees	100	120	70	12	302
Furniture & Equipment			387		387
Contingency (10%)		193	35	5	233
Total	100	2,248	844	75	3,267

6. LEGAL IMPLICATIONS

The distribution and application of monies received from central government is subject to guidance and advice from the Department for Education. Under Section 14 of the Education Act 1996 the Council has a statutory duty to ensure that there are enough primary and secondary school places available to meet the needs of pupils in its area. In the award of contracts the Council has complied with its own Financial Regulations & Contract Procedures and Public Contracts Regulations 2006 (as amended).

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

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Report No.
CSD14021

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY

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

1. Reason for report

1.1 Under the requirements of the CIPFA Code of Practice on Treasury management the Council is required to approve an annual treasury strategy in advance of each year. At its meeting on 4th February 2015 the Executive and Resources PDS Committee received the attached report to the Resources Portfolio Holder for pre decision scrutiny and supported the recommendations.

2. **RECOMMENDATION**

Council is recommended to agree and adopt the Treasury Management Statement and Annual Investment Strategy for 2015/16 (appendix 1 to the accompanying report) including the prudential indicators and the Minimum Revenue Provision (MRP) policy statement.

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Interest on Balances
 4. Total current budget for this head: £1.591m (net investment income) in 2014/15; currently forecast to be £1.1m over budget; draft budget for 2015/16 – £2,741k.
 5. Source of funding: Net Investment income
-

Staff

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

Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable: Council decisions are not subject to call-in
-

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

PART 1 - PUBLIC

Decision Maker: Resources Portfolio Holder
Council

Date: For pre-decision scrutiny by Executive and Resources PDS Committee
on 4th February 2015
Council meeting 23rd February 2015

Decision Type: Urgent Non-Executive Key

Title: TREASURY MANAGEMENT - ANNUAL INVESTMENT
STRATEGY 2015/16

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

Chief Officer: Director of Finance

Ward: All

1. Reason for report

- 1.1 This report presents the Treasury Management Strategy and the Annual Investment Strategy for 2015/16, which are required by the CIPFA Code of Practice for Treasury Management in the Public Services (revised in 2009 and updated in 2011) to be approved by the Council. The report also includes prudential indicators and the MRP (Minimum Revenue Provision) Policy Statement, both of which require the approval of the Council.
-

RECOMMENDATION(S)

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

2.1 Note the report and

- 2.2 Agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2015/16 (Appendix 1 on pages 6-30 of this report), including the prudential indicators (summarised on page 30) and the Minimum Revenue Provision (MRP) policy statement (page 10).**

Corporate Policy

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

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £1.591m (net investment income) in 2014/15; currently forecast to be £1.1m over budget; draft budget for 2015/16 £2,741k
 5. Source of funding: Net investment income
-

Staff

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

Legal

1. Legal Requirement: Non-statutory - Government guidance.
 2. Call-in: Call-in is applicable The Annual Investment Strategy and Prudential Indicators require Council approval
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

General

- 3.1 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required to approve an annual treasury strategy in advance of the year, a part-year review report and an annual report following the year describing the activity compared to the strategy. In practice, the Director of Finance has reported quarterly on treasury management activity for many years and has always met the requirements with regard to the annual strategy, the part-year review and the annual report. The part-year review for 2014/15 was reported to this PDS Committee in November and was approved by Council in December. This report presents the annual strategy (Appendix 1), including the MRP Policy Statement (page 10) and prudential indicators (summarised on page 30) for 2015/16 to 2017/18. Details of treasury management activity during the quarter ended 31st December 2014 and the period 1st April 2014 to 31st December 2014 are included in a report elsewhere on the agenda.

Treasury Management Strategy Statement and Annual Investment Strategy 2015/16

- 3.2 Appendix 1 sets out the Treasury Management Strategy Statement and Annual Investment Strategy for 2015/16. This combines the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services (revised in 2009 and updated in 2011) and the Prudential Code. The Strategy includes throughout details of proposed prudential indicators, which are summarised in Annex 3 (page 30) and will be submitted for approval to the February Council meeting. Many of the indicators are academic as far as the Council is concerned, as they seek to control debt and borrowing (generally not applicable for Bromley), but they are a statutory requirement.
- 3.3 Members will be aware that, since the Icelandic bank crisis in October 2008, the Council has approved a number of changes to the eligibility criteria and maximum exposure limits (both monetary and time) for banks and building societies. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one of which meets the Council's criteria while the other does not, the institution will fall outside the lending criteria. The Council also applies a minimum sovereign rating of AA+ to investment counterparties.
- 3.4 While the Council effectively determines its own eligible counterparties and limits, it also uses Capita Treasury Solutions as an advisor in investment matters. Capita use a sophisticated modelling approach that combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes indicate Capita's recommendations on the maximum duration for investments. The Council will use its own eligibility criteria for all investment decisions, but will also be mindful of Capita's advice and information and will not use any counterparty not considered by Capita to be a reasonable risk. In line with the requirements of the CIPFA Treasury Management Code of Practice, the Council will always ensure the security of the principal sum and the Council's liquidity position before the interest rate.
- 3.5 As is highlighted in the Treasury Performance report elsewhere on the agenda, a number of UK banks have been the subject of credit ratings downgrades in recent years, which has resulted in reductions to the number of eligible counterparties and to monetary and duration limits on our lending list. It should be emphasised that the downgrades were, in most cases, relatively minor and were not an indication of a likely bank default, but, nevertheless, they were enough to impact on our lending list. As a result, the total of investments placed with money market funds has increased significantly in recent years.

Regulatory Framework, Risk and Performance

3.6 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made to date);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities;
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

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

4. POLICY IMPLICATIONS

4.1 In line with government guidance, the Council's policy is to maintain appropriate levels of risk, particularly with a view to ensuring security and liquidity, and to seek to achieve the highest rate of return on investments within these risk parameters.

5. FINANCIAL IMPLICATIONS

5.1 A rate of 1% was assumed in the 2014/15 budget for interest on new investments and the budget for net interest earnings was set at £1,591k. Interest rates still show no real sign of increasing and Capita now expect the Bank of England base rate to begin to rise slowly from the end of 2015. There have been no improvements to counterparty credit ratings, which means that the restrictions to investment opportunities that followed ratings downgrades in recent years have still been in place. However, the increases in the limits for the two part-nationalised banks (Lloyds and RBS) approved by the Council in October, together with higher rates from longer-term deals placed with other local authorities, higher average balances than anticipated and the strong performance of the CCLA Property Fund investment, has resulted in a considerable improvement in interest earnings in 2014/15. At this stage, it is estimated that the 2014/15 outturn for interest earnings will be around £1.1m above budget.

5.2 With regard to 2015/16, the draft budget has been increased to £2,741k to reflect higher interest earnings from investments placed in 2014/15 and higher average balances in that year. These are explained in more detail in the treasury management performance report elsewhere on this agenda.

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

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APPENDIX 1: Treasury Management Strategy Statement Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2015/16

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1. Introduction

1.1 Background

Treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council’s low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council’s capital plans, which provide a guide to the borrowing need of the Council. Although the Council does not borrow to finance its capital spending plans, officers still plan and forecast the longer term cash flow position in order to ensure that the Council can meet its capital spending obligations and that it maintains balances (working capital) at a prudent and sustainable level.

1.2 Statutory and reporting requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Members before being recommended to the Council. This role is undertaken by the Executive & Resources Policy Development & Scrutiny Committee.

Prudential and Treasury Indicators and Treasury Strategy (this report) - This covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A Part-Year Treasury Management Report (approved by Council in December 2014) – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The Code also requires the Council to:

- Create and maintain a Treasury Management Policy Statement, which sets out the policies and objectives of the Council’s treasury management activities.
- Create and maintain Treasury Management Practices, which set out the manner in which the Council will seek to achieve those policies and objectives.

- Delegate responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.3 Treasury Management Strategy for 2015/16

The proposed strategy for 2015/16 in respect of the following aspects of the treasury management function is based on officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Capita Treasury Solutions.

The strategy covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the MRP strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators that limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

2. The Capital Prudential Indicators 2014/15 to 2017/18

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members to overview and confirm capital expenditure plans.

2.1 Capital Expenditure. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts (as per the capital monitoring and review report to Executive on 11th February 2015):

Capital Expenditure	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
Education	6.0	12.7	42.9	22.1	0.5
Care Services	2.1	1.9	7.9	1.1	0.0
Environment	7.0	10.0	5.7	6.4	4.1
Renewal & Recreation	3.3	4.3	2.5	1.6	0.0
Resources	6.8	23.3	5.6	15.5	0.0
Public Protection & Safety	0.0	0.3	0.0	0.0	0.0
Sub-Total	25.2	52.5	64.6	46.7	4.6
Add: Future new schemes	0.0	0.0	0.0	0.0	2.5
Less: Estimated slippage	0.0	-2.0	-5.0	2.0	2.0
Grand Total	25.2	50.5	59.6	48.7	9.1

NB. The above financing need excludes other long term liabilities (finance lease arrangements), which already include borrowing instruments.

The table below shows how the above capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
Total Expenditure	25.2	50.5	59.6	48.7	9.1
Financed by:					
Capital receipts	0.5	3.0	11.9	18.1	4.5
Capital grants/contributions	11.0	16.8	46.4	30.3	4.3
General Fund	-	-	-	-	-
Revenue contributions *	13.7	30.7	1.3	0.3	0.3
Net financing need	25.2	50.5	59.6	48.7	9.1

* These are approved contributions from the revenue budget, earmarked to fund specific schemes.

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. If the CFR is positive, the Council may borrow from the Public Works Loans Board (PWLB) or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council's CFR represents liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment (primarily equipment in schools and vehicles and plant built into highways and waste contracts). The Council currently has no external borrowing as

such. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The Council is asked to approve the CFR projections below:

CFR	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
Total CFR	2.6	2.3	2.0	1.7	1.4
Movement in CFR	-1.2	-0.3	-0.3	-0.3	-0.3

Movement in CFR represented by					
Net financing need for the year (above)	0.0	0.0	0.0	0.0	0.0
Less MRP/VRP and other financing movements	-1.2	-0.3	-0.3	-0.3	-0.3
Movement in CFR	-1.2	-0.3	-0.3	-0.3	-0.3

2.3 MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to make additional voluntary payments (voluntary revenue provision - VRP).

CLG Regulations require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Statement:

MRP will be based on the estimated lives of the assets, in accordance with the regulations, and will follow standard depreciation accounting procedures. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

In practice, the Council's capital financing MRP is assessed as 4% of the outstanding balance on the finance leases the Council has entered into. A Voluntary Revenue Provision (VRP) may also be made in respect of additional repayments.

2.4 The Use of the Council's Resources and the Investment Position

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
General Fund balance	20.0	20.5	20.5	20.5	20.5
Capital receipts	22.0	28.5	22.8	12.6	9.1
Capital grants	23.7	30.0	30.0	30.0	30.0
Provisions	9.1	9.0	9.0	9.0	9.0
Other (earmarked reserves)	109.8	84.3	65.0	57.7	58.8
Total core funds	184.6	172.3	147.3	129.8	127.4
Working capital*	63.4	60.0	60.0	60.0	60.0
Under/over borrowing**	0.0	0.0	0.0	0.0	0.0
Investments	248.0	232.3	207.3	189.8	187.4

*Working capital balances shown are estimated year end; these may be higher mid-year.

2.5 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. In practice, these indicators are virtually irrelevant for Bromley, as we have no external borrowing other than residual finance leases. The Council is asked to approve the following indicators:

2.6 Actual and estimates of the ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	%	%	%	%	%
Non-HRA	-	-	-	-	-

2.7 Estimates of the incremental impact of capital investment decisions on Band D council tax. This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended to the Executive in February compared to the Council's existing approved commitments and current plans. Only a very small proportion of the changes proposed will involve a contribution from Council resources and this will not impact on the level of Council Tax in future years. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£	£	£	£	£
Council tax - band D	-	-	-	-	-

3. Treasury Management Strategy

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2014 is summarised below, together with forward projections. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
External borrowing					
Borrowing at 1 April	-	-	-	-	-
Expected change in borrowing	-	-	-	-	-
Other long-term liabilities (OLTL)	2.6	2.3	2.0	1.7	1.4
Expected change in OLTL	-	-0.3	-0.3	-0.3	-0.3
Actual borrowing at 31 March	-	-	-	-	-
CFR – the borrowing need	2.6	2.3	2.0	1.7	1.4
Under / (over) borrowing	2.6	2.3	2.0	1.7	1.4
Investments	248.0	232.3	207.3	189.8	187.4
Net investments	245.4	230.0	205.3	188.1	186.0
Change in Net investments	+48.1	-15.4	-24.7	-17.2	-2.1

Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its total borrowing, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Finance Director reports that the Council complied with this prudential indicator in the current year and does not envisage non-compliance in the future. This view takes into account current commitments, existing plans, and the proposals in this year's budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary. This is the total figure that external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Borrowing	10.0	10.0	10.0	10.0
Other long term liabilities	20.0	20.0	20.0	20.0
Total Operational Boundary	30.0	30.0	30.0	30.0

The Authorised Limit for external borrowing. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following Authorised Limit:

Authorised limit £m	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m
Borrowing	30.0	30.0	30.0	30.0
Other long term liabilities	30.0	30.0	30.0	30.0
Total Authorised Limit	60.0	60.0	60.0	60.0

3.3 Prospects for Interest Rates

The Council has appointed Capita Treasury Solutions as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Capita view on short term (Bank Rate) and longer fixed interest rates.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
Mar 2015	0.50	0.50	0.90	2.20	3.40	3.40
Jun 2015	0.50	0.50	1.00	2.20	3.50	3.50
Sep 2015	0.50	0.60	1.10	2.30	3.70	3.70
Dec 2015	0.75	0.80	1.30	2.50	3.80	3.80
Mar 2016	0.75	0.90	1.40	2.60	4.00	4.00
Jun 2016	1.00	1.10	1.50	2.80	4.20	4.20
Sep 2016	1.00	1.10	1.60	2.90	4.30	4.30
Dec 2016	1.25	1.30	1.80	3.00	4.40	4.40
Mar 2017	1.25	1.40	1.90	3.20	4.50	4.50
Jun 2017	1.50	1.50	2.00	3.30	4.60	4.60
Sep 2017	1.75	1.80	2.30	3.40	4.70	4.70
Dec 2017	1.75	1.90	2.40	3.50	4.70	4.70
Mar 2018	2.00	2.10	2.60	3.60	4.80	4.80

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Greece: the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;
- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing Strategy

The Council currently does not borrow to finance capital expenditure and finances all expenditure from external grants and contributions, capital receipts or internal balances. The Council does, however, have a Capital Financing Requirement (CFR) of £2.6m, which is the outstanding liability on finance leases taken out in respect of plant, equipment and vehicles.

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy and will monitor interest rates in financial markets.

Treasury Management Limits on Activity

There are three debt-related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any

adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2013/14	2014/15	2015/16
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	20%	20%	20%
Maturity Structure of fixed interest rate borrowing 2013/14			
	Lower	Upper	
Under 12 months (temporary borrowing only)	100%	100%	
12 months to 2 years	N/A	N/A	
2 years to 5 years	N/A	N/A	
5 years to 10 years	N/A	N/A	
10 years and above	N/A	N/A	

3.5 Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4 Annual Investment Strategy

4.1 Introduction: changes to credit rating methodology

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". This process may commence during 2014/15 and / or 2015/16. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.

It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.

Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that we have always taken, but a change to the use of Fitch and Moody's ratings. Furthermore, we will continue to utilise CDS prices as an overlay to ratings in our new methodology.

4.2 Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.3 Creditworthiness policy

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Investment Counterparty Selection Criteria - The primary principles governing the Council's investment criteria are the security and liquidity of its investments, although the yield or return on the investment is also a key consideration. After these main principles, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those that determine which types of investment instrument are either Specified or Non-Specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one of which meets the Council's criteria, while the other does not, the institution will fail outside the leading criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by Capita, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.

In addition, the Council receives weekly credit lists as part of the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings (these provide an indication of the likelihood of bank default);
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties and a recommendation on the maximum duration for investments. The Council would not be able to

replicate this level of detail using in-house resources, but uses this information, together with its own view on the acceptable level of counterparty risk, to inform its creditworthiness policy. The Council will also apply a minimum sovereign rating of AA+ to investment counterparties.

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

- **Banks 1** - good credit quality – the Council will only use banks which:
 - a) are UK banks;
 - b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of AA+ or equivalent;
 - c) have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
 - Short term – Fitch F1; Moody's P-1; S&P A-1
 - Long term – Fitch A-; Moody's A3; S&P A-
- **Banks 2** – Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland. These banks can be included provided they continue to be part nationalised.
- **Bank subsidiary and treasury operation** - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings in Banks 1 above.
- **Building societies** - The Council will use all societies that meet the ratings in Banks 1 above.
- **Money Market Funds** – The Council will use AAA-rated Money Market Funds.
- **UK Government** (including gilts and the DMADF)
- **Other Local Authorities, Parish Councils, etc.**
- **Collective (pooled) investment schemes**
- **Supranational institutions**
- **Corporate Bonds**
- **Certificates of Deposit, Commercial Paper and Floating Rate Notes**

The Council's detailed eligibility criteria for investments with counterparties are included in Annex 2.

All credit ratings will be continuously monitored. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- if a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
- in addition to the use of Credit Ratings, the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Further advice is also received from the Council's external cash manager, Tradition UK.

Sole reliance will not be placed on these external advisers. In addition, this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. The Council forms a view and determines its investment policy and actions after taking all these factors into account.

4.4 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using these credit criteria as at the date of this report is shown in Annex 2. This list will be amended by officers should ratings change in accordance with this policy.

4.5 Investment Strategy

In-house funds: The Council's core portfolio is around £250m although cashflow variations during the course of the year have the effect from time to time of increasing the total investment portfolio to a maximum of around £290m. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Interest returns outlook: Bank Rate has been unchanged at 0.50% since March 2009 and is forecast to remain unchanged until the end of 2015, when it is expected to start to rise slowly. Capita's bank Rate forecasts for financial year ends (March) are as follows:

- 2014/15 0.50%
- 2015/16 0.75%
- 2016/17 1.25%
- 2017/18 2.00%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

Capita's suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

- 2015/16 0.60%
- 2016/17 1.25%
- 2017/18 1.75%
- 2018/19 2.25%
- 2019/20 2.75%
- 2020/21 3.00%
- 2021/22 3.25%
- 2022/23 3.25%
- Later years 3.50%

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

As at year end	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Principal sums invested > 364 days	170.0	170.0	170.0	170.0

For its cash flow generated balances, the Council will seek to utilise its short notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.6 End of year investment report

After the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.7 External fund managers

£20m of the Council's funds are externally managed on a discretionary basis by Tradition UK. They are required to comply with the Annual Investment Strategy and are permitted to use specified and non-specified investments, subject to the Council's own counterparty eligibility criteria and lending limits. Their performance is closely monitored by the Director of Finance and is reported quarterly to the Resources Portfolio Holder and the Executive & Resources PDS Committee.

4.8 Policy on the use of external service providers

The Council uses Sector as its external treasury management advisors and Tradition UK as external cash fund managers.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

4.9 Scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

4.10 Role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function

- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

ANNEXES

1. Economic background
2. Specified and non specified investments – Eligibility Criteria
3. Prudential Indicators – summary for approval by Council

ANNEX 1. Economic Background

THE UK ECONOMY

After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November 2014, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

Eurozone (EZ). The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth. It now appears likely that the ECB will embark on full quantitative easing (purchase of EZ country sovereign debt) in early 2015.

Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011-2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.

Greece: the general election due to take place on 25 January 2015 is likely to bring a political party to power which is anti EU and anti-austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of

anti EU and anti-austerity political parties throughout the EU are much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti-austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

USA. The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Fed. rate will occur by the middle of 2015.

China. Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

CAPITA'S FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts (and also MPC decisions) will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to

experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.
- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

ANNEX 2. Specified and Non-Specified Investments

Eligibility Criteria for investment counterparties

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria (i.e. non-sterling and placed for periods greater than 1 year).

A variety of investment instruments will be used. Subject to the credit quality of the institution and depending on the type of investment made, investments will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS

These investments are sterling investments of not more than one-year maturity or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are relatively low risk investments where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, a UK Treasury Bill or a Gilt with a maximum of 1 year to maturity).
2. A local authority, parish council or community council (maximum duration of 1 year).
3. Corporate or supranational bonds of no more than 1 year's duration.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This includes the Payden Sterling Reserve Fund.
5. A bank or building society that has been awarded a high credit rating by a credit rating agency (only investments placed for a maximum of 1 year).
6. Certificates of deposit, commercial paper or floating rate notes (maximum duration of 1 year).

Minimum credit ratings (as rated by Fitch, Moody's and Standard & Poors) and monetary and time period limits for all of the above categories are set out below. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one of which meets the Council's criteria while the other does not, the institution will fall outside the lending criteria. The Council will take into account other factors in determining whether an investment should be placed with a particular counterparty, but all investment decisions will be based initially on these credit ratings criteria. The Council will also apply a minimum sovereign rating of AA+ to investment counterparties.

NON-SPECIFIED INVESTMENTS

Non-specified investments are any other type of investment (i.e. not defined as Specified above) and can be for any period over 1 year. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

	Non Specified Investment Category	Limit (£ or %)
a.	Bank Deposits with a maturity of more than one year and up to a maximum of 3 years. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	£80m and 3 years limits with Lloyds Bank and RBS.
b.	Building Society Deposits with a maturity of more than one year. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of	None permitted at present.

	Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	
c.	Deposits with other local authorities with a maturity of greater than 1 year and up to a maximum of 3 years. Maximum total investment of £15m with each local authority.	£15m limit with each local authority; maximum duration 3 years.
d.	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The use of UK Government gilts is restricted to fixed date, fixed rate stock with a maximum maturity of five years. The total investment in gilts is limited to £25m and will normally be held to maturity, but the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. The Director of Finance must personally approve gilt investments. The Council currently has no exposure to gilt investments.	£25m in total; maximum duration 5 years.
e.	Non-rated subsidiary of a credit-rated institution that satisfies the Council's counterparty list criteria. Investments with non-rated subsidiaries are permitted, but the credit-rated parent company and its subsidiaries will be set an overall group limit for the total of funds to be invested at any time.	Subject to group limit dependent on parent company's ratings.
f.	Corporate Bonds with a duration of greater than 1 year and up to a maximum of 5 years, subject to satisfaction of credit ratings criteria as set out below.	£25m in total; maximum duration 5 years.
g.	Collective (pooled) investment schemes with a duration of greater than 1 year. The total investment in collective (pooled) investment schemes is limited to £25m and can include property funds, diversified growth funds and other eligible funds.	£25m in total.
h.	Certificates of Deposit, Commercial Paper and Floating Rate Notes with a duration of greater than 1 year, subject to satisfaction of credit ratings criteria as set out below.	Subject to group banking limits dependent on bank / building society credit ratings.

CRITERIA FOR FUNDS MANAGED INTERNALLY AND EXTERNALLY

- **Banks General** - good credit quality – the Council may only use banks which:
 - a) are UK banks;
 - b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of AA+ or equivalent;
 - c) have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
 - Short term – Fitch F1; Moody's P-1; S&P A-1
 - Long term – Fitch A-; Moody's A3; S&P A-
- **Banks 1A – UK and Overseas Banks (highest ratings)** - the Council may place investments up to a total of £30m for a maximum period of 1 year with UK banks (and up to a total of £15m for a maximum period of 1 year with Overseas banks) that have at least the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1+	AA-
Moody's	P-1	Aa3
S & P	A-1+	AA-

Banks 1B – UK and Overseas Banks (very high ratings) - the Council may place investments up to a total of £20m for a maximum period of 1 year with UK banks (and up to a total of £10m for a maximum period of 6 months with Overseas banks) that have at least the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1	A
Moody's	P-1	A1
S & P	A-1	A+

Banks 1C – UK and Overseas Banks (high ratings) – the Council may place investments up to a total of £10m for a maximum period of 6 months with UK banks (and up to a total of £5m for a maximum period of 3 months with Overseas banks) that have at least the following Fitch, Moody's and Standard & Poors ratings (where rated):

	Short-Term	Long-Term
Fitch	F1	A-
Moody's	P-1	A3
S & P	A-1	A-

- **Banks 2 - Part nationalised UK banks (Lloyds TSB and Royal Bank of Scotland)** - the Council may place investments up to a total of £80m for up to 3 years with both of the part-nationalised UK banks Lloyds Bank and the Royal Bank of Scotland provided they remain part-nationalised.
- **Bank subsidiary and treasury operation** - The Council may use these where the parent bank has provided an appropriate guarantee and has the necessary ratings in Banks 1 above. The total investment limit and period will be determined by the parent company credit ratings.
- **Building societies** - The Council may use all societies that meet the ratings in Banks 1 above.
- **Money Market Funds** – The Council may invest in AAA rated Money Market Funds. The total invested in each of these Funds must not exceed £15m at any time. This includes the Payden Sterling Reserve Fund for which a limit of £15m is also applied.
- **UK Government (including gilts and the DMADF)** – The Council may invest in the government's DMO facility for a maximum of 1 year, but with no limit on total investment. The use of UK Government gilts is restricted to a total of £25m and to fixed date, fixed rate stock with a maximum maturity of 5 years. The Director of Finance must personally approve gilt investments.
- **Local Authorities, Parish Councils etc** – The Council may invest with any number of local authorities, subject to a maximum exposure of £15m for up to 3 years with each local authority.
- **Business Reserve Accounts** - Business reserve accounts may be used from time to time, but value and time limits will apply to counterparties as detailed above.

- **Corporate Bonds** – Investment in corporate bonds with a minimum credit rating of A- is permitted, subject to a maximum duration of 5 years and a maximum total exposure of £25m.
- **Collective (pooled) investment schemes** – these may comprise property funds, diversified growth funds and other eligible funds and are permitted up to a maximum (total) of £25m.
- **Certificates of Deposit, Commercial Paper and Floating Rate Notes** – These are permitted, subject to satisfaction of minimum credit ratings in Banks General above.
- **Sovereign Ratings** – The Council may only use counterparties in countries with sovereign ratings of AAA and AA+.

These currently include:

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- Netherlands
- U.K.
- U.S.A.

ANNEX 3 Prudential and Treasury Indicators

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. They are included separately in Appendix 1 together with relevant narrative and are summarised here for submission to the Council meeting for approval.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009 and updated in 2011) was initially adopted by full Council on 15th February 2010 and has subsequently been re-adopted each year in February.

PRUDENTIAL INDICATORS	2013/14	2014/15	2015/16	2016/17	2017/18
	actual	estimate	estimate	estimate	estimate
Total Capital Expenditure	£25.2m	£50.5m	£59.6m	£48.7m	£9.1m
Ratio of financing costs to net revenue stream	0.0%	0.0%	0.0%	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)					
brought forward 1 April	£197.3m	£245.4m	£230.0m	£205.3m	£188.1m
carried forward 31 March	£245.4m	£230.0m	£205.3m	£188.1m	£186.0m
in year borrowing requirement (movement in net investments for Bromley)	+£48.1m	-£15.4m	-£24.7m	-£17.2m	-£2.1m
Capital Financing Requirement as at 31 March	£2.6m	£2.3m	£2.0m	£1.7m	£1.4m
Annual change in Cap. Financing Requirement	-£1.2m	-£0.3m	-£0.3m	-£0.3m	-£0.3m
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum	-	-	-	-	-

TREASURY MANAGEMENT INDICATORS	2013/14	2014/15	2015/16	2016/17	2017/18
	actual	estimate	estimate	estimate	estimate
Authorised Limit for external debt -					
borrowing	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt -					
borrowing	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 364 days beyond year-end dates	£202.5m	£170.0m	£170.0m	£170.0m	£170.0m

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Report No.
CSD025

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: 2015/16 PAY AWARD

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

1.1 At its meeting on 10th February 2015 the General Purposes and Licensing Committee considered the attached report on the annual pay review for 2015/16 and considered representations from the Staff-side Secretary in support of Trade Union claims for a flat rate £1 an hour increase for all staff and a minimum wage figure of £10 per hour. The Committee decided to support the recommendation of a flat 1.2% increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process.)

2. **RECOMMENDATIONS**

Council is recommended by General Purposes and Licensing Committee to –

(1) approve a flat 1.2% pay increase for all staff (excluding teachers);

(2) reject the Trade Union pay claims for (i) a flat rate £1 an hour increase for all staff and (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. Ongoing costs: Within existing budgets
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: £N/A
 5. Source of funding: N/A
-

Staff

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

Legal

1. Legal Requirement: Non-statutory requirement
 2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.
-

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

London Borough of Bromley

Report No.HR14003

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing

Date: 10th 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

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 12th 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 14th 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 14th 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 15th 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 7th 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.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

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Report No.
CSD15026

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: PAY POLICY STATEMENT 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

1. Reason for report

1.1 Under the Localism Act the Council is required to publish a Pay Policy Statement which must be approved by full Council each year. The Pay Policy Statement for 2015/16 has been up-dated to include the proposal to offer spot-salaries for all new appointments with effect from 1st April 2015, as approved by General Purposes and Licensing Committee on 10th February 2015, and the review of car user allowances in line with the recommended HMRC rate. The Statement also formalises the Chief Executive's pay and appraisal review process, with a Chief Executive's Appraisal and Pay Committee comprising the Leader, Deputy Leader, Portfolio Holder for Resources, Minority Group Leaders (or their nominees) and two further Majority Group Members.

2. **RECOMMENDATION**

General Purposes and Licensing Committee recommends that Council approves the 2015/16 Pay Policy Statement and establishes the Chief Executive's Appraisal and Pay Committee.

Corporate Policy

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

Financial

1. Cost of proposal: Within existing budget
 2. Ongoing costs: Within existing budget
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: N/A
 5. Source of funding: N/A
-

Staff

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

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.
-

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

London Borough of Bromley

Report No. HR15002

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing Committee

Date: 10th 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

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 1st 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 23rd 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 1st 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.

Non-Applicable Sections:	
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

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

PAY POLICY STATEMENT FOR FINANCIAL YEAR 2015/16	
POLICY AREA UNDER THE ACT	POLICY STATEMENT
	<p><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></p>
<p>Level and elements of remuneration of Chief Officers and relationship with the remuneration of employees who are not Chief Officers</p>	<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"> 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; b) Introduced a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff except teachers; 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. d) Agreed to make no change to existing terms and conditions of service before April 2015. <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"> • ensure that staff are appropriately rewarded for the job that they do • enhance the Council’s ability to compete by maintaining a simple, fair, transparent and affordable pay and

- reward structure that attracts and keeps a skilled and flexible workforce;
- improve the links between organisational efficiency, individual performance and reward
 - 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 1st 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 (MG and MB salary scales). 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 www.bromley.gov.uk/councilconstitution
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 Flexible retirement policy</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>
<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>

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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Report No.
CSD15022

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 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

1. Reason for report

1.1 The Council is required to make a scheme of allowances for members in advance of each financial year. The General Purposes and Licensing Committee at its meeting on 10th February 2015 considered the attached report and agreed to recommend that allowances remain at the current levels for 2015/16. Mayoral and Deputy Mayoral allowances are not part of the scheme, but are usually considered in conjunction with it.

2. **RECOMMENDATION**

General Purposes and Licensing Committee recommends that the 2015/16 Members Allowances Scheme and Mayoral and Deputy Mayoral allowances be approved with allowances remaining at the current level.

Corporate Policy

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

Financial

1. Cost of proposal: No additional cost
 2. Ongoing costs: N/A:
 3. Budget head/performance centre: Democratic Representation – Members Allowances
Mayoral and 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? N/A
2. Summary of Ward Councillors comments: N/A

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 10th 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

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.
-

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).

Non-Applicable Sections:	Policy/Personnel
Background Documents: (Access via Contact Officer)	Report from the Independent Panel on Remuneration of Councillors in London (2014) - http://www.londoncouncils.gov.uk/London%20Councils/Remunerationreport2014.pdf Report to General Purposes and Licensing Committee, 4 th 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)
Basic Allowance	-	£10,703	£10,872
Band 1	Executive Assistant Sub-Cttee Chairman Leader of 2 nd 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
Band 2	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
Band 3	Portfolio Holder Chairman of Health & Wellbeing Board Chairman of main Overview and Scrutiny Committee	£35,128 - £41,675	£20,400 £9,176 £7,140
Band 4	Leader	£54,769	£30,600
Band 5	Directly elected Mayor	£81,839	-

London Borough of Bromley

Members' Allowances Scheme

From 1st 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 1st 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 31st 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

	£
Basic Allowance	10,872.02
Posts of Special Responsibility Allowance	
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
Quasi-Judicial Allowances	
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.
CSD15023

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: LOCAL PENSION BOARD

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

1.1 The Public Service Pensions Act 2013 and associated regulations require changes to the governance arrangements of Local Authority Pension Schemes. The General Purposes and Licensing Committee has recommended proposals for the establishment of a Local Pension Board as required by the new regulations following detailed consideration by Pensions Investment Sub-Committee on 3rd February 2015. The minutes from this meeting are attached, and Members will note that the Sub-Committee also agreed to write to the Secretary of State urging that local authorities with a good governance record be permitted to opt out of the need to establish a Local Pension Board.

2. **RECOMMENDATIONS**

General Purposes and Licensing Committee recommends 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 of the report;
- (iii) approve the draft terms of reference (appendix 2 to the report), subject to incorporating the following amendments –
 - the Board should meet once a year;
 - in the event of non-attendance, membership will be reviewed (amended from consistent non-attendance);

- clarifying the process for the replacement of Board members who die in office;
- Board Members will be invited to attend meetings of the Pensions Investment Sub-Committee.

(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 of the report;

(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;

(vii) on the basis that it would provide a suitable alternative arrangement, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee, authorise the Director of Finance to make an application to the Secretary of State for approval to establish a Combined Local Pension Board and Committee subject to any criteria or conditions that may be applied;

(viii) agree that, should such an application be successful, the Local Pension Board be disbanded and the establishment of a Combined Board be subject to a further report setting out the proposed structure and terms of reference.

Corporate Policy

1. Policy Status:: 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 of the attached report).
 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 fund market value as at 31/12/14.
 5. Source of funding: Pension Fund
-

Staff

1. Number of staff (current and additional): The Board will comprise 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: Not Applicable: Full Council decisions are not subject to call-in.
-

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 31st December 2014. 67 Scheduled Bodies and 4 Admission Bodies in the Fund.
-

Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

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

Date: 3rd February 2015
10th February 2015
23rd 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

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.
-

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 31st 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 31st December 2014. 67 Scheduled Bodies and 4 Admission Bodies in the Fund.
-

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 1st 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 10th 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 1st 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 1st 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 1st 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 1st 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	Total	26	Unknown	6	Unknown	10	Total	26
8	0	Unknown	5			Total	26	Total	26		
9	1	Total	26								
Unknown	1										
Total	26										

- 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 20th 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 27th 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 1st April 2014 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 were published on 10th March 2014.
- 6.3 Consultation on LGPS (Amendment) (Governance) Regulations 2014 – Better Governance and Improved Accountability in the Local Government Pension Scheme ended on 21st November 2014. The new governance structure for the LGPS and other public service pension schemes comes into force on 1st 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.

Non-Applicable Sections:	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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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 to the right.

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

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:

<u>Number</u>	<u>Constituency</u>	<u>Definition / Constraints</u>
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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LOCAL PENSION BOARD – SUPPLEMENTARY REPORT

2.2 RECOMMENDATION(S)

- (vii) authorise the Director of Finance to make an application to the Secretary of State for approval to establish a Combined Local Pension Board and Committee subject to any criteria or conditions that may be applied;
- (viii) agree that, should such an application be successful, the Local Pension Board be disbanded and the establishment of a Combined Board be subject to a further report setting out the proposed structure and terms of reference.

3. COMMENTARY

- 3.24 As set out in the report, at the time of writing final Regulations were yet to be issued. These were laid before Parliament on 28th January 2015, and were accompanied by revised guidance from the LGPS Shadow Scheme Advisory Board. Although not dissimilar in many ways to the draft, the final Regulations do contain a number of key changes.
- 3.25 A new provision has been made for the establishment of a Joint Pensions Board, subject to Secretary of State approval. However, this is only applicable where the administration and management of the Scheme is wholly or mainly shared by two or more authorities so is not relevant to Bromley.
- 3.26 The requirement for Board Members to have relevant experience on appointment has been removed although the requirement for employer and member representatives to have the “capacity” to properly represent employers and members respectively remains.
- 3.27 The most fundamental change is that the Regulations now provide for a Local Pension Board to be combined with an existing Committee, subject to approval being granted by the Secretary of State. Approval may be given subject to such conditions as the Secretary of State thinks fit and may be withdrawn if any of the conditions are not met or if the Secretary of State determines it is no longer appropriate for the approval to continue.
- 3.28 The restriction disallowing individuals with responsibility for the discharge of any local government pension functions continues to apply but the Regulations have been amended to clarify that they may sit on a Local Pension Board of a different administering authority where they have no such responsibilities. Furthermore, this restriction does not apply to a Combined Board.

- 3.29 In establishing a Combined Board an equal number of employer and member representatives must be designated from the Members of the Committee with a minimum requirement of four (two employer and two member representatives). The Regulations contain little in the way of detail and further information about the criteria, conditions and application process is awaited. An update will be provided at the meeting should any further information become available.
- 3.30 The Secretary of State is not yet accepting applications for Combined Boards but has indicated the approval process will become active on 20th February 2015. Should an application be made and subsequently approved, the Local Pension Board will be disbanded and the proposed structure and terms of reference of a Combined Board, together with any additional information, will be subject to a further report.

PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 3 February 2015

Present:

Councillor Simon Fawthrop (Chairman)
Councillor Alan Collins (Vice-Chairman)
Councillors Eric Bosshard, Peter Fookes, David Livett,
Russell Mellor and Neil Reddin FCCA

Also Present:

Councillor Graham Arthur

21 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

22 DECLARATIONS OF INTEREST

There were no declarations of interest.

23 LOCAL PENSION BOARD Report FSD15013

The Sub-Committee considered a report outlining 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 seeking the required approvals for the establishment of a Local Pension Board. Final regulations and guidance had since been issued and a supplementary paper was circulated setting out the latest position, although further information was still awaited. The most fundamental change was that the regulations now allowed for a Local Pension Board to be combined with an existing Committee, subject to the approval of the Secretary of State. If Bromley were to submit an application for a Combined Board which was approved then the Local Pension Board would be disbanded. Officers advised that the criteria and associated conditions were still awaited but it might be possible to establish a Combined Board with General Purposes and Licensing Committee. However, it was likely that there would be complications involved in this approach and it might require the membership of the Committee to be reviewed to ensure that the requirements of the Regulations were met. The key was to secure approval for a Local Pension Board in line with the statutory timescales for its establishment and then consider whether a Combined Board would provide a suitable alternative arrangement once further information became available.

The Sub-Committee considered that the establishment of a Local Pension Board was completely unnecessary for an authority that already ran its pension scheme effectively, with existing good governance and in an open and transparent way, but they were advised that it was a statutory requirement. As a minimum, the Board had to comprise four people (two employer representatives and two scheme member representatives) who had to have the capacity to represent employers and members respectively. Generally, it was for the Administering Authority to determine the detailed remit and terms of reference of the Board in accordance with the Regulations. It was proposed that the Board would meet twice a year and produce an annual report, but the Sub-Committee considered that it should meet only once a year supported by attendance at Sub-Committee meetings.

Members were concerned that the costs of the proposed Local Pension Board should be minimised and were informed that any legal, financial or other advice or support would normally come from existing internal Council resources. The Sub-Committee supported the proposal that Board Members would not be paid an allowance but would be reimbursed for reasonable expenses incurred. Individual Board Members had certain personal responsibilities and legal obligations and enquiries were under way to ensure that they would be adequately covered through the Council's existing insurance arrangements, but Members noted that this could not cover reputational risk.

RESOLVED that

(1) The Pensions Investment Sub-Committee having considered the report notes and agrees the recommendations subject to writing to the Secretary of State as follows:-

This Sub-Committee views the introduction of Pension Boards in local authorities such as Bromley Council causes duplication, both an additional layer of bureaucracy and additional unwanted extra costs, at a time of reduced budgets.

This is demonstrated by Bromley's

- 1) open and transparent meetings, minutes and agenda of which are published on line;**
- 2) the ability for members of the public, concerned parties and members of the LGPS to ask questions in writing or in person at meetings;**
- 3) the inclusion of a union representative attending the Sub-Committee;**
- 4) a reporting structure that gives additional opportunities for scrutiny at both the parent Committee and at full Council.**

- 5) notes that the Pensions Fund and Sub-Committee are also independently audited as part of the Authority's good governance process.

We would therefore urge the Secretary of State to remove this additional burden by allowing local Authorities with a good governance scheme to opt out of the need for a Local Pensions Board.

(2) General Purposes and Licensing Committee 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 of the report;**
- (iii) approve the draft terms of reference (appendix 2 to the report), subject to incorporating the following amendments –**
 - the Board should meet once a year;**
 - in the event of non-attendance, membership will be reviewed (amended from consistent non-attendance);**
 - clarifying the process for the replacement of Board members who die in office;**
 - Board Members will be invited to attend meetings of the Pensions Investment Sub-Committee.**
- (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 of the report;**
- (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;

- (vii) on the basis that it would provide a suitable alternative arrangement, in consultation with the Chairman of Pensions Investment Sub-Committee and the Chairman of General Purposes and Licensing Committee, authorise the Director of Finance to make an application to the Secretary of State for approval to establish a Combined Local Pension Board and Committee subject to any criteria or conditions that may be applied;**
- (viii) agree that, should such an application be successful, the Local Pension Board be disbanded and the establishment of a Combined Board be subject to a further report setting out the proposed structure and terms of reference.**

The Meeting ended at 7.57 pm

Chairman

Report No.
CSD14024

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 23 February 2015

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

Title: COMMITTEE MEMBERSHIP

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

1.1 This report deals with a number of changes to committee memberships, and Council is recommended to endorse the nominations of the appropriate party groups.

2. **RECOMMENDATIONS**

That Council approves the following changes to committee membership –

- **A majority group Councillor be appointed to replace Cllr Will Harmer on Executive and Resources PDS Committee.**
- **Cllr Kathy Bance replaces Cllr Peter Fookes on General Purposes and Licensing Committee.**
- **Cllr Ian Dunn replaces Cllr Peter Fookes on Executive and Resources PDS Committee.**
- **Cllr Kevin Brooks replaces Cllr Peter Fookes on Care Services PDS Committee**

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: £1,175,680
 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:
 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? N/A
2. Summary of Ward Councillors comments: N/A

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