

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 22 February 2016 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 14th December 2015
(Pages 3 - 62)
- 4 Petitions
(Pages 63 - 66)
- 5 Questions from members of the public where notice has been given
Questions must be received by 5pm on Tuesday 16th February 2016.
- 6 Oral questions from Members of the Council where notice has been given
- 7 Written questions from Members of the Council where notice has been given
- 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 10th February 2016
(Pages 67 - 118)
- 10 Proposal for the Council's Public Health Budget 2016/17 and 2017/18
(Pages 119 - 128)
- 11 Treasury Management - Annual Investment Strategy 2016/17
(Pages 129 - 162)
- 12 2016/17 Pay Award
(Pages 163 - 172)
- 13 Pay Policy Statement 2016/17
(Pages 173 - 192)
- 14 Members' Allowances Scheme 2016/17
(Pages 193 - 204)
- 15 To consider Motions of which notice has been given.
- 16 The Mayor's announcements and communications.

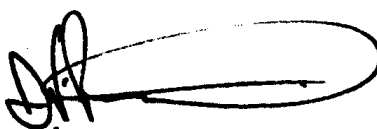
- 17 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006, AND THE FREEDOM OF INFORMATION ACT 2000

To consider an item in respect of which resolutions have been passed under the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation Order 2006) and the Freedom of Information Act 2000.

- 18 Treasury Management - Annual Investment Strategy 2016/17 - Supplementary Report (Pages 205 - 208)

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

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Chief Executive

**BROMLEY CIVIC CENTRE
BROMLEY BR1 3UH
Friday 12 February 2016
Vol.52 No.6**

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the Meeting of the
Council of the Borough
held at 7.00 pm on 14 December 2015

Present:

**The Worshipful the Mayor
Councillor Kim Botting**

**The Deputy Mayor
Councillor Alan Collins**

Councillors

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

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Kim Botting

132 Apologies for absence

Apologies for absence were received from Councillors Peter Fookes, David Jefferys, Terence Nathan, Stephen Wells and Richard Williams.

133 To confirm the Minutes of the meeting of the Council held on 19th October 2015 and the special meeting held on 25th November 2015

It was noted that an updated version of the reply to written question 1 in Appendix C to the minutes of the meeting held on 19th October 2015 had been circulated. Subject to including this, the minutes were confirmed.

The minutes of the special meeting held on 25th November 2015 had also been circulated and these were confirmed.

134 Declarations of Interest

There were no declarations of interest.

135 To consider any petitions received
Report CSD15142

A petition had been received from the Knoll Residents Association. At the request of the lead petitioner this was deferred to the next meeting.

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

Two questions had been received from an Honorary Alderman. The questions and replies are set out in Appendix A to these minutes.

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

Fifteen questions had been received from Members of the Council for oral reply. These are set out in Appendix B to these minutes.

138 Written questions from Members of the Council where notice has been given

Sixteen questions for written reply had been received from Members of the Council. These are set out in Appendix C to these minutes.

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

The Portfolio Holder for Resources, Councillor Graham Arthur made a statement on the budget process as the process of confirming the 2016/17 budget was about to start. The pay award for staff under national pay and conditions was going to be 1%, but he was proposing that Bromley's staff would benefit from a 1.2% increase plus merit pay awards. The Portfolio Holder recognised the excellence of Bromley's staff and reported that absences were very low at 5.8 days per annum.

140 Budget Monitoring 2015/16 - Transfer from Central Contingency to the Growth Fund
Report CSD15140

A motion to agree that £6.5m of the underspend on services and the Central Contingency be transferred to the Growth Fund as detailed in paragraph 3.10.3 of the report was moved by Councillor Graham Arthur, seconded by Councillor Stephen Carr and **CARRIED**.

141 Council Tax Support/Reduction 2016/17
Report CSD15139

A motion to adopt, for the financial year 2016/17, a scheme whereby entitlement for working age claimants was calculated on 75% of the household Council Tax liability (thereby the maximum assistance provided to a claimant of working age was 75% of his/her Council Tax liability) was moved by Councillor Graham Arthur and seconded by Councillor Stephen Carr. (Other elements of the proposed scheme would remain unchanged to that in place for 2015/16 except where revision was required as a result of revised legislation/guidance and/or annual uplifting.)

An amendment to the motion to retain the level of support for working age people at 81% was moved by Councillor Ian Dunn and seconded by Councillor Angela Wilkins. This amendment was **LOST**.

The original motion was **CARRIED**.

142 Beckenham Public Realm Improvements
Report CSD15138

A motion to increase the capital estimate of the Beckenham Public Realm Scheme by £1.44m to £4.697m was moved by Councillor Peter Morgan, seconded by Councillor Stephen Carr and **CARRIED**.

143 Treasury Management - Performance Q2 2015/16 & Mid-Year Review
Report CSD15137

A motion to note the report and approve changes to the 2015/16 prudential indicators, as set out in Annex B1 to the report was moved by Councillor Graham Arthur, seconded by Councillor Stephen Carr and **CARRIED**.

144 Our Healthier South East London (OHSEL) - Joint Health Scrutiny Committee
Report CSD15136

A motion to authorise participation in the non-executive joint committee with other local authorities for the purpose of scrutinising the "Our Healthier South East London" (OHSEL) project, to appoint two members to serve on the

Committee (amended to be Councillors Judi Ellis and Hannah Gray) and to delegate to the Director of Corporate Services, in consultation with the Chairman of the Care Services PDS Committee, authority to make any other detailed arrangements relating to the Council's representation on the non-executive joint committee that are necessary, was moved by Councillor Judi Ellis, seconded by Councillor Pauline Tunnicliffe and **CARRIED**.

145 Financial Regulations and Contract Procedure Rules
Report CSD15135

A motion to approve the updated Financial Regulations and Contract Procedure Rules was moved by Councillor Tim Stevens, seconded by Councillor Diane Smith and **CARRIED**.

146 To consider Motions of which notice has been given.

No motions had been received.

147 The Mayor's announcements and communications.

The Mayor thanked all Members who had attended the Sci-Fi event on 14th November. The event had been a huge success and feedback was very good indeed. About £1,200 had been raised for the Mayor's charities. The Mayor also thanked member who had attended the Mayoral and Civic Carol Services on 8th December, where the collection had raised £805, and the Charity Dinner at Tamasha which 65 people attended and which raised £3,000.

The Mayor informed members about the following future events –

- The Mayor's Quiz Evening – 19th February 2016
- Preview of "Far from the Madding Crowd" at Bromley Little Theatre" – 10th March 2016
- The annual Mayor of Bromley awards in March.

The Meeting ended at 9.05 pm

Mayor

COUNCIL MEETING

14th DECEMBER 2015

QUESTIONS FROM MEMBERS OF THE PUBLIC

(1) From Hon. Alderman Sue Polydorou JP to the Portfolio Holder for Resources

Reserves

The Annual Report and Statement of Accounts for 2014/15 show Council balances on 31.03.2015 as follows:

Total Authority Reserves: £666,193,000, with Usable Reserves of £182,520,000

At the recent Council public consultation meeting regarding the budget on 26 November Cllr Graham Arthur stated usable reserves were £131,000,000, some £50,000,000 less than indicated in the final accounts on 31.3.2015.

Please confirm the Total Authority Reserves and Usable Reserves to date and if Cllr Arthur's statement is correct please explain the reason for the reduction in usable reserves since March.

Reply:

Although the Council holds total reserves of £666m as at 31st March 2015, £484m of these are unusable (i.e. do not represent usable resources). Unusable reserves do not have cash balances and do not provide monies available to fund expenditure. They are held to meet statutory requirements relating to technical accounting purposes. The largest of these is the capital adjustment account (£564m).

Usable reserves total £182m. Of this sum £51m are subject to statutory limitations on their use and can only be used to fund capital expenditure. The remaining £131m, as referred to at the recent public consultation meeting, represents the level of usable earmarked and general reserves that the Council may use to fund revenue expenditure subject to the need to maintain a prudent level of reserves.

Supplementary Question:

At successive public consultation meetings about the budget, including the most recent one, Cabinet members have stressed the need to cut budgets and services because of austerity. In the final accounts in March 2010 the Council had £115m in usable reserves. Despite austerity, usable reserves have increased by 58% over this five year period. The Chancellor George Osborne in his recent Autumn Statement said that Councils needed to draw on their reserves to improve local services – does Councillor Arthur agree with him?

Reply:

No, I do not agree with him and I find it extraordinary that we have to apologise for prudently handling the finances of this Council. What we do know is that the period of austerity, far from being over, has gathered pace for local government. Our income in two to three years' time will be significantly less than it is now. Rather than charge to the edge of the cliff like a lemming, what we have done is take prudent measures well in advance to make sure that we can live within our means for all the tomorrows to come. A half of the Councils across this country are saying that they will not be able to balance their books next year – we are not one of them. The reason we are not one of them is because we have taken the right action on time and we have got ourselves ahead of the game. I make no apology for that.

The use of reserves is something that is far better understood in private industry than it is in public service and public service has to start thinking like a private industry if we are to balance the books.

(2) From Hon. Alderman Sue Polydorou JP to the Portfolio Holder for Resources

As of 31.3.2014 Investment Property assets were £71,548,000. On 31.3.2015 Investment Property assets were £96,724,000.

Please outline the reason for this increase in Investment Property for this period and what is the figure for Investment Property to date?

Reply:

The increase of £25.2m in investment property assets between 31st March 2014 and 31st March 2015 is mainly due to the purchase of five investment properties totalling £22.6m. Annual property revaluations also resulted in a net increase of £2.6m in the value of all investment property assets held. Further purchases of three investment properties totalling £20.9m since 31st March 2015 has increased the current value of investment properties held to £117.6m.

Supplementary Question:

At the recent budget consultation meeting, Cabinet members justified having a property investment portfolio because of the favourable rate of return on investments which is then ploughed back into the revenue budget. Of the £117.6m that Councillor Arthur has outlined the assets now stand at, how much of that sum is the original investment that has been put in by the Council, how much is capital appreciation and how much of the total return over the last five years has been allocated back to the revenue budget?

Reply:

The return on the property investments currently stands at 6%. The reason we have undertaken those investments is to improve the yield that would have been possible having cash reserves in the bank at between 1% and 1.5%, and so by a yield of 6% that is a considerably better form of investment for us. As a subsidiary issue we will also enjoy an increase in the capital value of those investments and £2.6m has been added to the value of those investments during the current year.

Additional Supplementary Question:

Councillor Simon Fawthrop asked whether the Portfolio Holder could recall what happened to reserves and the Council Tax under the Lib/Lab pact?

Reply:

Councillor Arthur could not recall the precise reduction in reserves, but the figures he had heard were £30-40m over the three years of the Lib/Lab pact. The Council Tax during that time increased by 32%, so people were hit by a very substantial increase. It had to be appreciated however, that this was a period of high inflation.

The Portfolio Holder also clarified that the total interest income for next year would be about £11.5m and of that every penny would go back to the revenue account to improve or maintain services.

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COUNCIL MEETING

14th DECEMBER 2015

QUESTIONS FOR ORAL REPLY FROM MEMBERS OF THE COUNCIL

1. From Cllr Russell Mellor to the Portfolio Holder for Renewal and Recreation

May I ask the Portfolio Holder if he is aware of my resident: Mrs Julie North?

Reply:

If he is referring to Mrs Julie North, who is chairman of the Palgrave Estate, Porchester Mead, then the answer is yes.

Supplementary Question

I am delighted that Cllr Morgan is aware of my resident Mrs Julie North who has been patiently waiting for a planning matter to be resolved. The purpose of my question is to tease out the solution he may have to resolve this obnoxious question of the unused site at Stumps Hill, Southend Lane.

Reply:

I have been to see the site myself. It is a site which could easily be developed, it is overgrown, neglected and surrounded by a not particularly attractive painted corrugated iron fence which is in a poor state of repair. The issue is that we all want the site tidied up. Unfortunately, these things are never easy or quick, but I will give you a chronology of where we have got to.

The Council issued a notice on 1st May under the Town and Country Planning Act 1990 as amended (Section 215) requiring the tidying of the site. The owner, Mr Winspear, then advised us on the 26th June, exactly 56 days after the 1st May, that he had appealed.

From 12th August 2015 to 7th October 2015, the Council waited for the appeal hearing date from Bromley Magistrates' Court but to no avail. The Council wrote to the Magistrates' Court several times to chase up on the matter.

In September the Council wrote to Mr Winspear to inform him that the Court have said that they do not have any record of his appeal against the Notice dated 1st May 2015. Mr Winspear insisted that he had appealed and was very adamant and wrote to inform the Council that he had indeed appealed against the notice. Again the Council checked with the Magistrates' Court and was informed that they do not have a record of the said appeal.

As a result of no appeal hearing with the Magistrate's Court it was decided that this matter can now proceed to prosecution action.

In November 2015, the Planning Investigation Officer for the above matter completed a statement for a prosecution for the offence of not compliance with the Section 215 Notice.

On 3rd December 2015 further prosecution instructions were requested by and given to our legal team. Details of the relevant correspondence relating to the above matter

have been incorporated as part of the planning investigations officers' witness statement. The matter is ongoing.

If the Magistrates' Court does issue a notice ordering the owner to tidy the site and he does not comply within a stated period then that becomes a criminal offence with all the consequences that flow from that.

2. From Cllr Vanessa Allen to the Leader of the Council

Since the Communities Secretary, Greg Clark, is urging councils to not only save for the future but also to make efficient use of assets to provide services, how does the Leader propose to follow the Minister's recommended course of action and use non ring-fenced reserves to provide the services local people expect to see?

Reply:

The Council faces a significant ongoing budget gap with the need for further savings due to reductions in government grant, new burdens and the impact of population change. It is absolutely right that the Council uses its non ring-fenced reserves to protect and provide services to local people. That is exactly what we are doing. However we do not do what the Labour opposition would have us do, namely throw our reserves at ongoing revenue deficits, which would see all those reserves depleted within four years leading to even greater budget cuts in the future. We say no to that type of financial illiteracy but instead we set aside reserves for specific purposes such as invest to save, supporting economic growth and longer term investment in order to generate income which helps to protect key services. If we did not do this we would already have a further budget deficit of £10-11m. In addition, I can confirm that the Government, as part of the Spending Review 2015, indicated that local authorities will be able to use receipts from asset disposals to spend on "reform" which relates to non- recurring transformation costs only. We say again, reserves do not provide a sustainable solution to maintaining local authority services. In the interests of the residents of this borough, we will continue to do it our way, not theirs.

Supplementary Question:

We have never advocated using all the reserves, just a small proportion. That was the point of the question, because of the cuts that happened last year. Greg Clark was interested in the point that we are putting away more than we are cutting. Can the issue be re-examined again?

Reply:

The Labour Group can challenge these numbers in committee and during the budget process which is ongoing from now until the end of February.

Supplementary Question:

Cllr Colin Smith stated that since 2011/12 the Council had taken £67m out of the revenue budget, in tranches of £16m, £22m etc. multiplied by the number of years we have taken them out, a total of £242m. This year we have an extra £20m to take out of the budget, giving us a potential revenue gap of £87m and a net total of £329m. Had we spent an extra £329m not only would we have no reserves but we would have a significant debt. How would he propose to fund that in these straitened times?

Reply:

There are only two ways – borrowing, and we know what happened when the Labour government borrowed, or cutting services to the depth Cllr Smith has just alluded to.

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

In parallel to cuts to services, Members are often asked what actions the Council will be taking to reflect austerity in its own running costs. In this context, please give details of any plans to change the number of councillors to be elected in the Borough at the local government elections to be held in 2018.

Reply:

As Cllr Wilkins will be aware this is an issue which has been considered at the Constitution Improvement Working Group. From recent figures Bromley has one of the largest number of electors to Councillors in London with there being for example from recent figures 3,958 electors for each councillor in Bromley compared to 2,842 electors per councillor in Bexley.

Therefore whilst we need to make significant savings we also need to maintain an appropriate level of democratic representation and this is something the Constitution Improvement Working Group will consider further.

Supplementary Question:

There are a lot of rumours across the borough about this issue, and I was looking for a more definitive answer – when will we have an answer?

Reply:

It is when the Constitution Improvement Working Group have looked at the issue, deliberated and made recommendations back to the Council.

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

Will the LBB consider appointing a “member champion” for the Mental Health Challenge so that we can ensure we are being as effective as we can in promoting the improvement of mental health in Bromley across the full range of authority’s activities and responsibilities?

Reply:

The Council already works hard to ensure that the needs of those suffering from mental health issues are fully met in our borough. However, the suggestion of having this sort of champion certainly sits well with me – we have had over the years a champion for all sorts of causes and groups in Bromley.

My initial thought though is that because our efforts in this area are shared with our partners – particularly health and the third sector – this appointment is probably best made by the Health and Wellbeing Board so that the brief given to the champion is wider than just across the Council. I am very happy to talk with Cllr Jefferys, the chairman of the Health and Wellbeing Board, and indeed with Cllr Bance to approve such an appointment.

5. From Cllr Ian Dunn to the Leader of Council

You are on record from the September Executive & Resources PDS meeting as saying that you wanted to see budgets planned for three years ahead. Can you please explain to the Council how you plan to do this, with particular reference to the forthcoming budget?

Reply:

Despite seeking a longer term financial settlement, which would further help us to manage our budget, it is unlikely to be forthcoming when we receive the local government finance settlement later this month.

Whilst I would like to see budgets planned for three years, with so much uncertainty around government policy and funding levels this is not yet possible. However, my hope remains that we will be able to move to three year budgeting once the government provides longer term financial settlements.

Supplementary Question:

Three year budgeting can help with uncertainties and identify changes further in advance. For next year's budgeting will you consider bringing forward a three year budget to Executive and Resources PDS Committee on a part 2 basis before the summer so that the Committee can conduct a proper scrutiny of the various options that are being considered?

Reply:

Our hands are tied, but if things do change rapidly and we were to get more information from the Government I think it is in everyone's interests that we look at our budgets, have more time to look in detail and to scrutinise them. Whether the summer is possible, I think some time earlier in the cycle would be helpful and I would be keen to see that happen.

6. From Cllr Kevin Brooks to the Portfolio Holder for Public Protection and Safety

With Bromley becoming an emerging gangs borough and more gang related violence occurring in Penge earlier this month, do the Council believe the closure of the Hub at Snowdown Close with its positive youth provision was the right decision? Will the Council pledge money gained through any sale of the building to fund an increase in youth activities in the north of the borough?

Reply:

At the last full Council meeting I outlined the plethora of activities in Penge that the Council organises in order to tackle gangs. In reply, you welcomed the actions set out and stated that it sounded like there was a lot of work going on. In addition to these activities, the Council is aware of a number of voluntary organisations who deliver various services to young people in Penge aged 8 to 25 years old. The letting arrangements at Snowdown Close were only ever temporary. Christ Central Church run a youth session at Snowdown Close on a Wednesday which is the same night as when the Council's Youth Service deploys a detached provision in Penge in nearby

Queen Adelaide Estate or near the High Street. The Church stated that it envisaged expansion and other projects if they kept the building, however, they are already able to do this from the Church, running a number of other activities throughout the week, including a Youth Service on a Friday evening. The Church is only a four minute walk from Snowdown Close. It can also often be the case that a building that is not in use 24/7 may also attract anti-social behaviour, whereas residential development is unlikely to attract the same problem. Any money raised from the sale of this building will ultimately be used to support the stretched Council services in order to protect the most vulnerable members of our community.

Supplementary Question:

This is an issue that is very worrying in our part of the borough. Will you work more closely with the local councillors so that we can help you in solving this gang problem in Penge?

Reply:

Following the peer gang review this time last year, a gangs strategic board was set up and formulated a 15 point action plan. A key part of this plan, which was discussed at Holy Trinity Church at the event you mentioned, includes the mapping out of diversionary activities across the borough and we asked you as local councillors to come forward with the activities that you are aware of. Vic McNally, our single point of contact at the Home Office, is coming to the Board at the next meeting in January to review the progress we have made so far. If he is not happy with the work being done around diversionary activities and intervention then we will review what else can be done. Ultimately, I am very happy to work with the ward Councillors on an ongoing basis to discuss what we can do within your local community.

7. From Cllr Nicholas Bennett JP to the Leader of the Council

If he will comment on the claim made in the 'Open Letter' to him dated 16th November 2015 from the Leader of the Opposition that 'the Council's assets and reserves are approaching £400m and these could be used "to fund council expenditure and protect services"?'

Reply:

I would like to know where this figure comes from – as far as I am aware, there is no reference to a sum of £400m for assets and reserves reflected in the Council's accounts. Pantomime season has come early this year, as Cllr Wilkins, despite being informed to the contrary, has been spinning this fairy tale for far too long now.

The Council has usable revenue reserves of £131m (as at 31/03/15). Of this, £13m belongs to schools, our health partners and the insurance fund, £57m is set aside for invest to save and to support economic growth and longer term investments in order to generate income which helps to protect our key services. The remaining £20m held in general reserves provides a degree of protection against general financial risks as part of the Council's overall financial strategy. We also hold reserves of £51m which are subject to statutory limitations on their use and can only be used to fund capital expenditure.

The seven Labour economic financial dwarves would do better sticking to Father Christmas, or writing to me via the local journals and newspapers.

Supplementary Question:

As the assets of the Council include roads, school buildings and parks, has the Leader received a list from the Labour party of those that they wish to flog off?

Reply:

No.

Supplementary Question:

Councillor Wilkins suggested that when she went to her bank manager, they would look at not just what was in her account, but at a number of different things. Would the Leader accept that “reserves” was a very broad term and in fact we have £307.6m in investments and over £60m in property. Those are reserves – that is all I have ever said, and I would like that to be recognised.

Reply:

This is a serious issue when we are dealing with significant grant reductions from central government. We maintain that the best way to do that is not to flog off the family silver, but to invest in the future through invest to save projects, investing in properties generating higher returns to support the revenue account. We are struggling to come to terms with a philosophical and pragmatic difference in the way we see things on this side about living within our means as opposed to the Labour Group over the last 13 years of their administration demonstrating that they did not understand the importance of living within one’s means. We will do everything we can to protect frontline services for vulnerable residents and we believe we are doing exactly that with the investments we have made rather than cutting frontline public services.

8. From Cllr Tony Owen to the Portfolio Holder for the Environment

Given that developers at Berwick House, Orpington and the former police station are selling parking spaces at £10,000 and £20,000 respectively, what approach will be taken when the inevitable request for residents parking permits is received?

Reply:

The answer will be no, so far as I am concerned, if I am still in post and supported by the PDS Committee of the day.

In my opinion, the farcical Planning policy which encourages such over development at the cost of lost office space and employment opportunities in the future, self-evidently remains in complete denial that many inhabitants of such properties will still want and choose to purchase cars.

If left unchecked, this policy will continue to choke and change forever the pleasant character of many more of our Borough’s roads than it already has in recent years. I would therefore encourage all colleagues present this evening who are keen to preserve the pleasant nature of our Borough, to write to their MPs, urging its repeal.

Supplementary Question:

There was no supplementary question from Councillor Owen.

Additional Supplementary Question:

Councillor Ian Dunn referred to the report to Development Control Committee on Orpington Police Station which made reference to a confidential viability assessment that showed that no affordable housing could be provided as part of the development. He asked whether the confidential viability assessment had any reference to selling off parking spaces at £20,000 each, and if it did not did the Council have any remedy against the developer?

Reply:

Councillor Peter Morgan responded that he did not think the Council would be in a position to prevent an owner selling something that they owned.

Additional Supplementary Question:

Councillor William Huntington-Thresher asked whether the Portfolio Holder could confirm that the Transport advice on these two developments in his ward was that owners would not be entitled to a parking space. He asked whether he could be sure that for developments marketed as car-free developments this would continue to be the advice from Transport.

Reply:

I believe it was the case that these developments were declared no-car premises. The Transport Team have to make recommendations based on the NPPS. The Transport Team is definitely trying to make these developments car-free, but how can you stop someone buying a car if they want one?

9. From Cllr Angela Wilkins to the Leader of Council

Please can you provide a list of those Residents' Associations (and any other groups) invited to attend the two budget consultation meetings held recently and the dates on which invitation letters were sent?

Given the absence of any representation from Crystal Palace and Penge & Cator wards on these lists, can you please explain how this list was compiled and why many other interested RAs and community groups were not invited?

Reply:

I do have the list of Residents Associations invited to the budget round table discussions ([Appendix 1.](#)) They are separated into broadly East and West areas. The invitations were sent out by email on 6th November followed by letters where we have the postal addresses. The West Group were invited to the 30th November meeting and the East Group to the 1st December meeting with an indication that they could swap meetings if that was more convenient. The groups invited from the areas in question were the Penge Forum, the Penge East Residents Association and the Crystal Palace Triangle Planning Group. Mr Stephen Brush attended for the Penge Forum on 30th November – former Councillor John Getgood sent his apologies for the night.

Supplementary Question:

I do not know the Crystal Palace Triangle Planning Group and Councillor Bance does not know the Penge East Residents Association – perhaps we need to look further at this. If we are going to have consultation, can we do it better than this next year?

Reply:

The West Beckenham Residents Association also covers the area concerned. We are trying to evolve the best system of public consultation and I am very happy to keep reviewing that.

10. From Cllr Kathy Bance to the Portfolio Holder for Education

Bromley has 77% of its primary school pupils in Academies, the highest percentage in England. With the poor Ofsted results for our Bromley Primary Schools shown in the recently published Ofsted Annual Report, should we hold off pushing further primary schools into Academies?

Reply:

You have rightly picked out an interesting piece of information, that Bromley has the highest number of pupils educated in Academy schools at primary level, 77%. We are proud of this achievement and that we are meeting the Government's aspirations for Academy and Free School provision. All 14 of our Outstanding schools are Academies based on pre-conversion judgements and we would expect these schools to be maintaining their high standards.

6 RI and 2 inadequate schools should have now had their inspection under the new Common Inspection Framework, but it appears that there are delays in the 24 month re-inspection timetabling. We are optimistic that when inspected these schools, 5 of which are Academy schools awaiting their first post conversion inspection, will show an improvement.

Of the 10 Academy schools already inspected post conversion, 3 have remained at good, one has gone from inadequate to Good and one has gone from Outstanding to good.

With regard to Ofsted Outcomes, therefore, I believe that our policy related to Academisation remains on track but we are working to build relationships at local, regional and national level, and support new Academy structures to help ensure there remains a strong quality assurance oversight of Academy schools that enhances the work of Ofsted.

Supplementary Question:

What is being said that academy schools are not bringing the results down, it is the maintained schools. Is the Portfolio Holder confident that failing academy schools would be brought to our attention in time to intervene with school improvement resources?

Reply:

In the answer I spoke about some of the schools that have not yet been re-inspected with the new framework in place. When they are inspected we expect some improvement. It is vital that we ensure that we maintain a high standard of educational provision. This gets to the fundamental nature of what academies are meant to do. The academies in Bromley are trailblazers and are, like all academies across the country, held to higher standards, standards put in place by the current government. One of the other welcome changes to help maintain those standards is the introduction of a Regional Schools Commissioner. He is coming to our PDS Committee next month and Members will be able to scrutinise him there. We believe that it is not just about safeguarding and making sure there is better educational

provision. These changes provide greater freedom in decision making, improvements are driven by teachers and not by bureaucrats, schools are more responsive to parents, schools can get more engaged with their communities – there is a great list of advantages which is why the Labour Government decided to introduce them.

(As the thirty minutes allotted to questions had expired at this point, the Mayor asked whether Members wished to continue with the remaining questions. On a show of hands, Members decided to continue.)

11. From Cllr Kevin Brooks to the Portfolio Holder for Care Services

In the wake of the Chancellor's statement allowing a 2% Council Tax precept to help Social Care funding, will the Portfolio Holder seriously and actively consider supporting projects and places such as Melvin Hall which is used by Age Concern to provide help and companionship to elderly residents.

Reply:

Should the Council decide to levy the 2% precept this may help to mitigate existing cost pressures in social care but is unlikely to result in the Council being able to grant fund the voluntary sector. Social care funding must be directed towards those most in need and to the services which best meet their needs. The Council already commissions Age Concern Penge and Anerley to provide day opportunities for older people who choose to have their eligible needs met in that way.

Supplementary Question:

In my ward the residents of Melvyn Hall regard it as very important, and the organisers are using their own funding. With the current underspend, would you be able to outline any future support?

Reply:

I certainly appreciate the work done at Melvyn Hall, and I am looking forward to enjoying lunch with them next Thursday. In terms of where we put our money, the days of grant funding very worthy organisations are over. We are now in the process of commissioning services, and we commission Penge and Anerley Age Concern to provide day opportunities for people in the area who need those services and choose to have those services. In terms of helping them, we do have moneys available for new projects, and Melvyn Hall are interested in setting up a new project. So we do help day centres as much as we can, but we cannot simply give grants in the way we used to.

12. From Cllr Nicholas Bennett JP to the Leader of the Council

What estimates he has as to projected increase in the Borough's population to 2030 and the impact that this will have on the Borough's facilities and services?

Reply:

The Planning Division disseminates all projections (GLA, DCLG and ONS), together with other data to all Council Departments and Divisions who deal with this data in respect of their areas of service provision. The GLA population projections are more accurate, because they use local information that is not available nationally on a consistent basis. The ONS projections only use information that can be provided nationally.

The ONS and GLA 2014 trend based projections show an increase in the Borough's population of approximately 5.5% from 325,000 in 2015 to 343,000 by 2030. If this projection proves accurate and there is no local intervention, in my opinion it will put an intolerable burden on our schooling provision, health services, housing stock, transport capabilities, utilities services and all Council services.

Supplementary Question:

As we do not live in North Korea and cannot put Police points round Bromley to stop people getting in, is it not time to review Building a Better Bromley to see how we can accommodate what is likely to happen.

Reply:

Councillor Bennett makes a valid point so perhaps we do need to take stock and have a plan for how we deal with the next 15 or 20 years.

Additional Supplementary question:

Councillor Mary Cooke asked whether, when the Council considers whether to seek a reduction in the number of councillors, it would be sensible to take into account the increasing number of residents.

Reply:

That is a valid point. There is already a high number of residents per councillor and we need to take that into account in making any future decision. Since the borough was formed, local authorities have taken on significant additional burdens, such as public health and health and social care integration. It is really important that we have the right balance of councillors versus population to deal with these ongoing issues and new burdens. All these things will be taken into consideration in the months to come.

Additional Supplementary question:

Councillor Simon Fawthrop asked whether the Leader would agree that it was not just about the supply side, but that we should also look at the demand side in this situation of population growth? We should work with the government to ensure that immigration is controlled in a sensible fashion so that the population does not spiral out of control. If houses have got to be built somewhere eventually there will be no land left to build on if that logic is followed to its conclusion.

Reply:

That is what I have been doing for some time. I have the scars as the only Leader across London raising these issues at London Councils about the importance of managing demand as well as supply – it is not good enough to do what we are doing at the moment. As part of the Outer London Commission has been looking at the topic of removing barriers to building, and quite madly there appears to be a determination to remove barriers to building on green belt land to which I am opposed. There is clearly a move and direction towards finding room to build considerably more homes in London. It has now been accepted by Will McKee and the Outer London Commission that it should not be London but the South East Region as a whole that should be dealing with this issue of providing these additional homes, if indeed they are necessary.

13. From Cllr Tony Owen to the Portfolio Holder for the Environment

Why is Environmental Services raising no objections to planning proposals for flats with no parking provision in Station Square, Petts Wood?

Reply:

I assume question 13 refers to 9 Station Square, Petts Wood.

If so, I am advised that the proposal was to extend the upper floors of the building and convert them from a 3 bed flat to a one bed and 3 x 2 bed flats. The initial application (15/01485) had a highway ground of refusal relating to the lack of parking. The subsequent application (15/03834) for the same proposal included a Transport Report with a parking stress survey.

Most of the roads around the site have some form of controlled parking during the day so it would be difficult to keep a car on-street all the time. The roads nearest the site with free parking during the day are West Way and Fairway.

The parking stress survey, carried out overnight to establish the residential parking demand, showed many more available spaces than would be taken up by the likely number of vehicles which could be generated by this development.

Perhaps crucially, the Government's guidance in its 'National Planning Policy Framework' is that "development should only be prevented or refused on transport grounds where the residual cumulative impacts of development are severe".

Given the information supplied about the available parking nearby, officers could not therefore sustain an objection on highway grounds.

Supplementary Question:

We have a number of free bays around Station Square, which the Department are looking at changing to pay and display bays. I would ask, can we all sing from one hymn sheet and act sensibly.

Reply:

As it is Christmas, we will all sing from the same carol sheet and I will try to act sensibly.

14. From Cllr Kathy Bance to the Portfolio Holder for Public Protection and Safety

Our local police, traders and residents have asked for support from the Council to assist them to deal with the growing numbers of rough sleepers who are bedding down in rear shop doorways after drinking throughout the day. With money being scarce to address the problem directly, would the Council consider a Ward wide drinking ban to discourage the influx of problem drinkers to the area?

Reply:

There is currently an alcohol exclusion zone in Penge that covers the area immediately surrounding the High Street. Under the Anti-Social Behaviour Crime and Policing Act 2014 this current zone will expire in 2017. Therefore, we will review the position before 2017 and consider the need for a Public Spaces Protection Order which could be made wider and controls alcohol consumption in a similar way. There

is a process of consultation before an order can be made, and there will have to be evidence of the need for such an order. The order will also need Police backing as main body for enforcement. Street drinking can be associated with the consumption of high strength beers and where the problem of street drinking has been particularly severe in other boroughs, other initiatives have been tried such as one titled "Reducing the Strength." This is a voluntary scheme adopted by local off-licences who agree not to sell high strength beer and cider. Resources are needed to implement such a scheme.

Your question refers to a growing number of rough sleepers who are bedding down in the rear shop doorways after drinking throughout the day. Rough sleeping is often associated with alcohol use and this is something that Thames Reach London Street Rescue, the organisation who deliver rough sleeper outreach services for us, monitor closely in order to engage with and help people off the street. The last rough sleeper headcount was undertaken in Penge on 26th November by Thames Outreach. As part of the headcount, a very thorough search of Penge was undertaken, including shop doorways, rear access to shops and local parks. The headcount found two rough sleepers bedding down in Penge, both already known to Thames Reach. Thames Reach also inform us that in general, although incidences of rough sleeping have increased in the last eighteen months or so, these are generally isolated incidences and are still relatively low. Whilst a number of the identified rough sleepers do have mental health and/or alcohol use issues they do not tend to be part of any entrenched street drinking culture either in Penge or anywhere else in the borough.

Supplementary Question:

With respect, none of those facts are correct. There are at least nine rough sleepers sleeping nightly in Penge. I support looking at the wider issues prior to 2017, and I know you will get Police backing – they can tell you how many rough sleepers there are each night. The local Police have asked me, as we expected this answer as we are aware of the audit figures, to ask whether, as some support from the Council, they could be given advanced referral forms to get these rough sleepers who are sleeping outside the shops into the night shelter, which has been given some money in an anonymous donation, to stay open this winter. Thames Reach do work, and do a terrific job, but they are not on hand when the Police are. They come round and if the person is not where they were told three hours ago they go away again. The police find them two roads away, and they are looking for some support.

Reply:

The evidence provided by Thames Reach, who are experts in their field, suggests that there is not a significant problem in Penge and therefore it does not require urgent attention. If you or the police have information about where they could go to seek them out to perhaps get the data more accurate that would be very helpful. I am also very happy to look at the issue of referral forms to the police.

Additional Supplementary Question:

Councillor Ian Payne asked the Portfolio Holder if she was aware of the Bromley Shelter which is running until March, which will accommodate homeless people and rough sleepers, which is funded by donations and run by Churches Together in Central Bromley.

Reply:

I am well aware of the shelter and the very good work they do.

15. From Cllr Nicholas Bennett JP to the Portfolio Holder for the Environment

How often are the containers, situated at sites around the borough for the disposal of bottles, paper etc, emptied?

Reply:

The banks are emptied at varying frequencies, depending on how well used the sites are by the public.

- Paper banks – Almost all sites are emptied weekly, with some emptied 2 or 3 times per week.
- Bottle banks – Half the sites are emptied every week, with the majority of the remainder emptied every other week.
- Can/Plastic Banks – The majority of the sites are emptied weekly, with the remainder emptied every other week.
- Textile banks – All sites are emptied weekly, with some visited twice per week.

Officers have attached schedules to tonight's papers (Appendices 2 and 3) for councillors contemplation and, if necessary, amendment.

Supplementary Question:

The borough is rightly proud of its green and clean reputation, being the second best in London for recycling. Is the Portfolio Holder aware that it is becoming a common occurrence now that when one visits many of these banks they are overflowing. For instance, last Saturday week I tried The Spa, Shortlands Station, The Hill. At all three banks there was paper piled up outside, and at Waldo Road on Sunday even the banks there were full. It does seem to me that we ought to be looking at the timing of these collections, given that we have gone to fortnightly collections. We want to ensure that our citizens who do a good job continue to do so, and having overflowing containers is being a discouragement to them.

Reply:

I concede it is not an infrequent concern that Councillor Bennett rightly raises. Waste managers are in ongoing discussions with Veolia on the matter. I do not know if there is an easy answer to this. Clearly the more collections we require there is a cost involved. If any colleague is seeing a bin that is not being emptied as frequently as they believe it should, please let Mr Bosley know, copying me in. I will happily discuss this further outside the meeting.

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Residents' Association East and Unknown

Aperfield Green Belt Action Group
Badgers Mount Residents' Association
Beechwood Residents' Association
Biggin Hill Partnership
Biggin Hill Residents' Association
Biggin Hill Society
Camden Close Residents Association
Camden Park Estate Ltd
Chelsfield Park Residents' Association
Chelsfield Park Residents' Association
Chelsfield Park Residents' Association
Chelsfield Park Residents' Association
Chelsfield Village Society
Chislehurst Society
Chislehurst Society
Downe Residents' Association
Downe Residents' Association
Farnborough Village Society
First Stapleton Management Co.Ltd Residents' Association
Glen View Road & The Glade Residents' Association
Goddington North Residents' Association
Goddington Park Preservation Association
Hoblands End Association
Homefield Rise Residents' Association
Kevington Residents' Association
Knockholt Society
Knoll Residents' Association
Knoll Residents' Association
Leesons Residents' Association
Lower Amhurst Residents' Association
Lower Amhurst Residents' Association
Mottingham Estate Tenants' Residents' Association
Mottingham Residents' Association
Mottingham Residents' Association
Mountview & Perry Hall Residents' Association
Oregon Park Residents' Association
Oregon Park Residents' Association
Orpington & District Amenity Society
Petts Wood and District Residents' Association
Petts Wood and District Residents' Association
Petts Wood and District Residents' Association
Pratts Bottom Residents' Association
Restovan Park Residents' Association
Rowan Park Residents' Association
SCOTRA
Sparrow Drive & Crofton Place Residents' Association
Sparrows Drive & Place Farm Estates Residents' Association

St. Paul's Cray Residents' Association
St. Paul's Cray Residents' Association
St. Paul's Cray Tenants & Residents' Association
Stirling Drive Residents' Association
The Federation of Private Residents' Associations
The London Borough of Bromley Residents' Federation (Crofton Residents'
Association?)
The Riverbirds Residents' Association
Vale Road Residents Association
Vinson Close Residents' Association
Well Hill Residents' Association
Windsor Drive Community Association
Woodlands Valley Residents' Association
Yester Park Residents Association
Residents Federation

Residents' Associations West

Aldersmead Road Residents' Association / Beckenham RA/NHW
Andace Park Residents' Association
Anerley Residents' Association
Babbacombe Road Residents' Association
Barnmead Residents' Association
Beadon Road Residents' Association
Beckenham Place Park Residents' Association
Beckenham Society/ Beckenham Civic Society*
Beckenham Village Residents' Association
Blenheim and Arpley Residents Association
Blenheim and Arpley Residents Association
Blenheim and Arpley Residents Association
Broadoaks Estate Association
Bromley Civic Society
Bromley Common & Hayes Lane Association of Residents
Bromley Common 2,4,6,8 Residents' Group
Bromley North and Sundridge Park Association and Rail Travellers
(BRONSPART)
Bromley North Residents' Association
Copers Cope Area Residents' Association
Crystal Palace Triangle Planning Group
Crystal Palace Triangle Planning Group
Durham Avenue Residents' Association
Eden Park Residents' Association
Fernwood Close Residents' Association
Gipsy Hill Residents Association
Grove Park Residents' Association
Hayes Village Association
Hayes Village Association
Hayes Village Association
Hazelhurst Residents' Association
Hilda Lane Community Association Ltd
Holwood Estate Residents' Association
Ivychurch Close & Laurel Grove Tenants' Association
Kelsey Park Estate & District Protection Society
Keston Mark & Bromley Common Residents' Association
Keston Mark & Bromley Common Village Residents' Association
Keston Park (1975) Ltd
Keston Park (1975) Ltd
Keston Village Residents' Association
King William 1V Residents Association
Knoll House Residents' Association
Leaves Green & Keston Vale Residents' Association (Bromley Residents'
Federation, Airport Sub-Committee)
Links Estate Residents' Association
London Borough of Bromley Residents Federation
Lullington Road Tenants' Association

Madeline & Versailles Road Residents' Association
Nash & District Residents' Association
Nineteen The Mall Management Co Ltd
North Bromley Residents' Association
North Street Residents' Association
Oakfield Lane Residents' Association
Palace Estate Residents' Association
Palace Road Residents' Association
Park Langley Residents' Association
Penge East Residents' Association
Penge Forum
Penge Forum
Queen Adelaide Court Tenants & Residents' Association
Ravensbourne Valley Preservation Society
Ravensbourne Valley Preservation Society
Ravensbourne Valley Preservation Society
Ravensbourne Valley Preservation Society
Ravensbourne Valley Preservation Society
Royston Estate Residents' Association
Shortlands Residents' Association
Shortlands Residents' Association
South Penge Park Residents' Association
Sundridge Avenue Residents' Association
Sundridge Avenue Residents' Association
Sundridge Avenue Residents' Association
Sundridge Preservation Society
The Gardens Residents' Association
The Grove Park Community Group
The Groves Residents' Association
The Mead & Mead Way Residents' Association
The Quinton Close Residents Association
Trafalgar Residents' Association
Turpington Community Association
West Beckenham Residents' Association
Wickham Common Residents Association
Wickham Common Residents' Association

Site	Address1	Address3	Postcode	Monday	Tuesday	Wednesday	Thursday	Friday
Chipperfield Road Car Park	St Pauls Cray, Cotmandene Crescent	Orpington	BR5 2RB					
St Marys Cray Railway Station	Cray Avenue	Orpington	BR5 2NB					
Sainsburys Car Park	Pallant Way	Orpington	BR6 8NZ					
Norman Park Car Park 2	Hook Farm Road	Bromley	BR2 9SX					
Norman Park Car Park 1	Hayes Lane	Bromley	BR2					
Baths Road Opp Central Depot	Baths Road	Bromley	BR2 9RB					
Waitrose	Bromley South approach road	Bromley	BR2 9HD					
Waters Yard	West Street	Bromley	BR1 1TP					
Civic Center	off Rochester Avenue top end through the Barriers	Bromley	BR1 9SA					
Sundridge Park Station	Plastow Lane	Bromley	BR1 3JE					
Brindley Way Car Park	Burnt Ash	Bromley	BR1 4QT					
Multi-Story Car Park	Beckenham Lane	Bromley	BR2 0DN					
Shortlands Railway Station	Shortlands Road	Bromley	BR2 0JA					
St Georges Car Park	Aldermarle Road	Bromley	BR3 5LN					
Fairfield Road	off Beckenham High Street	Bromley	BR3 3LD					
Spa Leisure Center	off Beckenham Road	Bromley	BR3 4PF					
Opp 1 Blanford Road	Blanford Road	Beckenham	BR3 4NE					
Opp Centra Park	Anerley Hill	Anerley	SE19 2AF					
Sparrows Den Car Park	Corkscrow Hill	Bromley	BR3 4NE					
Harvington Park Estate	South Eden Park Road	Bromley	BR3 3BS					
Tescos Car Park	Croydon Road	Bromley	BR3 4AA					
Hayes Station Car Park	Station Approach	Bromley	BR2 7EN					
Rays Road	off RedLodge Road	Bromley	BR4 0EQ					
Rear of Sainsbury Car Park	Ravens Wood Avenue	Bromley	BR4 0PU					
Pawleyne Close	off Kranklin Road	Bromley	SE20 8JH					
Eldred Drive	of Tintagle Road	Orpington	BR5 4PE					
Charterhouse Road	top end by Shops	Orpington	BR6 9EJ					
Crescent Way	Opp the Buff pud	Orpington	BR6 9NL					
Carlton Parade	shops bottom end of high street	Orpington	BR6 0JD					
Esso Service Station	Pratts Bottom off Sevenoaks road	Orpington	BR6 7SQ					
Windsor Drive		Chelsfield	BR6 6HD					
West Approach	By Morrisons	Pettswood	BR5 1DB					
Oast House Way	off Cray Vally Road, on the Corner	St Mary Cray	BR5 3PU					
Nunnington Close	in small car park	Chislehurst	SE9 4LD					
Kimmeridge Road	Co Op car park	Chislehurst	SE9 4LD					
Car park entrance by Waitrose	Main Road	Biggin Hill	TN16 3BB					

Banks on HWRS sites

Churchfields Tip Textile Bank	Churchfields Road	Beckenham	BR3 4QY					
Waldo Road Tip Textile Bank	Waldo Road	Bromley	BR1 2QX					

Book Banks

Baths Road Book Bank	Baths Road	Bromley	BR2 9RB					
Churchfields Tip Book Bank	Churchfields Road	Beckenham	BR3 4QY					

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Site ID	Site Name	No of Pods			Week 1					Week 2					Week 3				
		Green	Amber	Flint	M	T	W	TH	FR	M	T	W	TH	FR	M	T	W	TH	FR
1	Normans Park, Bromley (Hook farm Road)	1	1	1															
2	Normans Park, Hayes Lane	3	1	1															
3	Station Approach, Hayes	2	1	1															
4	Rays Road, West Wickham Station	1	1	1															
5	Ravenswood Avenue, West Wickham (Sainsburys)	1	1	1															
6	Sparrows Den, West Wickham, Cork Screw Hill	2	1	1															
7	Tesco Elmers End, Croydon Road	1	1	1															
8	Harvington Park, South Eden Park Road (Car Park Entrance)	2	1	1															
9	Fairfield Road, Beckenham (LIDL Car Park)	1	1	1															
10	Spa Leisure Centre, Beckenham Road (Turners Meadow)	2	1	2															
11	Pawleyne Close, Penge	1	1	1															
12	St Georges Road, Beckenham	1	1	1															
13	Southend Road, Beckenham (Waitrose Car park)	1	1	1															
14	Tovil Close, Anerly	2	1	1															
15	Ledington Road, Crystal Palace (Anerly Hill)	2	1	1															
16	Penge East Railway Stn, Station Road	1	1	1															
17	Croydon Road, Penge (Texaco Station)	1	1	1															
18	Beckenham Lane, Bromley (Car Park Rear)	1	1	1															
19	Burnt Ash Lane (Roslin Way Car park)	1	1	1															
20	Plaistow Lane, Bromley (Sundridge Station)	1	1	1															
21	Civic Centre Bromley, Rochester Avenue	1	1	1															
22	Bromley Town Centre North (Sainsburys, Walter Yard)	1	1	1															
23	Shortlands Station	1	1	1															
24	Bromley South Station	1	1	1															
25	Baths Road, Bromley	1	1	1															
26	High Street, Chislehurst (Sainsburys Car Park)	1	1	1															
27	Kimmeridge Road, Mottingham	1	1	1															
28	Nunington Close, Mottingham	1	1	1															
29	Tesco Superstore, Sidcup, Edgington Way	1	1	1															
30	Cray Valley Road, Cray	1	1	1															
31	Cotmandene Crescent Cray (Car Park, St Pauls Cray)	1	1	1															
32	Station Approach, St Mary Cray	1	1	1															
33	Tintagel Road, Eldred Drive, Orpington	1	1	1															
34	Carlton Parade, Orpington (Court Road)	1	1	1															
35	Orpington Town Centre, Juglands Road	1	1	1															
36	Crescent Way, Green Street Green (Pinewood Drive)	1	1	1															
37	Charterhouse Road, Chislefield (Saltwood Close)	1	1	1															
38	Windsor Drive, Chislefield	1	1	1															
39	Esso Station, Pratts Bottom (Sevenoaks Road)	3	1	2															
40	Morrisons Petts Wood, West Approach off Queensway	1	1	1															
41	Pallant Way, Locks Bottom (Sainsburys)	1	1	1															
42	Maggie Hall Lane, Bromley (TS Narvik)	1	1	1															
43	Main Road, Biggin Hill (Morrisons)	1	1	1															
Total Number of Banks/Collections		53	43	45	0	13	0	0	9	0	13	0	0	14	0	16	0	0	10

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COUNCIL MEETING

14th DECEMBER 2015

QUESTIONS FOR WRITTEN REPLY FROM MEMBERS OF THE COUNCIL

1. From Cllr Simon Fawthrop to the Portfolio Holder for Resources

Can I be provided with a breakdown by ward of -

A) How much council tax is raised in each ward in £.00.

B) How much council money is spent in each ward in £.00.

I appreciate that B may not be easy to calculate quickly so an estimate would be accepted if the full amount cannot be calculated. In which case please indicate that the figure is an estimate.

Reply:

It is not possible to provide a breakdown per ward as requested. The Council Tax system cannot be interrogated to provide information on a ward basis. However, tabled below is the amount of Council Tax billed in respect of 2015/16 for each of the Authority's post codes.

postcode	debit
BR1	£23,190,505.87
BR2	£28,902,703.50
BR3	£30,584,616.29
BR4	£11,827,190.25
BR5	£25,225,018.74
BR6	£29,178,606.66
BR7	£12,301,127.06
BR8	£67,508.59
CR0	£1,433.76
CR6	£23,558.05
DA14	£80,459.08
SE9	£4,259,711.43
SE12	£4,269.90
SE19	£1,994,922.39
SE20	£11,874,962.50
SE25	£1,387.30
SE26	£2,372,188.01
TN14	£561,850.22
TN16	£7,090,873.45
Total	£189,542,893.05

Our financial information system does not record actual expenditure by individual ward and many of our contracts relate to the borough as a whole and are not sub-divided into expenditure/service by individual wards

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

Whilst I recognise that the council's accounting terminology is technical and concise, it is also important that the council makes information available in terms easily understood by the public.

Please provide the following information:

- Value of available cash reserves held by the council,
- Value of commercial investment properties owned,
- Value of other properties owned (excluding school buildings),
- Value of other assets, reserves and investments (excluding school buildings),
- Value of school buildings.

Reply:

The value of assets, reserves and investments is set out in the Council's balance sheet and supporting notes as published in the annual statement of accounts. The information, as at 31st March 2015, is summarised in the table below:

	Balance at 31/03/15 £'m
General Fund Reserve	20
Earmarked Reserves	111
Capital Receipts Reserve	29
Capital Grants Unapplied	22
Total Usable (Cash) Reserves	182
Provisions	11
Other Working Capital (Creditors/Debtors/Cash)	64
Total Usable Reserves and Other Assets	257
Invested as Follows:	
Long Term Investments	196
Short Term Investments	39
Money Market Funds & Other Short-Term Liquid Deposits	22
Total Investments	257
Land & Buildings and Other Fixed Assets:	
Investment Properties	97
Other Properties (excluding Schools)	200
Assets under Construction	16
Infrastructure Assets (Roads)	92
Community Assets (Parks & Open Spaces)	1
Vehicles, Plant, Furniture & Equipment	21
Total Property, Plant & Equipment (Excluding School Buildings)	330
School Buildings	193
Heritage Assets	1
Assets Held for Sale	8
	9
Total Land & Buildings and Other Fixed Assets	629

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

How many Council staff were subsequently made redundant when the grounds maintenance contract was handed to The Landscape Group and what was the total cost of those redundancy payments to this Council?

Reply:

15 former staff were involved in total, by way of voluntary and compulsory personal circumstances.

As to the costs involved, your colleagues will I'm certain recall the following paper:

VARIATION TO THE GROUNDS MAINTENANCE CONTRACT TO PROVIDE A WHOLLY MANAGED SERVICE

This appeared on the Agenda of the Environment PDS Committee on 17th March followed by the Executive meeting of 24th March 2015, which I have circulated before Members this evening and have asked to be read into the minutes. ([Appendix 1](#))

I am further advised that the costs of the severance packages was contained within the estimate provided on 'big page' 5 of that report.

More happily, I am finally advised that most who wish to have already commenced new careers in other Local Authorities and business settings.

4. From Cllr Angela Wilkins to the Portfolio Holder for Care Services

Given the government's decisions to grant right to buy to Housing Association tenants, what action is this Council taking to ensure that much needed additional social & affordable housing will be built during the next 5 years and beyond?

Reply:

The Council works closely with its housing association partners to promote the development of new affordable housing including new build and also options such as purchase and repair schemes. Housing and Planning Divisions work closely to ensure the implementation of the Affordable Planning Policy to deliver new supply. This includes promoting on site provision wherever possible through s106 negotiations.

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

Penge & Cator Ward is supporting the Greater London National Park City Green Paper. Have any other of Bromley's Wards supported this initiative? With Bromley being one of the most green and leafy boroughs in Greater London how will the Council be promoting the Greater London National Park City?

Reply:

In Bromley Borough, only Penge and Cator Ward have signed up. We protect our Green spaces through established Planning policies at present and will continue to do so. We will monitor the progress of this initiative.

6. From Cllr Kathy Bance to the Leader of the Council

We are receiving a number of enquiries asking us to gain support from the LBB to make sure the UK does not sign up to Transatlantic Trade and Investment Partnership (TTIP). Is this something LBB is considering?

Reply:

Although I consider this to be a national issue rather than for local authorities to consider my initial response would be supportive as it helps reduce the cost of trading with partners and could lead to wider economic benefits including the creation of new jobs. I should state that this

is my personal opinion and were it to become an issue for us as local members I would seek wider opinion.

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

In February 2015, the Council agreed a schedule of 76 savings options. Can the Portfolio Holder please provide the schedule of forecast savings, with the addition of the forecast outturn savings for 2015/16 and the forecast outturn full year saving for each line.

Reply:

(See appendix 2)

8. From Cllr Ian Dunn to the Portfolio Holder for Renewal & Recreation

Can the portfolio holder provide the number of residential units for which planning permission was given in 2014/15 and for as much of 2015/16 as information is available, broken down by number of bedrooms. Can he also provide this information for affordable homes, also broken down by number of bedrooms.

Reply:

(See appendix 3)

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

Can the Portfolio Holder please provide:-

- i) The spend for the year to date, broken down by month on the Adecco Agency Worker contract and the forecast out turn for the end of 2015/16?
- ii) The number of person days provided under this contract by month for 2015/16.
- iii) The percentage of directly employed staff represented by point ii) above

Reply:

(See appendix 4)

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

Residents on roads near stations are increasingly concerned about out of borough commuters parking all day. Will the Portfolio Holder please confirm the criteria and process for the consideration and possible implementation of a Controlled Parking Zone.

Reply:

The criteria is uncomplicated and will hopefully be helpful to assist the work Cllr Brooks is currently engaged upon in his Ward.

In areas where residents have little or no off street parking opportunity available to them to park, where an interest in investigating the possibility is raised, either by a residents Group (possibly by way of Petition) or Ward Councillor, the designated area will be added to a list for consideration of such measures.

Following the design of and consultation on any given scheme, the Council will install such measures in roads where the majority of residents have indicated a positive interest in receiving such measures; in roads where residents are not in favour, no further action will be taken.

11. From Cllr Nicholas Bennett JP to the Portfolio Holder for Education

If he will list the proximity to each primary school which a child would have to live to gain admission in 2015?

Reply:

The table below shows the proximities for each school at National Offer Day April 2015 for the September 2015 reception intake.

School	Distance
Alexandra Infant	0.212
Balgowan	0.38
Bickley	0.362
Biggin Hill	ALL
Blenheim	ALL
Bromley Road	0.682
Burnt Ash	1.242
Castlecombe	0.523
Chelsfield	1.529
Chislehurst (St Nicks)	Church
Churchfields	0.856
Clare House	0.327
Crofton Infant	1.244
Cudham CE	1.071
Darrick Wood Infant	0.951
Dorset Road Infant	0.609
Downe	1.519
Edgebury	0.313
Farnborough	0.327 (extra class takes to) 1.435
Gray's Farm	ALL + D
Green St Green	0.899

Harris Pri Crystal Palace	0.612
Harris Pri Kent House	0.738
Harris Pri Beckenham	ALL
Harris Pri Shortlands	ALL
Hawes Down Infant	0.572
Hayes	0.796
Highfield Infant	0.541
Hillside	ALL+D
Holy Innocents Catholic	Church
James Dixon	0.455 (extra class takes to) ALL
Keston CE	1.844
La Fontaine	Dist 1.765 /Ballot Alloc
Leesons	ALL
Manor Oak	0.427
Marian Vian	0.342 (extra class takes to)0.624
Mead Road Infant	0.372
Midfield	1.122
Mottingham	ALL
Oaklands	ALL
Oak Lodge	0.837
Parish CE	0.426
Perry Hall	0.568
Pickhurst Infant	1.304
Poverest	ALL
Pratts Bottom	2.226
Princes Plain	ALL
Raglan	0.246

Red Hill	0.62
St Anthony's RC	Church
St George's CE	0.942
St James' RC	Church
St John's CE	Church
St Joseph's RC	Church
St Mark's CE	Church
St Mary Cray	0.65
St Mary's Catholic	Church
St Paul's Cray CE	ALL
St Peter & St Paul Cath	Church
St Philomena's RC	Church
St Vincent's RC	Church
Scotts Park	1.561
Southborough	0.824
The Highway	0.281
The Pioneer Academy Stewart Fleming	0.362 (extra class takes to) 0.764
Tubbenden	2.921
Unicorn	0.593
Valley	0.275
Warren Road	1.229
Wickham Common	1.458
Worsley Bridge	ALL

* ALL indicates that all pupils were offered a place;

* CHURCH refers to the Church of England or Roman Catholic Schools who include children of parents who attend the local church or from a particular religious background as a selection criteria within their admissions policy.

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

What action has he taken and is taking to provide sufficient school places in the Borough?

Reply:

I have continued to work with officers and the EFA to ensure the delivery of sufficient school places in the borough. This includes the delivery of the Council's primary and secondary school development plans that were agreed in January 2015 that will be reviewed and updated in the New Year.

Over the past 12 months we have made significant progress in the delivery of our primary school development plan. We have completely rebuilt Clare House Primary School and have delivered or funded works to permanently expand Churchfields Primary School, Clare House Primary School, Harris Academy Crystal Palace, Midfield Primary School, Parish Primary School, St Paul's Cray Primary School Worsley Bridge Primary School. Other expansion schemes such as Edgebury Primary School, St George's Bickley CE Primary and Stewart Fleming Primary School have received planning permission and will be proceeding to construction. Together these schemes make a significant impact on delivering the 600 additional primary school places now needed in the borough.

I have continued to work with Free School providers and the EFA to give what support I can to new schools where they meet our basic need.

We shall also strive to achieve effective communication with stakeholders, parents and ward Councillors to ensure that local communities work together to continue to provide the best educational opportunities for our Borough's children.

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

If he will list by Plans Sub-Committee the number of applications recommended for permission and how many of these were refused by the sub-committee in each year since 2012?

Reply:

The numbers of overturned recommendations for each year sorted by PSC number are as follows (these do not include deferrals):

2015

Total 2015 PSC cases where recommendation overturned: 36:

PSC 1 – 7

PSC 2 - 14

PSC 3 - 5

PSC 4 - 10

2014

Total 2014 PSC cases where recommendation overturned: 70:

PSC 1 - 15

PSC 2 - 18

PSC 3 - 21

PSC 4 – 16

2013

Total 2013 PSC cases where recommendation overturned: 56

PSC 1 - 15

PSC 2 - 15

PSC 3 - 10

PSC 4 - 16

2012

Total 2012 PSC cases where recommendation overturned: 44

PSC 1 - 14

PSC 2 - 13

PSC 3 - 6

PSC 4 - 11

14. From Cllr Peter Fookes to the Portfolio Holder for Care Services

How many legal challenges has Bromley received over the poor quality of temporary housing accommodation?

Reply:

During the current financial year the Council has received 40 requests for a review of the suitability of the temporary accommodation offered. Of these 15 have been upheld that the accommodation did not meet the suitability criteria and alternative provision has been made. In all cases this was resolved at the review stage without progressing to full legal proceedings.

15. From Cllr Peter Fookes to the Portfolio Holder for Resources

What progress has been made in getting the former lodge in Penge Recreation Ground back into use?

Reply:

The works to the lodge have now been completed and the property is carpeted. The owner has indicated that he will let it early in the new year and agents have visited the property to advise on rent levels and potential tenants. It has previously been reported that given its condition that there is no legal action available to the officers to require the owner to bring the property back into use and this remains the case. Last year Members were invited to visit the property and I understand that this was done.

16. From Cllr Peter Fookes to the Portfolio Holder for Care Services

When will the new health clinic/pharmacy be opening in Oakfield Rd, Penge?

Reply:

Community pharmacy services are commissioned by NHS England and we are not aware of an opening date.

Decision Maker: Executive

For Pre-Decision Scrutiny by Environment PDS Committee on:

Date: 17 March 2015

Decision Type: Not Urgent Executive Key

Title: **VARIATION TO THE GROUNDS MAINTENANCE CONTRACT TO PROVIDE A WHOLLY MANAGED SERVICE**

Contact Officer: Dan Jones, Assistant Director Street Scene and Green Space
Tel: 0208 313 4211 E-mail: Dan.Jones@bromley.gov.uk

Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

- 1.1 As part of the 2015/16 Budget process all areas of expenditure have been scrutinised by officers with a view to delivering services in a more efficient and effective way, particularly given the significant funding gap identified in the four year forecast. This has included looking at the option of outsourcing services through the Commissioning approach where appropriate.
- 1.2 In light of this scrutiny, this paper proposes to vary the current Grounds Maintenance Contract with The Landscape Group, to include the provision of Parks Management functions currently delivered 'in house', and extend the Contract until 31st March 2019.

2. **RECOMMENDATIONS**

- 2.1 **That the Environment Policy Development and Scrutiny Committee is asked to comment on the proposals in the report, noting the comments from staff, stakeholders and staff representatives as outlined in Appendix B.**
- 2.2 **That the Executive is asked to:**
- i. **Approve the Variation to the current Grounds Maintenance Contract with the Landscape group, to include the functions outlined in this Report, and extend the Contract to 31st March 2019 to allow the packaging and tendering of all Streetscene & Greenspace Contracts at that date;**
 - ii. **Agree the transfer of Parks and Greenspace Services and the associated staff, as outlined in Appendix A, to The Landscape Group, as outlined in this report;**

- iii. **Delegate to the Executive Director of Environment and Community Services, in consultation with the Director of Resources, the authority to transfer the unplanned maintenance functions associated with parks and greenspaces to The Landscape Group if deemed appropriate.**

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Quality Environment:
-

Financial

1. Cost of proposal: £9.7m for the variation and extension of existing contract to 31.3.19, with an option to add a further £0.7m for reactive property maintenance. Potential redundancy costs of between £200k and £300k.
 2. On-going costs: Part year savings of between £70k to £110k (2015/16) and full year savings of between 250k and £300k (2016/17 onwards)
 3. Budget head/performance centre: Street Scene and Green Space Division
 4. Total current budget for this head: £30.8m
 5. Source of funding: Existing controllable revenue budget for 2015/16
-

Staff

1. Number of staff (current and additional): 80
 2. If from existing staff resources, number of staff hours:
-

Legal

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

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Drivers for change

- 3.1 The Council's Corporate Operating Principles include a commitment that services will be provided by whoever offers customers and council taxpayers excellent value for money. This is underpinned by a commitment to be a commissioning organisation determining who is best placed to deliver high quality services based on local priorities and value for money principles.
- 3.2 To support this, the Council has undertaken to review why and how we provide services and to identify who is best placed to deliver services.
- 3.3 There is a significant financial driver to consider, with the current reductions in Government funding to the Council forecast to create a gap between income and expenditure currently in the order of £50m by 2018/19.
- 3.4 Subject to Member agreement this proposal would release savings of approximately £70-110k per annum in 2015/16 and £250-300k from 2016/17, whilst maintaining service levels and better integrating the management of operational and community engagement functions in the P&GS service. The final amount will depend on the outcome of on-going negotiations with TLG but is estimated to be up to £1m to 31 March 2019
- 3.5 The proposal will contribute to achieving budget savings from the SS&GS budget of £182K in 2015/16 and £530K for 2015/16 and thereafter.

Background

- 3.6 As part of the Commissioning Board's programme, the commissioning of services and the client/contract management functions within the Environment and Community Services Department (ECS) were reviewed.
- 3.7 The review considered the current staffing structures and commissioning arrangements within ECS and reviewed the values and contract lengths of currently outsourced functions and services, as well as current services/functions that are provided 'in house'.
- 3.8 The significant majority (73%) of the ECS budget is within the Street Scene and Green Space Division:

Waste Services	£19.8m,
Street Cleaning	£3.9m;
Parks and Green Space	£6m,
Highways reactive maintenance	£1.7m.

This division also accounts for 21% of the department's headcount.

- 3.9 Whilst the majority of the SS&GS services are provided by contractors there are still a number of services provided by 'in house' teams.
- 3.10 The review therefore focused on three elements:
 - I. the short, medium and long term procurement opportunities, with a view to identifying any possible efficiency from packaging services to the market in a different way i.e. bundling.
 - II. the contract management arrangements in place, and
 - III. the commissioning options for services currently provided by 'in house' teams.
- 3.11 Whilst the potential for largest savings may be possible via alternative procurement options, (although market intelligence and benchmarking indicates LBB contracts already achieve very

good value for money), realistically this procurement repackaging could not take place until March 2019, when the Waste Services Contract will end, without terminating existing contracts at a potentially significant cost and disruption to LBB.

- 3.12 The scope for the greatest potential efficiencies was identified as being the Parks and Greenspace service, where, in addition to a contract management team, a number of functions are delivered by 'in house' teams.
- 3.13 Discussions with Grounds Maintenance Contractors, including the current Contractor, concluded that opportunities exist to release potential efficiencies by including current services provided by LBB within the range of services provided for within an outsourced arrangement.
- 3.14 Considerations were also given to restructuring the contract management functions to provide a fit for purpose function. This will be subject to a separate management restructure in due course.
- 3.15 The review concluded that, whilst potential savings may be achievable in procuring contracts in a different way in the future (2019), the biggest immediate opportunity for saving is in restructuring the contract management arrangements and potentially commission current 'in house' services differently.

Options and Outline proposal

- 3.16 Given the significant financial drivers for change it has been necessary to consider how the functions and services delivered by the P&GS team could be continued whilst realising significant savings.
- 3.17 Work began on considering options, with the target of achieving annual savings of between 10-15% of budget whilst maintaining service levels.
- 3.18 Reorganisation of the current management structure was considered but concluded that whilst the savings could be realised, the loss of staff and resources needed to achieve the cost saving target had too significant an impact upon capacity to enable current service levels/standards to be met.
- 3.19 Consideration was therefore given to how a merging of the LBB functions and the contracted services could realise the savings.
- 3.20 Initial discussions with the current contractor for grounds maintenance, The Landscape Group (TLG), indicated that a fundamental review of both the LBB and TLG organisational structures, functions and operations would result in potential savings to LBB, whilst maintaining service standards.
- 3.21 The Contractor was requested to develop a proposal to deliver efficiency savings whilst maintaining and, where possible, improving service standards by merging the community engagement and development functions with operational delivery, to deliver a more locally focussed operation; more responsive to the needs of local users, friend groups and communities.
- 3.22 The Council has been clear about its purpose and the outcomes that will be expected to be achieved through this process, in particular:
 - Increased efficiencies and reduced costs whilst maintaining Service Standards
 - Assurances that the Council meets its statutory responsibilities whilst passing on operational responsibility and cost management.

- 3.23 Appendix A summarises those functions currently delivered by the Parks and Greenspace Team and details those functions to be transferred.
- 3.24 In summary the proposal achieves budget savings, maintains standards and offers the prospect of giving Bromley Friends' Groups and stakeholders a greater say in what happens on the ground in their communities. It is proposed that a holistic Parks and Greenspace service would be designed based on a Neighbourhood approach with localised teams being responsible for all aspects of the service – both community liaison and the delivery of maintenance duties. This integrates the two aspects of service delivery currently managed by separate organisations (LBB and TLG).
- 3.25 The management contractor will work to a number of Key Performance Indicators that are jointly agreed at the outset of the contract. The contractor would implement a transparent, real-time quality reporting system that can be accessed by Members and Officers. LBB will retain a contract management team to ensure on-the-ground delivery is delivered to the agreed standards. The structure of this team will be subject to a separate consultation following the decision by the Executive.
- 3.26 The proposal from The Landscape Group is the conclusion of a process undertaken over a number of months. It has been scrutinised by LBB officers to ensure that all the functions currently undertaken by LBB staff are addressed in the proposal, that the savings identified may be achieved and that legal and procurement requirements have been met.
- 3.27 Consultation on the principles of possible changes to the way we commission and manage services has been ongoing with Staff and key stakeholders. Appendix B summarises the initial process of Engagement and then Formal consultation, with issues raised and how these have been addressed where necessary.
- 3.28 If Executive accepts the recommendations in this report, it is proposed that the transfer to TLG will take place as soon as practically possible, subject to TUPE consultation.

The Variation – Key Elements

- 3.29 It is proposed to vary the existing Ground Maintenance Contract to include those functions specified in Appendix A, so that it will be in essence a wholly managed service. It will retain the flexibility to vary or remove elements of work from the specification to achieve future savings.
- 3.30 The Scope of the Variation will mean that all Parks Management and Grounds Maintenance functions will be included in the enlarged Contract, given an extension of the current Contract period to March 2019. The rationale for the extension of the Contract period is two-fold.
- a. to enable the contractor to realise the efficiencies; and
 - b. to align the end date of the varied contract with other contracts within ECS department, therefore allowing a strategic approach to commission to be applied.
- 3.31 A Partnership Board would be established to manage the contract. It is proposed that membership includes: the AD Street Scene & Greenspace, the Chief Executive of TLG, other key management posts from LBB and TLG. The 'Board' will manage the strategic direction of the Parks and Greenspace service; set targets for performance and key deliverables, together with establishing the freedoms to be allowed at a local level in service choices, all within the Council determined Budget.
- 3.32 The Board will receive an Annual Plan from TLG for achievement of the performance and deliverables set by the Board, and monitor delivery quarterly. The Board will maintain a Contract monitoring function, which will through a process of joint monitoring with the Contractor, assess

performance against an output based performance framework based upon agreed service standards, together with a set of key deliverables. Performance, as reported through the Quarterly Report to the Board will be linked to overall payment to the Contractor. In addition to the current KPIs for the GM contract, Key Performance Indicators and key deliverables would include:

Service Response Times to Customer Enquiries	Value of external grants received
Customer Satisfaction	Delivery of annual action plan targets
Level of complaints	Delivery against key actions/milestones in key strategic documents.

- 3.33 To assist in the strategic management of the P&GS service it is proposed that a Stakeholder Engagement Panel is established to engage with interested local groups and organisations, such as The Friends Forum, delegated sport managers, allotment associations and other similar groups. The panel would help to inform the development and delivery of the Annual Action Plan which would include actions relating to the Bio Diversity Plan and management plans for parks, SSSI, heritage sites and Woodland works.
- 3.34 Performance of the contract will be scrutinised in line with corporate procurement regulations, via an annual report presented to the Environment PDS and the Executive.
- 3.35 The Variation extends the Contract to the 31st March 2019, from 31st December 2017, this will allow the service to be included in a larger package of services, including Waste Services, Street Cleansing and Highways Maintenance, which fits with the strategic objectives for the SS&GS Division to commission services between 2017-19. It is hoped this strategy will provide the potential for further efficiency savings at that time.
- 3.36 The Service also currently spends approx. £200k pa in maintenance of the Parks Infrastructure. Discussions are currently underway with TLG to see if they are able to bring forward a proposal for management and delivery of this work, that demonstrates value for money when compared with the existing service. This would enhance the local service structure this variation should deliver, and allow local users and communities to resolve many parks operational issues with devolved parks officers.
- 3.37 It has not been possible to conclude these discussions on Parks Infrastructure Maintenance and obtain a financial proposal from the Contractor and undertake appropriate consultation in time for this Report. It is therefore recommended to delegate to the Executive Director of ECS in consultation with the Director of Resources, the authority to approve the inclusion of Parks Infrastructure Maintenance in this variation, if he is satisfied that the proposal represents value for money to the Service.
- 3.38 Any such proposal regards Parks Infrastructure Maintenance would be the subject of consultation with any affected staff and their representatives before final decisions are taken.

4. POLICY IMPLICATIONS

- 4.1 Moving to a Commissioning Authority is in line with the Corporate Operating Principles and is key to achieving the Building and Better Bromley 2020 Vision to ensure that services continue to provide as efficiently and effectively as possible, in light of the financial pressures facing the Council over the next few years.
- 4.2 The proposal supports Bromley's Corporate Operating Principle to "*encourage and empower the voluntary sector, community groups and individuals to take more control of how their local area and its resources are managed*".

5. FINANCIAL IMPLICATIONS

5.1 The transfer of the Parks and Green Space Services to The Landscape Group as proposed in this report will generate part year savings of between £70k and £110k in 2015/16 and full year savings of between £250k and £300k from 2016/17 onwards. The final amount will depend on the outcome of on-going negotiations with TLG but is estimated to be up to £1m to 31 March 2019. The contract variation would also stipulate the need to deliver annual efficiency savings from 2017/18.

5.2 Savings of £182k have been included in the 2015/16 budget, with an expected full year effect of £530k for 2016/17, from the restructuring of the Street Scene and Green Space division including; a fully commissioned park service and a review of the client contract monitoring function across the whole division. The table below provides details of the estimated part year and full year savings: -

	2015/16	2016/17
	£'000	£'000
Agreed budget option	182	530
Delivered by: -		
Fully commissioned park service	-90	-280
Client review functions	-92	-250
	-182	-530

5.3 The result of the future staffing review may give rise to redundancy costs of between £200k and £300k. LBB will indemnify TLG for costs attributable to the redundancy of transferees from LBB. This cost will be met from the central contingency provision set aside for redundancy/early retirement costs arising from budget options.

5.4 The maximum amended contract value could be £40.3m as shown in the table below: -

	Contract Value £m
Contract spend to 31.3.15	21.5
Estimated contract spend to 31.12.17	8.4
Value of variation for additional parks service to 31.12.17	3.9
Total value of contract to 31.12.17	<u>33.8</u>
Value of extension to 31.3.19	5.8
Total value of contract to 31.3.19 excl property maint	<u>39.6</u>
Value of property reactive maintenance to 31.3.19	0.7
Total maximum value of TIG contract to 31.3.19	<u>40.3</u>

6. LEGAL /PROCUREMENT IMPLICATIONS

6.1 The existing Grounds Maintenance contract was formally procured following a full tender process in 2007 and runs for ten years from Jan 2008.

6.2 The General classification of services, in the OJEU Notice placed, does not differentiate between Client Management and Contractor functions as such, and an opportunity now exists to rationalise these arrangements under the contract by means of a variation / extension order

in order to seek economies of scale and reduced service costs. This is possible under the categorisation as “B” services. A Voluntary Ex-Ante Transparency Notice will be issued.

6.3 The extension would be for 15 months and there will need to be a fresh formal procurement process (under the new Regulations), for a Contract to commence in April 2019

7. PERSONNEL IMPLICATIONS

7.1 The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to this situation. Currently there are 30 people employed with the combined teams who it is proposed would TUPE across to TLG if members agree to the proposals within this report. The posts affected are set out in Appendix A.

7.2 Staff within P&GS have been engaged and consulted on the principles of possible changes to the way services are commissioned and managed in the process of developing this report. Following a Divisional meeting on the 8 September 2014, staff were written to and the outline proposal was communicated to them. Team meetings were held between 6-16 October 2014 and the opportunity to feedback via email and in person was offered. A formal consultation process commenced on 19th January, when staff and their representatives were informed of the proposals to change the way Parks Services are commissioned and managed by way of a transfer to TLG, and given the opportunity to comment and submit any other viable proposals. Staff and their representatives were also invited to a meeting with TLG on 18 February and provided with an overview of the company.

7.3 A summary of the main questions raised by staff together with the management response is provided in Appendix B. Whilst staff recognised that there is a need to make changes and find efficiencies to achieve the required savings, they queried the appropriateness and principles of outsourcing the management and community engagement functions and questioned how the desired savings could be realised whilst maintaining service levels. They also sought further information as to how the proposed variation would be managed, and had some concerns as to how the proposals would impact on them personally.

7.4 Should the transfer to TLG be agreed then a further period of consultation on the detailed transfer proposals would take place with staff and their representatives in accordance with TUPE and Council’s Managing Change Procedures. This will enable staff to explore in more detail the impact of the transfer on their employment situation.

7.5 In addition there are 8 staff currently within the P&GS team who will be subject to a management restructure as part of the wider SS&GS reorganisation.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	E&LS PH 10/07-2 Grounds Maintenance Contract Award – 31 October 2007

Below are a summarised list of functions currently carried out by LBB Parks and Green Space Team. The following list of P&GS functions* are within scope of the proposals:

- **Community and Development Team (excluding the post of Environmental Campaigns Officer)**
- **Countryside management**
- **Forest and woodland management**
- **Environmental Education**
- **Parks Improvement & Development**
- **Healthy Communities**
- **Community Partnership and Development**
- **Biodiversity and Natural Heritage Management**
- **Fund Raising**
- **Play, Landscaping and Project Management**
- **Rangers Service**

*A list of the roles and tasks for each of the functions above have been compiled and shared with all staff within P&GS for comment. These have then been used to develop a specification.

The Grounds Maintenance Contract Management Team and the Arboriculture Team are excluded from this proposal.

There are 30 people (27.43 FTEs) currently working in the above functions included in the scope of this proposal. The posts affected by the proposals in this document are identified in Table 1

Table 1 – Posts affected

Post	Job Title
2486	Head of Parks and Greenspace
13624	Contracts Assistant
11009	Community Partnerships Officer
11604	Development and Community Manager
12130	Healthy Communities Officer
13518	Principal Community Development Officer
13519	Biodiversity and Natural Heritage Officer
13628	Senior Fundraising Officer
13629	Fundraising Assistant
9886	Environmental Education Instructor
10207	Recycling Project Officer
11857	Environment Education Team Leader
13517	Countryside Development Officer
	Principal Greenspace and Countryside Development Officer
13625	Officer
13627	Community Forest Officer
11595	Landscape Project Officer
11602	Principal Play and Projects Officer
2513	Senior Ranger
2518	Ranger
2520	Ranger

13520	Ranger
13631	Events and Contracts Coordinator
13632	Senior Ranger
13633	Ranger
13634	Ranger
13635	Ranger
13636	Ranger
13637	Ranger
13638	Ranger
13639	Ranger

**Variation of the Grounds Maintenance contract -
Proposal for a wholly outsourced Parks and Greenspace service**

Outcome of staff and stakeholder consultation

During the formal consultation stage during January and February 2015, a number of questions were received from both staff and other stakeholders; such as Friends of groups, delegated sports providers; representatives from leisure gardens and allotments and other interest groups. As a result of that undertaking, a number of consistent themes emerged which are summarised below together with the management response.

1 ASSET MANAGEMENT/RECORD KEEPING

Question: How will the Council be confident that its assets are being adequately maintained and appropriate records kept?

Response: The Landscape Group (TLG) will maintain existing secure information (as it currently undertakes with its cemeteries and burial records) as part of 'intellectual' data at potential transfer; and will under the contract documentation, be required to keep this updated and returned at the end of the contract period. This will likely be stored within appropriate mechanisms largely within their offices/accommodation. TLG will be governed by the Data Protection Act and will only be given relevant information needed for the delivery of the contract.

All of the assets and equipment will remain in the ownership of the London Borough of Bromley. TLG will merely be an agent of the Authority acting on its behalf

Question : How will the current insurance arrangements be varied in the proposal?

Response: Claims for accidents resulting from TLG's negligence will be subject to TLG's own policy for this with their own insurers. Where the negligence is not TLG's responsibility, the claim will be against the London Borough of Bromley's via its insurers. Similarly, the Public Liability insurance cover provided for Friends whilst 'volunteering' will remain in place.

2 GOVERNANCE AND CONTRACT MANAGEMENT

Question: How will the proposed contract variation will be managed and governed?

Response: It is proposed that a Partnership Board will be established to manage the contract. Proposed membership includes: the AD Street Scene & Greenspace, the Chief Executive of TLG, and other key management posts from LBB and TLG. The 'Board' would agree the strategic direction of the Parks and Greenspace service and set targets for performance and key deliverables, together with establishing the freedoms to be allowed at a local level in service choices, within the Council determined Budget.

The Board would receive an Annual Plan from TLG for achievement of the performance and deliverables set by the Board, and monitor delivery quarterly. The Board would maintain a Contract monitoring function, which, through a process of joint monitoring with the Contractor, would assess performance against an output based performance framework based upon agreed service standards, together with a set of key deliverables. Performance, as reported through the Quarterly Report to Board would be linked to overall payment to the Contractor.

LBB would retain a staffing resource to conduct the contract management function.

In addition, to assist in the strategic management of the P&GS service it is proposed that a Stakeholder Engagement Panel is established to engage with interested local groups and organisations, including The Friends Forum, The Leisure Gardens and Allotments Consultative Panel, The Countryside Consultative Panel and representative members of the delegated sports community

This panel would help to inform the development and delivery of the annual action plan.

Question: How will LBB make strategic and policy decisions that affects the broad and varied aspects of Parks and Greenspace?

Response: Under advice and guidance from LBB officers, Elected Members will continue to set the strategic direction of the P&GS service; develop policy and scrutinise the delivery of the service. TLG will prepare and update strategic and operational plans for approval by the relevant AD and the Partnership Board.

Question: How will the Council ensure that the services in the proposal are actually delivered?

Response: A reorganisation of Council's Street Scene and Greenspace client staff who are not identified in the 'transfer list' will be undertaken in tandem with those moving to TLG. It would be the responsibility of the new Client team to monitor contracts and service delivery. Staff who transfer and are employed by TLG will remain the acknowledged experts in their areas of operation – being best suitably qualified to specify, deliver and review outcomes and satisfaction in partnership with the Council. This will be underpinned by a robust reporting procedure to a joint LBB/TLG Board which will meet regularly to review and assess performance and future development/service improvement opportunities.

3 COMMISSIONING AND PROCUREMENT

Question Why is there a need to commission the service differently now, rather than when the GM contract expires?

Response: There is a significant financial driver to consider, with the current reductions in Government funding to the Council forecast to create a gap between income and expenditure currently of the order of £53m by 2018/19. Whilst there is an option to 'salami slice' the budget further to achieve savings, this proposal is considered more favourable as it seeks to maintain, and if possible, improve services whilst delivering a saving. Waiting until 2019 to realise savings is not an option given the significant budget gaps forecast.

If the proposal does not proceed, then savings of £530k for 2016/7 and thereafter, will still have to be found from the Street Scene and Greenspace budget. Without adopting a holistic view of how the Parks and Greenspace Service could be delivered differently, this would likely mean a number of functions will have to cease and this could affect the viability/critical mass for any future option.

Question: **Have other options been considered?**

Response: Reorganisation of the current management structure was considered but concluded that whilst the savings could be realised, the loss of staff and resources needed to achieve the cost saving target had too significant an impact upon capacity to enable current service levels/standards to be met. Consideration was also given to the establishment of Trusts and Community Interest Companies (CIC), however, these were deemed not to be financially viable options at this time.

4 SUPPORTING VOLUNTEERS

Question: **What changes will friends of parks and other voluntary groups expect to see if the proposal proceeds?**

Response: Should the proposal be agreed, Friends, voluntary groups and key stakeholders would expect to see the same level of resource and commitment that is currently delivered by LB Bromley staff. In addition, it is envisaged that grounds maintenance and other services can be 'tailored' to meet local requirements in a way that is not possible under the current contracting arrangements. Operational staff will play an enhanced role in resolving local issues and ensuring overall satisfaction in their area.

Question: **What will happen to the respected umbrella organisations like the Friends Forum'?**

Response: The Friends' Forum would continue to be fully supported under the proposals; with TLG managers and staff, facilitating and serving this organisation and ensuring that key strategic documents like the '*Toolkit*', '*Programmes of Work*' and '*Insurances*' are maintained and further developed. It is intended that an organisation such as the Friends' Forum should be included within any scrutiny arrangements, as an independent party with Elected Members, Council Officer and key personnel from TLG's corporate Management. In addition TLG have proposed to make major presentations to primary organisations, including the Consultative Panels, throughout 2015 and possibly on an annual basis thereafter.

Question: **Will voluntary groups be expected to undertake unpaid work for which TLG could invoice the Council?**

Response: No. Friends 'volunteer' for their community, not any external provider nor the Council. They undertake many valued tasks including grant applications, developments, research and maintenance operations - none of which currently are undertaken or budgeted for by the Council. Neither TLG nor the Council will be able to take any payment, or profit financially from the activities of volunteers.

Question: **Under the proposals, will TLG seek to reduce support for the provision of allotments or sports within the Borough?**

Response: The proposals place the community at the very core of the intended service. TLG managers and staff will continue to support the Elected Member meetings including the Leisure Gardens & Allotments and Countryside Consultative Panels, arrange the appropriate annual tours and receptions and continue to deal with both day to day issues and arbitration hearings. Delegated sports organisations will receive the same level of assistance as currently exists, including identifying and applying for grants for improvements to both pavilions and pitches.

Question: **What confidence can countryside volunteers take from the proposal?**

Response: TLG have proposed an integrated service that it is envisaged will retain the current skill base held by LBB's Parks and Greenspace officers who currently carry out important conservation work. Both parties are aware of the statutory sites and the habitat and management plans that are required for this purpose. TLG has indicated that it would wish to retain the key skills of transferring LBB staff in the delivery of the countryside and habitat management function who would continue to interact in much the same way with Bromley's Countryside Friends and Volunteers under any contractual arrangements, if agreed.

However there are additional benefits arising from the fact that because the grounds maintenance teams and the countryside management team would be within the same organisation; this would greatly improve communication, help to ensure that sensitive habitat is not damaged through lack of knowledge, and provide a more flexible resource when specific projects are required to be delivered.

5 COMMERCIAL SENSITIVITY

Question: **Why have details of the savings not been made available at this stage?**

Response: The savings are identified in the letter to staff, unions and stakeholders sent at the commencement of formal consultation. A detailed breakdown of the proposal is commercially sensitive at this stage and Elected Members are being asked only to vary an existing contract which will generate a saving.

6 HR IMPLICATIONS

How many posts are affected and what would the impact on staff be?

There are 30 people currently employed in the functions which it is proposed to transfer as identified in the consultation paper circulated on 19 January. TUPE would apply to the transfer. This means that staff terms and conditions are preserved/protected at the point of transfer except for any measures identified by TLG as part of the TUPE information and consultation processes. Should the transfer to TLG be agreed then a further period of consultation on the detailed transfer would take place with staff and their representatives in accordance with TUPE and Council's Managing Change Procedures. Staff raised a number of detailed questions about TUPE and the impact on their continuing employment; they have received a written response addressing these issues and will have the opportunity to continue these discussions as part of any TUPE transfer process.

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In February 2015, the Council agreed a schedule of 76 savings options. Can the Portfolio Holder please provide the schedule of forecast savings, with the addition of the forecast outturn savings for 2015/16 and the forecast outturn full year saving for each line.

Line	Division	Saving Option	15/16	Forecast Outturn Saving	16/17	Full Year Saving (£000k)	Forecast Outturn full year Saving	Comments
ALL DEPARTMENTS								
1	Essential Car Users		300	300	300	300	300	Was changed to further org eff. & mgt costs
2	Organisational efficiencies & Management costs restructure		1,500	1,454	2,000	2,000	1,954	£20k Corporate & £26k of Education not achieved.
SUB-TOTAL			1,800	1,754	2,300	2,300	2,254	
CHIEF EXECUTIVES DEPARTMENT								
Corporate Services Division (£21m Controllable Budget)								
3	Facilities & Support	Retendering of cleaning contract	60	60	60	60	60	
4	Facilities & Support	Restructuring Attendant service	25	25	25	25	25	
5	Facilities & Support	Changes to franking machine provision	2	2	2	2	2	
6	Information Systems and Telephony	Post revisions, software removal, resource days	121	121	121	121	121	
7	Legal Services	Staff reduction	10	10	10	10	10	
8	Contact Centre	North Shoring - transferring whole contact centre to Barrow SSC	13	13	26	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	31	31	
10	Contact Centre	Cease supply of caddy liners at Reception (available via Libraries)	6	6	6	6	6	
11	Contact Centre	*Electoral register to be viewed by appointment only	4	4	4	4	4	
12	Contact Centre	Parking fine appeals to only be online only	4	4	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	4	4	
14	Contact Centre	LBB staff & Cllr's to self serve and use online forms	4	4	4	4	4	
15	Democratic Services	Remove coordination of complaints/FOI	50	50	50	50	50	
16	Democratic Services	Approved changes to Cllr IT/Telephones	34	34	34	34	34	
SUB-TOTAL			368	368	381	381	381	
Financial Services & Procurement Division - (£11m Controllable Budget)								
17	Exchequer - Payments & Income	Saving from outsourcing and charging	221	221	221	221	221	
18	Exchequer - Revenue & Benefits	Reduction of licence fees	75	75	75	75	75	
19	Exchequer - Revenue & Benefits	Increased Council Tax & NNDR court costs	100	100	100	100	100	
20	Exchequer - Revenue & Benefits	Contract negotiation with Liberata	100	100	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	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	0	70	70	70	
SUB-TOTAL			526	526	596	596	596	
Transformation & Regeneration - £2.5m Controllable Budget								
23	Acquisition 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	1,000	2,000	2,000	2,000	
24	Planning	Increase pre-application advice fees (on top of inflation)	15	15	15	15	15	
25	Renewal	Renewal Team costs to be charged to Economic Development Fund	51	51	155	155	155	
26	Strategic Property Services	Charge some of Strategic Property costs to the Investment Fund	20	20	129	129	129	
27	Strategic Property Services	Anerley Business Centre	21	21	52	52	52	
SUB-TOTAL			1,107	1,107	2,351	2,351	2,351	
ENVIRONMENT & COMMUNITY SERVICES DEPARTMENT								
Public Protection (£2.5m Controllable Budget)								
28	Public Protection and Community Safety	Review of staffing and associated budgets, including Portfolio Holder grants, to reduce services to the statutory baseline	169	169	339	339	339	
29	Community Safety	Reduction of the Prtfolio Holder Cgrant budget	50	50	100	100	100	
30	Public Protection	Reduction of CCTV staffing costs	50	50	50	50	50	
SUB-TOTAL			269	269	489	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	22	89	89	89	
32	Area Management & Street Cleansing	Reduce central contingency sum for street cleansing contract from £200k to £60k	140	140	140	140	140	
33	Street scene and green space	Restructuring of SSGS division including: a fully commissioner park service and a review of the client contract monitoring function across the whole division.	182	182	530	530	530	
34	Parks and Green Space	Parks Strategy - cease development function in parks	80	80	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	146	271	271	271	
36	Waste Services	Reduce frequency of kerbside paper collections from weekly to fortnightly. Savings achieved by rationalising vehicle utilisation.	250	250	250	250	250	
37	Waste Services	Introduce charges for collection of domestic clinical waste, o transfer costs back to health authority	30	30	30	30	30	
38	Waste Services	Increase price of food waste liners from £2 to £2.50	35	35	35	35	35	
39	Waste Services	Increase price of GWV Wheelie Bin service from £60 to £65 per annum from 1 April 2016	0	0	30	30	30	Report expected in January 2016.
SUB-TOTAL			885	885	1,455	1,455	1,455	
Transport & Highways (£6.9m Controllable Budget)								
40	Parking	Increase parking charges	390	550	230	230	550	£550k built into the 2015/16.
41	Network management	Additional £60k staffing to be charged to TfL Principal Road Maintenance capital budget	60	60	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	20	20	
SUB-TOTAL			470	630	310	310	630	
Recreation (£6.8M Controllable Budget)								
43	Town Centre Management & Business Support	Efficiencies in TCM	0	0	46	46	46	Report expected January 2016 for decision.

44	Culture	Relocate Museum Service to Central library as part of the agreed Heritage Strategy	0	0	44	44	11	Report to 10.6.15 Executive. Expected saving of £56k in 2017/18	
45	Libraries	Create 6 Community managed libraries as per the agreed library strategy report R & R PDS 18.11.14	0	0	250	250	TBC	Progress on tender exercise to identify community management arrangements for 6 libraries was reported to the Executive 9th November 2015. A further report detailing the outcome of this exercise is expected during 2016.	
SUB-TOTAL			0	0	340	340	57		
EDUCATION, CARE & HEALTH SERVICES DEPARTMENT									
Children's Social Care (£32.7m Controllable Budget)									
46	Care and Resources	Personal Education Allowances	30	30	30	30	30		
47	Care and Resources	Reorganisation of the service	50	50	50	50	50		
48	Safeguarding and Care Planning	Support to hard to reach groups	33	33	33	33	33		
49	Referral and Assessment	Contract efficiencies already achieved	125	125	125	125	125		
50	Children's Disability Services	Changes to playgroup funding	66	66	66	66	66		
51	Bromley Youth Support Programme	Service redesign	50	0	50	50	0	Not achieved, issues with inspection	
52	Safeguarding and Quality Assurance	Contract efficiencies already achieved	38	38	38	38	38		
53	Safeguarding and Quality Assurance	Reorganisation of the service	27	27	27	27	27		
SUB-TOTAL			419	369	419	419	369		
Adult Social Care (£33.9m Controllable Budget)									
54	Assessment and Care Management	Deletion of vacant posts	81	81	81	81	81		
55	Assessment and Care Management	Contract efficiencies already achieved	181	181	181	181	181		
56	Assessment and Care Management	Care management efficiencies already achieved	130	130	130	130	130		
57	Assessment and Care Management	Management of demand at first point of contact	250	250	250	250	250		
58	Assessment and Care Management	Charging Policy update	200	200	200	200	200		
59	Direct Services	Carelink	25	0	25	25	0	Not achieved, reviewing options	
60	Direct Services	Reduce extra care housing capacity	150	150	150	150	150		
61	Learning Disabilities Day and Short breaks Service	Staffing restructure - vacant posts	70	70	70	70	70		
62	Learning Disabilities Day and Short breaks Service	Reduce leisure activity funding	52	52	52	52	52		
63	Learning Disabilities Day and Short breaks Service	Running expense reduction	26	26	26	26	26		
64	Learning Disabilities Care Management	Restructure to achieve integration	100	44	100	100	100	delay in implementation meant not achieved in 2015/16. is achieved in 2016/17	
SUB-TOTAL			1,265	1,184	1,265	1,265	1,240		
Commissioning Division (£37.0m Controllable Budget)									
65	Supporting People	Review service levels at retender for all contracts	213	213	213	213	213		
66	Commissioning	Contract efficiencies	202	202	202	202	202		
SUB-TOTAL			415	415	415	415	415		
Strategic & Business Support (£2.6m Controllable Budget)									
67	Performance & Information	Service reconfiguration	31	31	31	31	31		
68	Performance & Information	Running cost reduction	48	48	48	48	48		
69	Performance & Information	Income generation	45	45	45	45	45		
SUB-TOTAL			124	124	124	124	124		
Housing Division (£4.1m Controllable Budget)									
70	Housing Needs	Contract reductions	51	51	51	51	51		
SUB-TOTAL			51	51	51	51	51		
Children's Social Care (Education Portfolio)									
71	All areas	Bromley Youth Music Trust	230	230	306	306	306	delay in 2015/16 of implementing has meant a shortfall of £248k. Full amount saved in 2016/17	
72	Youth Service	Service redesign	506	258	506	506	506		
73	Children's Centres	Income generation	120	120	120	120	120		
SUB-TOTAL			856	608	932	932	932		
Education (£1.0m Controllable Budget)									
74	Schools & Early Years Commissioning and QA	Reorganisation of service including charging some elements t	130	130	160	160	160		
75	Strategic Place Planning	DSG Charge 50% of 1 post to capital	33	33	33	33	33		
76	Schools & Early Years Commissioning and QA	Reorganisation of contracts	48	48	48	48	48		
SUB-TOTAL			211	211	241	241	241		
TOTAL			8,766	8,501	11,669	11,669	11,585		

Appendix 3 (Question 8)

Based on gross units granted planning permission.

Planning permissions granted for residential use 2014/15 -

Total No. of bedrooms	Total no. of units granted planning permission	Intermediate tenure	Social rented tenure	Affordable rented tenure
1	480	4	7	
2	509	14	6	85
3	128	2	10	
4	165		1	
5	19			
6	8			
7	3			
8	1			
Gross number of units	1,313	20	24	85

Planning permissions granted for residential use 2015/16 recorded to date (up to December 2015) -

Total No. of bedrooms	Total no. of units granted planning permission	Intermediate tenure	Social rented tenure	Affordable rented tenure (to date)
1	160	2	4	
2	270	10	2	
3	51			
4	16			
5	23			
6	3			
7	1			
14	1 (HMO)			
Gross number of units	525	12	6	

Appendix 4 (Question 9)

	Net	Vat	Gross
Totals 14/15	6,983,630.26	1,396,727.42	8,380,357.68
Totals 15/16	5,210,959.75	1,042,192.51	6,253,152.26
Forecast Outturn 15/16	7,816,439.63	1,563,288.77	9,379,728.39

Year	Month	Financial Year	Net	Vat	Gross	Total Hours	Days (calculated)	Agency staff as % of direct employees
2014	April	14/15	319,087.39	63,817.57	382,904.96	15,968.50	2217.85	6.18%
2014	May	14/15	592,088.59	118,418.09	710,506.68	30,064.25	4175.59	11.68%
2014	June	14/15	473,846.89	94,769.60	568,616.49	23,849.25	3312.40	9.26%
2014	July	14/15	548,669.14	109,733.87	658,403.01	27,728.00	3851.11	10.81%
2014	August	14/15	659,665.46	131,933.38	791,598.84	32,769.50	4551.32	12.86%
2014	September	14/15	518,963.42	103,792.88	622,756.30	25,472.50	3537.85	10.11%
2014	October	14/15	662,373.00	132,474.83	794,847.83	32,790.50	4554.24	13.10%
2014	November	14/15	590,122.36	118,024.51	708,146.87	28,196.00	3916.11	11.21%
2014	December	14/15	614,731.69	122,946.02	737,677.71	29,941.00	4158.47	11.90%
2015	January	14/15	620,783.83	124,156.90	744,940.73	30,240.50	4200.07	12.12%
2015	February	14/15	583,005.18	116,600.98	699,606.16	28,841.00	4005.69	11.57%
2015	March	14/15	800,293.31	160,058.79	960,352.10	38782.50	5386.46	15.60%
2015	April	15/16	386,025.83	77,205.19	463,231.02	18,428.25	2559.48	7.45%
2015	May	15/16	599,767.05	119,953.40	719,720.45	28,439.00	3949.86	11.57%
2015	June	15/16	700,904.06	140,181.04	841,085.10	33,745.50	4686.88	13.84%
2015	July	15/16	827,576.74	165,515.37	993,092.11	38896.00	5402.22	15.99%
2015	August	15/16	629,330.46	125,866.11	755,196.57	28477.00	3955.14	11.78%
2015	September	15/16	745,281.30	149,056.46	894,337.76	35277.25	4899.62	14.54%
2015	October	15/16	808,626.81	161,725.44	970,352.25	35095.50	4874.38	15.14%
2015	November	15/16	513,447.50	102,689.50	616,137.00	22290.00	3095.83	9.69%

Report No.
CSD16033

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 22nd February 2016

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: Petts Wood and Knoll

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 from the Knoll Residents Association asking the Council to designate part of Petts Wood and Knoll ward as an Area of Special Residential Character (ASRC); further details are set out in section 3 of this report.
 - 1.3 This petition was originally submitted to the Council meeting on 14th December 2015, but consideration was deferred to this meeting at the request of the lead petitioner.
-

2. RECOMMENDATION

The Council is requested to consider the case made by the petitioners and make recommendations to Development Control Committee and the Executive as necessary for the matter to be considered under the Local Plan process.

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. 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 August 2015 from the Knoll Residents Association asking the Council to designate part of Petts Wood and Knoll ward as an Area of Special Residential Character. The petition contained in excess of 900 signatures.
- 3.3 The full prayer of the petition is as follows –
- “To safeguard the distinctive character of the Knoll Area (broadly the area bounded by Dale Wood Road, Crofton Lane, Lynwood Grove cutting across to Irvine Way, Broxbourne Road, Chislehurst Road, Orpington High Street continuing into Sevenoaks Road until the railway line) by designating it an Area of Special Residential Character. We, the undersigned, are adult residents of the Knoll and petition the London Borough of Bromley to designate the Knoll area an ASRC.”
- 3.4 Members will recall that at the Council meeting on 29th June 2015 a petition was submitted requesting the designation of Bull Lane Allotments in Chislehurst as Local Green Space. The Council's response on that occasion was to refer the issue to Development Control Committee and the Executive so that the request could be assessed through the Local Plan process, and a similar approach could be applied in the case of the request from the Knoll Residents Association.

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

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EXECUTIVE

Minutes of the meeting held on 10th February 2016 starting at 7.00pm

Present

Councillor Stephen Carr (Chairman)
Councillors Graham Arthur, Robert Evans, Peter Fortune,
Kate Lymer, Peter Morgan and Colin Smith

Also present

Councillors Nicholas Bennett JP, Simon Fawthrop,
William Huntington-Thresher, Alexa Michael,
Tim Stevens JP, Stephen Wells and Angela Wilkins

2016/17 COUNCIL TAX

Report FSD16017

Report FSD16017 outlined final issues affecting the 2016/17 revenue budget and sought recommendations to Council on the level of the Bromley element of the 2016/17 Council Tax. The report reflected the Council's approach to not only achieve a legal and financially balanced budget in 2016/17 but to have measures in place to deal with the medium term financial position (2017/18 to 2019/20). The report also sought final approval of the schools budget. The final GLA precept was intended to be reported to full Council on 22nd February 2016.

Replacement recommendations were tabled for the meeting as was supplementary information related to positive news for L B Bromley in the final 2016/17 Local Government Financial settlement published on 8th February 2016. Details included:

- new transitional grant of £2.068m in 2016/17 and £2.052m in 2017/18 as one-off income; and
- no change for 2018/19 and 2019/20 funding levels although the Secretary of State for Communities and Local Government had indicated there would be a 100% devolution of business rates by 2019/20 combined with a new "needs assessment" of the funding formula, this being brought forward by a year.

The "budget gap" outlined in Report FSD16017 is nil in 2016/17, £8.9m in 2017/18, £12.5m in 2018/19 and £25.8m in 2019/20. This excluded the transitional grant for 2016/17 and 2017/18 which would not reduce the medium and longer term "budget gap".

Information was also tabled concerning the Better Care Fund (BCF). In view of an ambitious programme to deliver BCF objectives for 2015/16, an element of the budget would require re-profiling into 2016/17 to ensure delivery of the objectives. A one-off sum of £3.1m was therefore requested to be set aside from the Fund to a new Council earmarked reserve in order to allow continuation of agreed joint schemes and to be used as pump priming investment for more cost effective delivery models across Health and Social care in Bromley. This would be part of a formal agreement with Bromley CCG under Section 75 of the National Health Service Act 2006.

Comments from PDS Committees in considering the initial draft budget were also tabled.

The Director of Finance outlined the background of financial constraint leading to the Council's budgetary outlook. It was necessary to take a four-year view. Given the level of funding reduction and associated cost pressures e.g. those related to welfare reforms, it was necessary to continue finding savings to offset grant shortfall and cost pressures. There had been much lobbying to have L B Bromley's case recognised and although not contributing to the Council's long term budget gap, the outcome in the final 2016/17 Local Government Financial Settlement provided positive transition funding. However, there would be further funding reductions over the next four years and there continued to be a budget gap from 2017/18. By 2019/20 it was necessary for the Council to be self-sufficient with the full devolution of business rates and the review of the needs assessment completed. The Council will need to achieve high levels of income to contribute towards a sustainable way forward. Nevertheless, further savings would continue to be necessary and the transitional funding, although welcomed, is non-recurring and will not reduce the Council's long term budget gap. The Director also referred to the Adult Social Care Precept which local authorities were allowed to levy following the Chancellor's spending review last autumn.

The Deputy Leader thanked all concerned in lobbying to pursue L B Bromley's case. The new transitional grant would be helpful for the next two years albeit not continuous. The Leader also requested that the Director of Finance be included amongst those to be thanked.

The Deputy Leader referred to the transitional funding being a separate matter to any council tax decision making as it is non-recurring.

The Portfolio Holder for Resources also highlighted the value of income from investment, including returns from the Council's property portfolio. Councillor Peter Fookes (Penge and Cator) highlighted concerns for day centres for the elderly in the borough.

Further detail was awaited on the four-year funding offer outlined in provisional funding allocations from 2016/17 to 2019/20 and how any associated process might operate. The Leader felt that more clarity would be helpful and an opportunity to work with Government to secure further detail would be welcomed.

RESOLVED that:

(1) Council be recommended to:

- (a) on the basis of two further schools having converted to Academy Status, approve a revised schools budget of £83.7 million which matches the estimated level of Dedicated Schools Grant (DSG) after academy recoupment;**
- (b) approve the draft revenue budgets for 2016/17 (as at Appendix 2 to Report FSD16017) including the following updated changes -**
 - (i) reduction in Independent Living Fund (ILF) Grant from £701k estimated in the draft budget to £666k (the proposed methodology for the value of the grant and the allocation of the funding is subject to consultation which ends on 22nd March 2016);**
 - (ii) increase in SEND Implementation Grant from £177k to £201k (£24k increase) with a corresponding increase in expenditure held in central contingency;**
- (c) consider the utilisation of the transitional funding from central Government of £2,068k in 2016/17 and £2,052k in 2017/18 in the light of the views expressed by the Executive;**
- (d) set aside a sum of £3,100k in 2015/16 as an earmarked reserve related to the continuation of various joint schemes and pump priming investment as detailed in the further supplementary paper to Report FSD16017;**
- (e) agree that Chief Officers identify alternative savings within their departmental budgets where it is not possible to realise any proposed savings reported to the Executive's previous meeting on 13th January 2016;**
- (f) approve the following provisions for levies to include in the budget for 2016/17:**

	£'000
London Pension Fund Authority *	464
London Boroughs Grant Committee	320
Environment Agency (Flood defence etc)	238
Lee Valley Regional Park *	362
Total	1,384

**awaiting written confirmation*

- (g) approve a revised Central Contingency sum of £15,341k to reflect the changes in (b) and (f);
 - (h) approve the revised draft 2016/17 revenue budgets to reflect the changes detailed above;
 - (i) set a 3.99% increase in Bromley’s council tax for 2016/17 (1.99% general increase plus 2% Adult Social Care Precept) compared with 2015/16 and, based upon their consultation exercise, an assumed 6.4% reduction in the GLA precept;
 - (j) note 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 of Report FSD16017);
 - (k) approve the approach to reserves outlined by the Director of Finance (see Appendix 4 to Report FSD16017);
 - (l) request that Executive consider whether it is minded to accept the four year funding offer (see Section 16 of Report FSD16017);
 - (m) receive any further changes from the Director of Finance;
- (2) Council Tax 2016/17 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011) -

Subject to 2.1 (a) to (m) above, if the formal Council Tax Resolution as detailed below is approved, the total Band D Council Tax will be as follows:

	2015/16 £	2016/17 £	Increase/ decrease (-) %
Bromley (general)	1,030.14	1,050.67	1.99
Bromley (ASC precept)		20.60	2.00
Bromley (total)	1,030.14	1,071.27	3.99
GLA *	295.00	276.00	-6.44
Total	1,325.14	1,347.27	1.67

* 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) the Council Tax Base for 2016/17 be noted as 126,656 ‘Band D’ equivalent properties;
- (ii) the Council Tax requirement for the Council’s own purposes for 2016/17 be calculated as £135,683k;

(iii) the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act) -

(a) £537,293k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act;

(b) £401,610k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act;

(c) £135,683k 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) £1,071.27 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 (NB. 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 2016/17 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
£	£	£	£	£	£	£	£
714.18	833.21	952.24	1,071.27	1,309.33	1,547.39	1,785.45	2,142.54

GREATER LONDON AUTHORITY

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
184.00	214.67	245.33	276.00	337.33	398.67	460.00	552.00

AGGREGATE OF COUNCIL TAX REQUIREMENTS

Valuation Bands							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
898.1	1,047.8	1,197.5	1,347.2	1,646.6	1,946.0	2,245.4	2,694.5
8	8	7	7	6	6	5	4

(vi) that the Council hereby determines that its relevant basic amount of council tax for the financial year 2016/17, which reflects a 3.99% increase (including Adult Social Care Precept of 2%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/17 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2016/17. 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.

Decision Maker: **Executive**

Date: **10th February 2016**

Decision Type: Non-Urgent Executive Key

TITLE: 2016/17 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 2016/17 revenue budget and seeks recommendations to the Council of the level of the Bromley element of the 2016/17 Council Tax. Confirmation of the final GLA precept will be reported to the Council meeting on 22nd February 2016. 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 2016/17 but to have measures in place to deal with the medium term financial position (2017/18 to 2019/20).
-

2. RECOMMENDATIONS

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

- (a) Approves the schools budget of £85.9m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;
- (b) Approves the draft revenue budgets (as in Appendix 2) for 2016/17;
- (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 13th January 2016;
- (d) Approves a contingency sum of £15.3m (see section 5);

- (e) Approves the following provisions for levies for inclusion in the budget for 2016/17:

	£'000
London Pension Fund Authority *	499
London Boroughs Grant Committee	320
Environment Agency (Flood defence etc.) *	248
Lee Valley Regional Park *	395
Total	1,462

* 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 2016/17 to be recommended to the Council, including a general increase and the adult social care precept, 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 15.9);
- (j) Executive are requested to consider whether it is minded to accept the four year funding offer (see Section 16);
- (k) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 22nd February 2016.

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 £136m Draft 2016/17 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 2016/17 Financial Control Budget to be published in March 2016
 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 2016/17 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 21st July 2015 which is available on “One Bromley” which provides some detailed financial context.
- 3.2 The “Draft 2016/17 Budget and Update on the Council’s Financial Strategy 2017/18 to 2019/20” was reported to the Executive on 13th January 2016. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 13th January 2016)

- (a) Approach to Budgeting, Financial Context and Economic Situation which can impact on Public Finances (Section 3 and Appendix 1);
- (b) Changes since the 2015/16 Budget that impact on the Financial Forecast (Section 4);
- (c) Council Tax Levels, Government Funding and Spend Levels (Appendix 2);
- (d) Spending Review and Autumn Statement 2015 and Provisional 2016/17 Local Government Financial Settlement (Appendix 3);
- (e) Latest Financial Forecast including real changes and saving proposals (Section 6 and Appendices 4-6)
- (f) Detailed Draft 2016/17 Budget (Section 7 and Appendix 7);
- (g) Options being undertaken with a “One Council” approach (Section 8 of the report);
- (h) Identifying further savings (Section 9);
- (i) Future Local Authority Landscape (Section 10);
- (j) Issues for Future Years (Section 15);
- (k) Consultation (Section 18 and Appendix 8);
- (l) Risk Areas within each Portfolio (Section 19 and Appendix 9)

All of the above should be considered with this report as part of finalising the 2016/17 Budget and council tax levels.

4. 2016/17 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE 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 Draft 2016/17 Budget reported to the last meeting of the Executive included a provision for further government grant losses of £0.5m to reflect uncertainty on awaited grant allocations for Public Health, Independent Living Fund, Housing Benefit Administration and various other grants. At the time of writing this report some of these grant allocations have not yet been announced. A verbal update will be provided at the meeting;
 - (b) The Provisional 2016/17 Local Government Financial Settlement was announced on 17th December 2015 and the final outcome following the consultation period is expected to be announced by the second week of February;
 - (c) Bromley CCG have received their Better Care Fund allocations and an inflation uplift in funding has resulted in an increase in the Council’s element of the income by £431k which is reflected in the updated financial projections;

- (d) Latest information available indicates that the Council's increase in income from the business rate share will improve from £200k to £300k in 2016/17;
- (e) The Draft 2016/17 Budget includes an increase in the Council's Investment Fund with monies available from New Homes Bonus in 2016/17. The Government have confirmed that the previous year's top-slice of funding will not apply in 2016/17 and that, despite consultation proposals to reduce funding in future years, the 2016/17 allocation of funding will not be affected. The use of these monies (£7.4m) would enable the generation of additional investment income of £185k in 2016/17 with further income of £165k in future years.
- (f) The DCLG have provided provisional estimates for 2016/17 New Homes Bonus which equates to £7,402k compared with the original estimate of £7,300k assumed in the previous report to the Executive. The additional monies would result in a corresponding increase in the contribution to the Investment Fund.

4.2 A summary analysis of key variations in the draft 2016/17 Budget, compared with the 2015/16 Budget, including further saving options required to balance the budget for 2016/17 and changes since the report to the meeting of the Executive on 13th January 2016 (see 4.1), are shown in Appendix 1 and summarised below.

Variations Compared with 2015/16 Budget	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Cost Pressures				
Inflation	2.6	7.3	11.9	16.6
Grant Loss	14.6	24.7	30.6	36.4
Impact of Chancellors Summer Budget on future costs e.g. further changes on welfare reform, new Living Wage etc.	4.3	8.0	10.8	13.5
Real Changes (reported previously)	0.9	2.6	5.0	6.2
Total Additional Costs	22.4	42.6	58.3	72.7
Income/ savings				
Saving proposals (reported previously and see 4.1)	-15.7	-19.0	-19.9	-20.0
Full year effect of savings agreed as part of 2015/16 Budget	-2.9	-2.9	-2.9	-2.9
Acquisition of residential properties to accommodate homeless families and "gifting" of scheme to pension fund	-0.5	-3.2	-4.1	-4.6
Reduction in Council's Central Contingency Sum	-1.8	-1.8	-1.8	-1.8
Impact of revised Treasury Management Strategy	-0.6	-0.6	-0.6	-0.6
Addt. Income from Business Rate Share	-0.3	-0.3	-0.3	-0.3
Increase in property numbers (council tax base)	-0.7	-0.7	-0.7	-0.7
Total income/ savings	-22.5	-28.5	-30.3	-30.9
Other Proposed Changes				
New Homes Bonus	-7.4	-6.5	-3.3	-2.5
New Homes Bonus – contribution to Investment Fund	7.4	6.5	3.3	2.5
Collection Fund Surplus (2014/15)	-4.9	0.0	0.0	0.0
Collection Fund surplus set aside as one off support towards meeting funding shortfall in 2018/19	4.9	0.0	-4.9	0.0
Fall out of 2013/14 collection fund surplus to support 2015/16 Budget	5.3	5.3	5.3	5.3
	5.3	5.3	0.4	5.3
Impact of 3.99% increase in Council tax (Including Adult Social care precept of 2%)	-5.2	-10.5	-15.9	-21.3
Remaining "Budget Gap"	0.0	8.9	12.5	25.8

The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2016/17 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.3m.

- 4.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,071.27 (1.99% general increase plus 2% adult social care precept) and Appendix 3 includes the Draft 2016/17 Central Contingency Sum. Appendix 2 is based on draft portfolio 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 2016/17 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 £8.9m in 2017/18 rising to £25.8m per annum in 2019/20 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 the Government's provisional allocations of ongoing reductions in Government funding in 2017/18, 2018/19 and 2019/20. Any projections over the next four years need to be treated with caution as there remains significant uncertainty relating to any future changes arising from new welfare reforms, the medium term impact of the Care Act and future new burdens. The full Devolution of Business Rates by end of 2019/20 will create new risks for the Council. 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 22nd 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:

	2016/17 £'000	2019/20 £'000
Continuation of conversion of maintained schools remaining to academies reducing net funding to the Council	921	921
Homelessness/impact of welfare reforms	300	2,400
Removal of contracted out national insurance from 2016/17	982	982
Impact of changes to Adult Education (mainly reduction in grant funding)	382	382
Waste collection and disposal	87	1,039
Cost of freedom passes (mainly usage)	678	1,200
Provision for future years cost pressure not included above		1,500
Changes agreed by Executive in December 2015 which mitigate against impact of Deregulation Act	-1,000	-1,000
Provision for inflation in 2016/17 Budget no longer required	-1,300	-1,300
Essential Users Car Allowances	-150	-300
Other growth pressures (net)	-28	346
Total	872	6,170

- 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 2016/17 were reported to the previous meeting of the Executive and there are additional changes identified in section 4.1 of this report (summarised below). The savings reported previously to Executive were reported through PDS Committees and their comments will be circulated separately prior to the meeting of the Executive.

	2016/17 £'000	2017/18 £'000
Reduction in staffing and further efficiencies	940	940
Changes in service delivery	6,510	9,120
Contract Efficiencies	2,363	2,811
Additional income	4,504	4,719
Invest to Save/other investment	1,303	1,303
Other Savings	70	70
Total	15,690	18,963

5. DRAFT 2016/17 CENTRAL CONTINGENCY SUM

- 5.1 Details of the 2016/17 Draft Contingency Sum of £15,298k 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 2016/17 Budget.

6. EARMARKED RESERVES

- 6.1 At the meeting of the Executive on 13th January 2016, Members agreed as part of the draft 2016/17 Budget the setting aside of the 2016/17 New Homes Bonus as a contribution to the earmarked reserve for the Investment Fund. This equates to £7.4m, based on latest estimates.
- 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 Growth Fund 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 £26m per annum by 2019/20.

- 6.5 The Council has general reserves remaining of £20m as at 31/3/2015. A full breakdown of reserves including earmarked reserves is detailed in Appendix 4.
- 6.7 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant “opportunity cost” relating to a corresponding loss in interest earnings/investment opportunities and further acceleration of the anticipated exhaustion of reserves which is not recommended. Any increase in service levels or initial protection would only be very short term. Reserves can only be used as a one-off contribution to revenue spending and would not provide a sustainable solution to maintaining local government services.

7. 2015/16 FINANCIAL MONITORING

- 7.1 The most recent financial monitoring position was reported to Executive on 2nd December 2015. The full year impact of savings in social care, changes in grant funding for Adult Education and the impact of in-year Public Health funding reductions, and other variations, including, for example, the future containment of costs within Portfolio Budgets have been reflected in the draft 2016/17 Budget. Directors continue to identify options to manage these other cost pressures.

8. THE SCHOOLS BUDGET

- 8.1 As a precursor to the introduction of the National Funding Formula which will be implemented for 2017/18, as announced in the Chancellor’s Spending Review statement, Department for Education made changes to the Dedicated Schools Grant funding allocations for 2015/16 as part of the Fairer Funding Reforms. As a result, Bromley received an additional £19.5m schools block funding reflecting the low levels of funding in previous years.
- 8.2 The latest funding for the Schools’ Budget was reported to the previous meeting of the Executive which included an additional £562k to be added to the high needs for 2016/17, but no increase in the per-pupil funding rate.
- 8.3 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.
- 8.4 The ring-fencing of this grant results in a continuation of minimal scope to redirect resources from the Schools Budget to other services.
- 8.5 The use of the DSG is subject to consultation with Members, Governors, Head Teachers, the Schools Forum and other interested parties. The Education Portfolio Holder made a final decision, following this consultation, at the meeting of the Education Budget Sub-Committee on 14th January 2016.

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 22nd February 2016 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 Council has a non-recurring collection fund surplus of £4.9m reflected in the 2014/15 Provisional Final Accounts report to Executive in June 2015. As part of medium term financial planning, the financial forecast assumes that the surplus will be used towards reducing the Council's "budget gap" in 2018/19.
- 10.3 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 2016/17 Draft Budget has been issued for consultation and includes proposals for a reduction of 6.4% in existing GLA precept levels for 2016/17. The final GLA precept for 2016/17 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 22nd February 2016.

12. COUNCIL'S CAPITAL PROGRAMME, UTILISATION OF GENERAL RESERVES AND BUILDING MAINTENANCE

- 12.1 The latest estimated general fund (revenue) balance at 31st March 2016 was £20.4m as shown in the "Budget Monitoring 2015/16" report to the December 2015 meeting of Executive, is provided below:

	2015/16 Projected Outturn £Million
General Fund Balance as at 1 st April 2015	20.0
Impact of net projected underspends reflected in the 2015/16 budget monitoring report	+2.1
Adjustment to Balances: Carry forwards (funded from underspends in 2014/15)	-1.7
Estimated General Fund Balance at 31 st March 2016 (end of year)	20.4

- 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 2015/16 & Annual Capital Review 2016 to 2020" 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. However, given the ongoing financial constraints and opportunities to reduce costs in the medium term, it may be necessary to reconsider the approach. The Executive Director of Environment and Community Services will be submitting a report to a future meeting considering upfront funding of footway and carriageway planned maintenance.

- 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 2016/17 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 13th January 2016, requested that the "Draft 2016/17 Budget and Update on Council's Financial Strategy 2017/18 to 2019/20" 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 22nd February 2016 where the 2016/17 Budget and Council Tax will be agreed.
- 13.2 Two separate resident association meetings and a wider public meetings relating to "Bromley Council Budget 2016-17" in November/December 2015 with a web survey seeking the public's views online (with a closing date of 8th December 2015) 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 were taken by the Education Portfolio Holder on 14th January 2016.
- 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.
- 13.5 Chief Officers' indicative saving options were referred to the Executive in January and, where appropriate, the consultation process is being undertaken and the outcome to date will be reported to a future meeting.

14. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 14.1 There remain risks arising from the scale of budget savings required to address the budget gap as well as the cost pressures arising from new burdens and the impact of Government policy changes including welfare reforms and the new Living Wage. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings or seeking alternative savings where required.
- 14.2 Details of the potential risks which will be faced in future years, as part of finalising the 2016/17 Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

15. COUNCIL TAX LEVEL 2016/17

- 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 £1,030.14 in 2015/16 and a further sum of £295.00 for the GLA precept (providing a total Band D equivalent Council Tax of £1,325.14).
- 15.2 For 2016/17 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 £1.3m.
- 15.3 As part of the Provisional 2016/17 Local Government Financial Settlement, council tax freeze grant is no longer available from 2016/17.
- 15.4 As part of the Localism Act, any council tax increase of 2% or above in 2016/17 (2% per annum for 2013/14 to 2015/16) will trigger an automatic referendum 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 estimated to be £400k.
- 15.5 Councils are able to levy the adult social care precept on top of the existing freedom to raise council tax by up to 2% without holding a referendum.
- 15.6 If the Council chose to agree a Bromley element 3.99% council tax increase, including the social care precept, and the GLA precept reduction was 6.4% there would be an overall combined council tax increase of around 1.7%.
- 15.7 The table below identifies the changes required to the draft 2016/17 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 3.99%, including 2% for the adult social care precept, has been assumed in the 2016/17 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2016/17 including adult social care precept	Additional Income 2016/17 £'m
Freeze	NIL
1.0	1.3
2.0	2.6
3.0	3.9
3.99*	5.2
5.0 ^	6.5

*Assumed in draft 2016/17 Budget. Adult social care precept of 2% equates to additional income of £2.6m per annum. ^ Would be subject to a council tax referendum

- 15.8 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 2016/17 but also the longer term impact over the four year forecast period.
- 15.9 The Council Tax Referendum Principles are expected to be confirmed as part of the final Local Government Finance Settlement 2016/17 expected by 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.

- 15.10 In 2015/16 Bromley has the lowest settlement funding per head of population in the whole of London (2nd lowest in 2016/17). Despite this, Bromley has retained the lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having the lowest cost per head of population in outer London. Despite being a low cost authority, Bromley has achieved general savings of over £60m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base. 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 2016/17 Budget and Update on Council's Financial Strategy 2017/18 to 2019/20" report to the meeting of the Executive on 13th January 2016.
- 15.11 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2016/17, having regard to all the above factors, including the Director of Finance comments in Appendix 4.

16. FUNDING SETTLEMENT AND FIXED FUNDING OFFER

- 16.1 Details of the Provisional Local Government Finance Settlement were reported to the previous meeting of the Executive and the final settlement is expected by mid- February. The Leader has met with Greg Clark, Secretary of State and the local MPs to express concern about the settlement. The Leader and the Director of Finance have separately written to the Government as part of the response to the consultation. A significant number of points have been raised and the concerns relate to the higher than average reduction in funding, "lock in" of previous low funding levels, no transitional protection, no recognition that lower cost authorities such as Bromley have less scope to achieve further savings and no account is taken of London related additional cost pressures (e.g. homelessness and increasing population). The changes also result in a reduction in the future allocation of Better Care Fund which the Council proposes should continue to be distributed using the adult social care formula.
- 16.2 The Council has received provisional funding allocations for a four year period 2016/17 to 2019/20 which is welcomed. The Government has stated that any Council accepting this four year funding "offer" will have to publish an efficiency plan. Details of the specific requirements of the efficiency plan are awaited.
- 16.3 The Government have qualified the "offer" by stating that the final grant determination in future years will still be subject to future changes arising from unforeseen events, business rate multiplier changes, impact of transfer of functions and mergers. The settlement does not address Members concerns about the low base level/ starting point grant funding to Bromley which impacts on funding over the next four years and means that detailed consideration will need to be given about whether to sign up to the "offer". However, recent press reports have indicated that Greg Clark, Secretary of State, has advised that it represents a minimum funding offer and it is also important to note that there may be downside risks to the Council in not signing up, particularly if further austerity measures are introduced by the Government. Executive are requested to consider whether it is minded to accept the four year funding offer.

17. MEDIUM TERM FINANCIAL PLANNING

- 17.1 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 13th January 2016 and the draft 2016/17 Budget and future years forecasts reflect the impact of this approach.

- 17.2 The Council will receive a reduction in the Settlement Funding Assessment of 48.5% per annum by 2019/20, which compares with the England average of 31.8% (real terms reduction of 52.2%). Although there are significant cuts facing local government, the Chancellor repeated the aims of devolution as part of the Spending Review and Autumn Statement 2015, which includes “transforming local government, enabling it to be self-sufficient by the end of Parliament”. The Government views the new flexibilities such as the future growth forecasts from business rates, to be fully devolved to local government by 2019/20, scope to raise a 2% rise in council tax (adult social care precept) and the ongoing ability to increase council tax as methods which can significantly mitigate against the impact of grant reductions.
- 17.3 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions continuing until 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with austerity continuing given the level of public sector debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government. There is also an on-going need to consider “front loading” savings to ensure difficult decisions are taken early in the budgetary cycle, to provide some investment in specific priorities, to fund transformation and to support invest to save opportunities which provide a more sustainable financial position in the longer term. In addition the Council will need to consider future council tax increases to mitigate against higher than average government funding reductions and the need to meet new burdens. Any decisions will need to consider the finalisation of the 2016/17 Budget as well as the longer time frame where it is now clear that the continuation of the period of austerity up to 2020 remains.
- 17.4 The report includes proposals to retain 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.
- 17.5 For financial planning purposes, the financial forecast assumes a council tax increase of 3.99% per annum over the next four years to compensate for the higher proportion of funding reductions, to reduce the level of social care savings and provide funding to meet increasing social care costs, demographic cost pressures and to meet the ongoing “budget gap”.
- 17.6 Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the significant changes that may follow with a new Government relating to new burdens (there were many changes introduced by the previous coalition Government that resulted in net additional costs for the Council), effect of ongoing population increases and the potential impact of other public agencies identifying savings which impact on the Council’s costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. If the monies are not required during the year the policy of using these resources, in general, for investment to generate income/savings and provide a more sustainable financial position should continue. To illustrate the benefit of the investment approach the Council has budgeted income totalling

£13.0m (latest position) from a combination of treasury management income and rents from investment properties. Without this income, equivalent service reductions may be required. Investment in economic growth (Growth Fund) will also be key to generate additional business rate income.

- 17.7 The council has taken a prudent approach to identify and deliver front loading efficiency savings. This, together with being debt free and having healthy reserves places the council in a stronger 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.

18. POLICY IMPLICATIONS

- 18.1 The Council's key priorities are included within the Council's "Building a Better Bromley" statement and include:

- A Quality Environment
- Regeneration
- Vibrant Thriving Town Centres
- Supporting our Children and Young People
- Supporting Independence
- Safer Bromley
- Healthy Bromley

19. PERSONNEL IMPLICATIONS

- 19.1 Staff, departmental and trade union representatives are being 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

20. LEGAL IMPLICATIONS

- 20.1 The Council is required to fix its Council Tax by the 11th March in any year. The Local Authorities (Standing Orders) (England) Regulations 2001 and the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended) 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 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011) set out the way in which a billing authority calculates its budget requirement and basic amount of Council Tax. The main change being replacing the need to calculate a budget requirement for a financial year with the obligation to calculate a Council tax requirement. These calculations are required to be presented to and be subject to formal resolution by the Council
- 20.2 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 Section 15 of the Report). This replaced the previous power of the Secretary of State to "cap" local Authority budgets.

- 20.3 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.
- 20.4 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.
- 20.5 The making of these budget decisions is a statutory responsibility for all Members. Section 106 of the Finance act 1992 provides that Members who are present and who are 2 months or more in arrears with their Council Tax must declare this to this meeting and the budget meeting and not vote on budget recommendations.
- 20.6 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.
- 20.7 In setting the proposed budget, due regard has been necessary to relevant considerations including equality, human rights, proportionality, reasonableness, need to maintain our statutory obligations, legitimate expectation and the Council's priorities 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' which includes age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 20.8 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' including the potential for cumulative impact on some groups from separate work streams arising from this budget, 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. Where any proposals are found to have a disproportionate impact on a particular group, the Council will consider what actions can be taken to avoid or mitigate the impact.
- 20.9 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>Capital Programme Monitoring Q3 2015/16 and Annual Capital Review 2016 to 2020, Executive, 10th February 2016; Gateway review 0,1 & 2 approval of 2016/17 operational building maintenance budgets, planned maintenance programme and preferred procurement option, Executive, 10th February 2016 2016-17 Dedicated Schools Grant, Education Budget Sub-Committee, 14th January 2016 Draft 2016/17 Budget and Update on Council's Financial Strategy 2017/18 to 2019/20, Executive, 13th January 2016 Budget Monitoring 2015/16, Executive, 2nd December 2015; Provisional Final Accounts 2014/15, Executive 10th June 2015;</p>
Financial Considerations	Covered within overall report

FINANCIAL FORECAST 2016/17 TO 2019/20

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Bromley's Budget Requirement in 2015/16 (before funding from Formula Grant)	196,281	196,281	196,281	196,281	196,281
Formula Grant and Business Rate Share	-67,380	-67,380	-67,380	-67,380	-67,380
	128,901	128,901	128,901	128,901	128,901
Increased costs (1.2% per annum rising to 2% from 2018/19)		2,632	7,363	11,991	16,614
Net reduction in core funding (includes estimates of the impact of Care Act Funding and other core grants)		13,348	23,048	28,548	33,948
Impact of revised Treasury Management Strategy - Interest on Balances		-600	-600	-600	-600
Potential impact of Living Wage announced in Chancellors Summer Budget 2015 e.g. further changes on welfare reform, new living wage etc.		4,250	8,000	10,750	13,500
Increase in cost of homelessness to reflect cuts in Welfare spending announced in Chancellor's Provision in Council's Central Contingency sum not required		-1,848	-1,848	-1,848	-1,848
Increase in council tax base		-670	-670	-670	-670
Additional income from business rate share to reflect new developments in borough		-300	-300	-300	-300
Reductions in Government Funding - Public Health (provisional estimate)		1,266	1,641	2,051	2,461
		2,098	6,223	9,383	12,543
Real Changes and other Variations (see section 4.7)					
Education, Care and Health Services (mainly homelessness)		1,603	2,303	3,003	3,703
Environment		106	600	1,103	1,612
Renewal and Recreation		22	44	67	90
Other (mainly council wide)		-859	-871	-133	-735
Provision for future years cost pressures not included above		0	500	1,000	1,500
Sub total - real changes and variations		872	2,576	5,040	6,170
<i>New Homes Bonus</i>		-7,402	-6,500	-3,250	-2,500
<i>Contribution to Investment Fund</i>		7,402	6,500	3,250	2,500
		0	0	0	0
Collection Fund Surplus 2014/15		-4,912	0	0	0
Fall out of previous years collection fund surplus used to support 2015/16 Budget		5,264	5,264	5,264	5,264
Collection Fund surplus set aside as one off support towards meeting the funding shortfall in 2018/19		4,912	0	-4,912	0
Remaining Sum to be met from Council Tax/Budget Options		153,115	173,375	184,215	203,440
Full year effect of savings agreed as part of 2015/16 Budget		-2,870	-2,915	-2,915	-2,915
Acquisition of residential properties to accommodate the homeless (Executive 2nd December 2015)		-457	-1,450	-2,408	-2,890
"Gifting" of residential properties investment to pension fund (Executive 2nd December 2015)		0	-1,700	-1,700	-1,700
Proposed Savings (see section 4.9)		-15,690	-18,963	-19,848	-19,941
		-19,017	-25,028	-26,871	-27,446
Increase in council tax (assume 1.99% per annum) *		-2,592	-5,235	-7,931	-10,523
2015/16 Council Tax Income	-128,901	-128,901	-128,901	-128,901	-128,901
Remaining "Budget Gap"	0	2,605	14,211	20,512	36,570
Impact of Adult Social Care Precept (assume 2% per annum) *		-2,605	-5,262	-7,972	-10,736
Remaining "Budget Gap"		0	8,949	12,540	25,834

* Included for illustrative purposes. Any decision on council tax and adult social care precept levels will be part of the annual council tax setting meeting.

SUMMARY OF DRAFT 2016/17 REVENUE BUDGET - PORTFOLIO

2015/16 Final Budget £'000	Portfolio/Item	2016/17 Draft Budget £'000	2015/16 Band "D" Equivalent £
102,680	Education	92,166	727.69
Cr 97,556	Less costs funded through Dedicated Schools Grant	Cr 85,879	Cr 678.05
5,124	Sub total	6,287	49.64
102,794	Care Services	94,571	746.68
32,095	Environment	31,271	246.90
2,120	Public Protection and Safety	1,959	15.47
9,214	Renewal and Recreation	8,952	70.68
30,327	Resources	28,869	227.93
7,542	Non Distributed Costs & Corporate & Democratic Core	7,579	59.84
189,216	Total Controllable Budgets	179,488	1,417.14
20,980	Total Non Controllable Budgets	11,521	90.96
Cr 793	Total Excluded Recharges	Cr 711	Cr 5.61
209,403	Portfolio Total	190,298	1,502.49
Cr 19,698	Reversal of Net Capital Charges	Cr 10,203	Cr 80.56
Cr 2,741	Interest on General Fund Balances	Cr 3,491	Cr 27.56
4,400	Contribution to Investment Fund	7,402	58.44
Cr 2,964	Set Aside/Utilisation of Prior Year Collection Fund Surplus	4,912	38.78
14,003	Central Contingency Sum	15,298	120.77
	Levies		
475	- London Pension Fund Authority *	499	3.94
340	- London Boroughs Grants Committee	320	2.53
236	- Environment Agency *	248	1.96
376	- Lee Valley Regional Park *	395	3.12
203,830	Sub Total	205,678	1,623.91
Cr 67,380	Revenue Support Grant and Business Rate Retention	Cr 56,680	Cr 447.52
Cr 89	Local Services Support Grant	Cr 15	Cr 0.12
Cr 2,300	Collection Fund Surplus	Cr 4,912	Cr 38.78
Cr 4,400	New Homes Bonus	Cr 7,402	Cr 58.44
Cr 760	New Homes Bonus - London Top Slice (2015/16)	Cr 986	Cr 7.78
128,901	Bromley's Requirement (excluding GLA)	135,683	1,071.27

* Final allocations awaited

2016/17 CENTRAL CONTINGENCY SUM

£'000

Renewal and Recreation

Planning appeals - changes in legislation	60
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Grants included within Central Contingency Sum

Lead Local Flood Authorities grant related expenditure (LSSG)	213
Tackling Troubled Families Grant Expenditure	426
Tackling Troubled Families Grant Income	Cr 426
SEND Implementation Grant Expenditure	177
SEND Implementation Grant Income	Cr 177

General

Provision for Unallocated Inflation	1,569
Impact of Chancellor's Summer Budget 2015 on future costs	4,250
Increase in cost of homelessness/impact of welfare reforms	2,983
General provision for risk/uncertainty	2,193
Provision for risk/uncertainty relating to volume and cost pressure	1,432
Impact of conversion of schools to academies	921
Other assumed reductions in grant funding (details awaited)	200
Retained Welfare Fund	450
Further reduction in Public Health grant (not yet allocated at this stage)	347
Deprivation of Liberty	314
Growth for waste services	267
Grants to voluntary organisations - pump priming funding	275
Other Provisions	341
Alternative Funding to be identified (Public Health)	Cr 958
Increase in C Tax Support from 19% to 25% - Cost of Collection	217
Acquisition of residential properties	Cr 457
HR/Finance impact of academy conversions	Cr 69
Care Act - Provision for additional costs	750

 15,298

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 2016/17 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 £20.4 million as at 31st March 2016 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 to 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 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 Growth Fund and Investment Fund. The latest projected level of general reserves remaining is £20.4m. 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. However, given the ongoing financial constraints and opportunities to reduce costs in the medium term, it may be necessary to review the approach to rolling programmes. The Executive Director of Environment and Community Services will be submitting a report to a future meeting considering upfront investment in footway and carriageway planned maintenance.
- 2.5 The most significant gain to balances was following the housing transfer to Broomleigh in 1992. 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.
- 2.6 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 planned capital receipts.
- 2.7 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. If the reserves were used to just balance the budget they would be fully spent in the next few years resulting in greater budget cuts in the future. Using this money to fund services is not a sustainable approach as these reserves are not budgets that are renewed every year. Similar to a savings account – once it is spent, it is gone. 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. It becomes increasingly more critical with the future devolution of business rates and associated risks (e.g. future recession) and the organisation moving to become "self-sufficient".
- 2.8 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.

2.9 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 including the sustainability of this measure over the lifetime of the medium term financial plan.

2.10 In the context of Bromley’s current financial position the reserves are adequate in 2016/17 and 2017/18. However, the important issue to consider is planning the future use of 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 1/4/15	Estimated Net Movement	Balance at 1/4/16	Estimated Movement	Estimated Balance at 1/4/17
	£'000	£'000	£'000	£'000	£'000
EARMARKED BALANCES					
LPSA/LAA Reward Grant Investment Fund	981	-130	851	-190	661
Technology Fund	1,824	-301	1,523	33	1,556
Town Centre Improvement Fund (LABGI)	66	-	66	-	66
Reserve for Potential Redundancy Costs	116	-	116	-	116
Investment to Community (Resources)	624	-75	549	-	549
Works to Property	100	-	100	-	100
Building Control Charging Account	131	-30	101	-	101
Government Grants (c/fwd from previous years)	2,373	-1,377	996	-184	812
Glaxo Wellcome Endowment	179	-19	160	-20	140
Public Halls Fund	7	-	7	-2	5
Investment Fund	33,670	-27,430	6,240	-6,240	-
Invest to Save Fund	13,343	-53	13,290	913	14,203
Bromley Welcare	29	-	29	-	29
One off Member Initiatives	1,039	-60	979	-169	810
Infrastructure Investment Fund	2,000	-19	1,981	-397	1,584
Commissioning Authority Programme	86	-57	29	-	29
Health & Social Care Initiatives – Promise Programme	5,953	-	5,953	-	5,953
Housing Strategy Trading Account	14	-14	-	-	-
Community Right to Bid & Challenge	46	-	46	-	46
Glades Refurbishment	97	-97	-	-	-
Refurbishment of War Memorials	16	-	16	-	16
Key Health & Social Care Initiatives	1,700	-	1,700	-	1,700
Integration of Health & Social Care Initiatives	1,709	-100	1,609	-	1,609
Cheyne woods & Cyphers Gate	187	-18	169	-20	149
Healthy Bromley Fund	3,815	-	3,815	-	3,815
Transformation Fund	4,464	-1,549	2,915	-1,566	1,349
Winter Pressures Reserve	1,542	-	1,542	-	1,542
Collection Fund Surplus Set Aside	2,964	-	2,964	-	2,964
Future Repairs of High Street Properties	7	12	19	12	31
Parallel Fund	2,866	-	2,866	34	2,900
Growth Fund	10,000	6,449	16,449	-3,055	13,394
Health & Social Care Integrated Commissioning Fund	4,550	-	4,550	-	4,550
Bromley Youth Music Trust	77	-77	-	-	-
Financial Planning & Risk Reserve	5,000	-	5,000	-	5,000
Bromley Welfare Fund	970	-125	845	-125	720
LBB Leased Properties Reserve	23	26	49	26	75
Business Rate Risk Reserve	1,200	-	1,200	-	1,200
Sub Total	103,768	-25,044	78,724	-10,950	67,774
PROVISIONS					
Insurance Fund	2,888	112	3,000	-	3,000
OTHER					
School Budget Share Funds	4,544	-1,426	3,118	-1,424	1,694
Total Reserves	111,200	-26,358	84,842	-12,374	72,468
New Reserves Subject to Final Approval					
Contribution to Investment Fund	-	-	7,402	-3,500	3,902
Set Aside of Prior Year Collection Fund Surplus	-	-	4,912	-	4,912
Total Estimated Reserves	111,200	-26,358	97,156	-15,874	81,282

- 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 £7.4m in 2016/17 relating to new homes bonus to be used to generate income through the acquisition of investment properties.
- 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 the growth fund 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.
 - Health and Social Care (various) – there are monies set aside as part of a Section 256 agreement with Bromley Clinical Commissioning Group for the funding of the “Promise” programme and future transformation/integration of health and social care.
- 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 next triennial actuarial valuation will impact on the budget from 2017/18 to 2019/20 with the following valuation impacting from 2020/21.

4. **Budget Assumptions**

4.1 Treatment of Inflation and Interest Rates

- 4.1.1 The market continues to assume a rise in interest rates, but there is still no real sign of an increase and this is impacting on income from interest on balances. The Bank of England base rate has remained at 0.5% since March 2009 and this is now expected to start to rise slowly from the end of 2016, although this could be later. Credit ratings agencies and our advisers, Capita Treasury Solutions, continue to be cautious and this, together with low interest rates, continues to limit our interest earning capability. There remains a need to ensure that the Treasury Management Investment Strategy finds the right balance between Security, Liquidity

and Yield – in that order – but, notwithstanding that, the Council has, in recent years, explored and invested in alternative products that have increased interest returns at minimum additional risk. The Treasury Management Strategy has been reviewed on a number of occasions in the last two years and Members have approved investment in a property fund and in diversified growth funds and the increasing of lending limits to part nationalised banks which, jointly, have led to estimated additional income of £1.25m in 2016/17. A recent survey by Capita revealed that Bromley is currently achieving the highest returns out of a benchmark group of 15 local authorities, only three of which had a lower risk rating on their current investment portfolio. The alternative investments within Treasury Management relate are based on a longer term investment timeframe of at least 3 to 5 years. The 2016/17 Budget for interest on balances assumes income of £3.49m (i.e. the 2015/16 budget of £2.74m plus additional income from changes to the Treasury Management Investment Strategy £1.25m less loss of interest earnings following use of balances to fund investment property acquisitions £0.5m).

4.1.2 A general allowance of 1.2% has been built into the forecast for 2016/17 increasing to 2% per annum from 2018/19 for contractual running expenses. This compares with current general RPIX increase of 1.3% (Dec. '15).

4.1.3 The 2016/17 Budget includes the impact of the proposed salary increase of 1.2% for staff which is being considered by General Purposes and Licensing Committee on 10th February 2016.

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 2015/16 and Annual Capital Review 2016 to 2020” 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 homelessness and the impact of welfare reforms. The draft 2016/17 Budget and future years financial forecast includes reasonable estimates of likely changes in activity in the next financial year.

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 multiyear 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 2016/17, 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 2016/17 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. 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 2016/17 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 2014/15", considered by the Resources Portfolio Holder at the meeting of the Executive and Resources PDS Committee on 8th October 2015, 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 £8.9m in 2017/18 rising to £25.8m per annum in 2019/20, "balance sheet" liabilities (e.g. pension fund deficit) combined with the significant

funding reductions facing the Council in this austerity period. The “budget gap” may increase or reduce as a result of a number of variables in future years. 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.

- 4.11.1 The scale of the medium term “budget gap”, coupled with the significant financial uncertainty in the ongoing austerity period makes it important to maintain an adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart from 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 (Growth Fund) 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. The 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 Planning period.

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EXECUTIVE

Minutes of the meeting held on 10th February 2016 starting at 7.00pm

Present

Councillor Stephen Carr (Chairman)
Councillors Graham Arthur, Robert Evans, Peter Fortune,
Kate Lymer, Peter Morgan and Colin Smith

Also present

Councillors Nicholas Bennett JP, Simon Fawthrop,
William Huntington-Thresher, Alexa Michael,
Tim Stevens JP, Stephen Wells and Angela Wilkins

CAPITAL PROGRAMME MONITORING Q3 2015/16 & ANNUAL CAPITAL REVIEW 2016 TO 2020

Report FSD16018

The current position on capital expenditure and receipts was summarised following the third quarter 2015/16 with new capital schemes presented for approval in the annual capital review process.

In regard to the annual bidding process, the main focus had again been on a continuation of existing essential programmes and on externally funded schemes with no new bids being put forward at this stage.

Members were asked to approve a revised Capital Programme and in so doing noted and approved the recommendations in Report FSD16018.

RESOLVED that:

(1) Report FSD16018 be noted, including the re-phasing of a total of £5,456k from 2015/16 into 2016/17 (see paragraph 3.3.6 of Report FSD16018) and a revised Capital Programme be agreed;

(2) the following amendments to the Capital Programme be approved -

(i) increase of £79k in 2015/16 to reflect revised grant support from Transport for London for Highways and Traffic schemes (see paragraph 3.3.1 of Report FSD16018);

(ii) a net reduction of £6,347k in 2015/16 for the Council's Property Investment Fund scheme to reflect the latest update on successful property acquisitions (see paragraph 3.3.2 of Report FSD16018);

- (iii) deletion of £13k residual balance on The Hill Multi-Storey Car Park and Bromley Town Centre Car Parking capacity schemes, which have both reached completion (see paragraph 3.3.3 of Report FSD16018);**
 - (iv) the remaining Highways Section 106 balance of £6k be allocated to the relevant schemes - Gosshill Road (£4k) and Orpington Railway Station scheme (£2k) (see paragraph 3.3.4 of Report FSD16018);**
 - (v) Section 106 receipts from developers - net increase of £283k to reflect the funding available, and the remaining unallocated balance (see paragraph 3.3.5 of Report FSD16018); and**
- (3) Council be recommended to agree the inclusion of the new scheme proposals listed at Appendix C to Report FSD16018 in the Capital Programme (see paragraphs 3.4 and 3.5 of Report FSD16018).**

Decision Maker: Executive
Council

Date: Executive 10th February 2016
Council 22nd February 2016

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME MONITORING Q3 2015/16 & ANNUAL
CAPITAL REVIEW 2016 TO 2020

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 2015/16 and presents for approval the new capital schemes 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 and no new bids are 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 rephrasing of a total of £5,456k from 2015/16 into 2016/17 (see paragraph 3.3.6) and agree a revised Capital Programme;
- (b) Approve the following amendments to the Capital Programme:
 - (i) Increase of £79k in 2015/16 to reflect revised grant support from Transport for London for Highways and Traffic schemes (see para 3.3.1);
 - (ii) A net reduction of £6,347k in 2015/16 on the Council's Property Investment Fund scheme to reflect the latest update on successful property acquisitions (see para 3.3.2);

- (iii) Deletion of £13k residual balance on The Hill Multi-Storey Car Park and Bromley Town Centre Car Parking capacity schemes, which have both reached completion. (see para 3.3.3)**
- (iv) To allocate the remaining Highways Section 106 balance of £6k to the relevant schemes; Gosshill Road (£4k) and Orpington Railway Station scheme (£2k) (see para 3.3.4);**
- (v) Section 106 receipts from developers - net increase of £283k to reflect the funding available and the remaining unallocated balance (see para 3.3.5);**

Recommend to Council that:

- (i) The new scheme proposals listed in Appendix C be included in the Capital Programme (see para 3.4 & 3.5).**

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

Financial

1. Cost of proposal: Estimated Cost: Total decrease of £1,442k over the 5 years 2015/16 to 2019/20, mainly due to the overall net reduction of £6,347k in the Properties Investment Fund scheme and the schemes proposed in the 2016 annual review (£4,456k).
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: Total £183.9 m over 5 years 2015/16 to 2019/20
 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 2015/16 and also seeks approval to the new capital schemes in the 2015 annual capital review process. The report is divided into two distinct parts; the first (paragraphs 3.3.1 to 3.3.6) 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 2015/16. The base position is the revised programme approved by the Executive on 2nd December 2015, as amended by variations approved at subsequent Executive meetings. If all the changes proposed in this report are approved, the total Capital Programme 2015/16 to 2019/20 would decrease by £1,442k, mainly due to the net reduction of £6,347k in the scheme Properties Investment Fund scheme, offset by the schemes proposed in the 2016 annual review (£4,456k). Estimated expenditure in 2015/16 would reduce by £5,456k due to the re-phasing of expenditure from 2015/16 into 2016/17. 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.

	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL 2015/16 to 2019/20
	£000	£000	£000	£000	£000	£000
Programme approved by Executive 02/12/15	79,925	75,271	14,549	4,486	0	174,231
Variations approved at subsequent Executive meetings (Appendix A)	9,451	1,612	0	0	0	11,063
Approved Programme prior to 3rd Quarter's Monitoring	89,376	76,883	14,549	4,486	0	185,294
Variations identified in Q3 monitoring exercise						
Variations requiring the approval of the Executive (Appendix A)	-6,281	283	0	0	0	-5,998
Variations not requiring approval:						
Scheme rephasings from 2015/16 to 2016/17 (Appendix B)	-5,456	5,456	0	0	0	0
Total Q3 Monitoring variations	-11,737	5,739	0	0	0	-5,998
New schemes (Appendix C)	0	0	0	0	4,456	4,456
Review of Corporate Customer Services I.T System (included elsewhere on the agenda)	0	100	0	0	0	100
Revised Capital Programme	77,639	82,722	14,549	4,486	4,456	183,852
Assumed Further Slippage (for financing purposes)	-2,500	-5,000	2,000	2,000	2,000	-1,500
Assumed New Schemes (to be agreed in future years)	0	0	0	2,500	2,500	5,000
	-2,500	-5,000	2,000	4,500	4,500	3,500
Total revised expenditure to be financed	75,139	77,722	16,549	8,986	8,956	187,352
Rounded for financing statement (Appendix D)	75,140	77,720	16,550	8,990	8,960	187,360

Q3 Capital Monitoring

3.3 Variations requiring the approval of the Executive (£5,998k net decrease)

3.3.1 Transport for London (TfL) – Revised Support for Highways and Traffic Schemes (£79k increase in 2015/16):

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2015/16 to 2018/19 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an overall increase of £79k in 2015/16 has been received from TfL. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

3.3.2 Property Investment Fund (£6,347k reduction in 2015/16):

Members are asked to approve a net reduction of £6,347k in 2015/16 on the Property Investment Fund scheme. This is due to lower associated costs than expected on the acquisition of 33 - 35 Old Christchurch Road, and 4 Tilgate Forest Business Park, (£78k) and a reduction of £6,269k as a planned acquisition approved by the Executive on 7th August 2015 is not progressing now. Several issues related to the tenant's covenant, planning permission and repairs have come to light during the due diligence process and a decision was taken to withdraw from the acquisition.

3.3.3 The Hill Multi-Storey Car Park and Bromley Town Centre Car Parking capacity schemes (£13k reduction in 2015/16);

Following the completion of The Hill and Bromley Town Centre Car Parking schemes, it is recommended that the residual balance on The Hill Car Park scheme (£10k) and the Bromley Town Centre Car Parking scheme (£3k) be deleted from the Capital Programme. The post completion report for these two schemes was submitted to the Environment PDS Committee on 2nd February 2015.

3.3.4 Gosshill Road, Orpington Railway Station and Highways Section 106 unallocated balance:

On 15th July 2015, Members agreed to include the Gosshill Road (£289k) and Orpington Railway Station (£130k) schemes in the Capital Programme. The Gosshill Road project is funded by S106 receipts (£209k) and Transport for London grant (£80k) and the Orpington Railway Station project is funded by S106 receipts (£80k) and Transport for London grant (£50k). In the Capital Programme, there is an unallocated balance of S106 Highways receipts of £6k which relates to the interest on the S106 receipts for these two schemes. Members are asked to allocate the funding to the relevant schemes; £4k to Gosshill Road and £2k to Orpington Railway Station.

3.3.5 Section 106 receipts from developers (uncommitted balance) – (net increase of £283k):

In July 2015, the Executive agreed that the Capital Programme budget should agree with the total of S106 receipts available to fund expenditure. Members are asked to agree a net increase of £283k in the Capital Programme budget for Section 106 in respect of additional receipts since the last report to match the total funding available. As per the table below, this would leave a total budget of £8,559k (£1,248k in 2015/16 and £7,311k in 2016/17), compared with £8,276k

previously reported to December Executive, which matches the total of available S106 receipts (as at Dec 2015).

	Total Approved S106 Budget £000	Actuals upto FY14/15 £000	Budget FY15/16 £000	Budget FY16/17 £000
Housing:				
Purchase of Properties	1,120	1,016	104	0
Site K	672	0	605	67
Site G (£5.9m - £3m PIL £2.9m Growth Fund)	3,000	0	0	3,000
Uncommitted balance (as at Dec 2015)	1,902	0	0	1,902
Housing Total	6,694	1,016	709	4,969
Education:				
Basic Need	706	456	250	0
Uncommitted balance (as at Dec 2015)	2,336	0	0	2,336
Education Total	3,042	456	250	2,336
Highways:				
Gosshill Road	213	0	209	4
Orpington Railway Station	82	0	80	2
Highways Total	295	0	289	6
Total Section 106:	10,031	1,472	1,248	7,311

3.3.6 Scheme Rephasing

As part of the 3rd quarter monitoring exercise, £5,456k has been re-phased from 2015/16 into 2016/17 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 £48.9m (including unapplied capital receipts) as at 31st March 2015. 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 and Traffic schemes and feasibility studies) as summarised in Appendix C, no additional bids were submitted. Apart from the budget for feasibility studies (£40k) the bids in this report will not require funding from Council resources. However, a separate report 'Review of Corporate Customer Services I.T system' elsewhere on the agenda asks Members to approve the inclusion of £100k in the capital programme. The figures in this report have taken this into account. 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 2015/16 to 2019/20 are included elsewhere on the agenda in a confidential appendix to this report (Appendix E). The latest estimate for 2015/16 has decreased to £3.8m from £9.2m as reported in December, mainly due to estimated slippage on the disposal of three properties from 2015/16 to 2016/17. Estimates for 2016/17, 2017/18 and 2018/19 are now £13.4m, £5.0m and £1.0m respectively (£7.5m, £1.0m and £1.0m were reported in December). A total of £1m per annum is assumed for receipts yet to be identified in later years.

A net increase of £4.5m on anticipated property receipts in the years 2015/16 to 2019/20 (£23.2m compared with £18.7m reported in December 2015) is mainly due to a significant increase in the estimated receipts for five properties, offset by a reduction in the estimated capital receipt for Beaverwood Depot. It was originally intended to change the Site's planning designation as part of the Local Plan process, but this has not progressed and will now be reassessed. As a result of the current uncertainty the estimated receipt for this property has been reduced to zero. 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 £48.9m (General Fund £20.0m and capital receipts £28.9m) at the end of 2014/15 to £45.7m by the end of 2018/19 and would then reduce further to £41.1m by the end of 2023/24. It is estimated that the General Fund would not be required to make any contributions to the funding of capital expenditure in any year.

	Balance 1/4/15	Estimated Balance 31/3/19	Estimated Balance 31/3/24
	£m	£m	£m
General Fund	20.0	20.4	20.4
Capital Receipts	28.9	25.3	20.7
	48.9	45.7	41.1

- 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.

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total Capital Expenditure	75,140	77,720	16,550	8,990	8,960	187,360
Financed by:						
Usable Receipts	4,417	18,849	2,904	4,454	4,424	35,048
Revenue Contributions	33,567	7,882	420	270	270	42,409
Government Grants	29,416	33,123	9,226	266	266	72,297
Other Contributions	7,740	17,866	4,000	4,000	4,000	37,606
Total	75,140	77,720	16,550	8,990	8,960	187,360

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 £6,447k as at 31st March 2015, and will be used to finance capital expenditure from 2015/16 onwards. The current position on capital Section 106 receipts (excluding commitments) is shown below:

Specified capital works	Balance 31/03/15 £000	Receipts 2015/16 £000	Expenditure 2015/16 £000	Balance 31/12/15 £000
Housing	4,856	822	5	5,673
Education	1,591	995	0	2,586
Highways	0	295	100	195
TOTAL	6,447	2,112	105	8,454

Investment Fund and Growth Fund

(formerly Economic Development and Investment Fund)

- 3.9 To date, total funding of £87.4m has been placed in the earmarked reserves (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. Members approved an additional allocation of £6.5m to the Growth Fund in December 2015. A total of £62.8m has been spent to date, and schemes totalling £68.1m have been approved (£64.9m on Investment Fund, and £3.2m on Growth Fund). The uncommitted balances currently stand at £6.0m for the Investment Fund and £13.3m for the Growth Fund. In addition Members have previously approved a further £15m for investment property acquisitions, to be funded by capital receipts.

Investment 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
Approved by Executive 15th October 2014	90
Approved by Executive 26th November 2014 (Transfer to Growth Fund)	-10,000
New Home Bonus (2014/15)	5,040
Approved by Executive 11th February 2015	4,400
Approved by Executive 10th June 2015	10,165
Approved by Executive 2nd December 2015 (New Homes Bonus)	141
Total funding approved	70,924
Total spend to 21st January 2016	(62,846)
Schemes Approved, but not spent	
Approved by Executive 12th June 2013 (Growth & Delivery Plans)	(85)
Approved by Executive 20th November 2013 (Queens's Garden)	(893)
Approved by Executive 16th October 2013 (Crystal Palace Park exclusivity agreement)	(163)
Approved by Executive 15th January 2014 (Bromley BID Project)	(110)
Approved by Executive 26th November 2014 (BCT Development Strategy)	(135)
Approved by Executive 2nd December 2015 (Bromley Centre Town)	(270)
Approved by Executive 12th February 2014 (147 - 153 High St)	(38)
Approved by Executive 24th March 2015 (Civic Centre for the future)	(1)
Approved by Executive 15th January 2016 (Newbury House)	(38)
Approved by Executive 15th January 2016 (Unit G Hubert Rd)	(80)
Valuation for Biggin Hill and Westmoreland Rd	(5)
Strategic Property cost	(258)
Total further spending approvals	(2,076)
Uncommitted Balance on Investment Fund	6,002
In addition to the sum identified above, on 11th February 2015 Members have approved a further provision of £15m to supplement the Investment Fund in 2016/17 (to be met from capital receipts)	
Growth Fund:	£'000
Funding:	
Approved by Executive 26th November 2014 (Transfer from Investment Fund)	10,000
Approved by Executive 2nd December 2015	6,500
Total funding approved	16,500
Schemes Approved, but not spent	
Approved by Executive 24th March 2015 (Housing Zone Bid (Site G))	(2,700)
Approved by Executive 24th March 2015 (Site G) - Specialist	(200)
Renewal Team Cost	(310)
Total further spending approvals	(3,210)
Uncommitted Balance on Growth Fund	13,290

3.10 In addition to the sums identified above, a report elsewhere on the agenda recommends that a further sum of £7.4m be added to the Investment Fund as part of the 2016/17 budget proposals. This would bring the uncommitted balance on the Investment Fund up to £13.4m (excluding the £15m set aside from capital receipts).

Post-Completion Reports

- 3.11 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 are due to be submitted to the relevant PDS Committees before the end of the 2015/16 monitoring cycle:

Former Chartwell Business Centre – improvement works

Increasing Network Security

Civic Centre Cabling Renewal

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 financing projections continue to estimate that no General Fund support to the revenue budget will be required in future years. They 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 2018/19 onwards.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 02/12/15). Q2 Monitoring report (Executive 02/12/15). List of potential capital receipts from Valuation & Estates as at 11/01/16.

CAPITAL PROGRAMME MONITORING - FEB 2016 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of Portfolio meeting	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL	Comments/reason for variation
		£000	£000	£000	£000	£000	2015/16 to 2019/20 £000	
Current Approved Capital Programme								
Programme approved in Qtr2 monitoring	Exec 02/12/15	79,925	75,271	14,549	4,486	0	174,231	
Biggin Hill Memorial Museum	Exec 02/12/15	40	172	0	0	0	212	
Beckenham Town Centre Improvement	Exec 02/12/15 Full Council 14/12/15	0	1,440	0	0	0	1,440	
Property Investment Fund - additional acquisitions	Exec 15/12/15	9,411	0	0	0	0	9,411	
Approved Programme prior to 3rd Quarter's Monitoring		89,376	76,883	14,549	4,486	0	185,294	
Variations in the estimated cost of approved schemes								
(i) Variations requiring the approval of the Executive								
Increase in TfL funding for Highways & Traffic schemes		79	0	0	0	0	79	See paragraph 3.3.1
Reduction in Property Investment fund		-6,347	0	0	0	0	-6,347	See paragraph 3.3.2
Deletion of residual balance								
- The Hill Multi-Storey Car Park - strengthening works		-10	0	0	0	0	-10	See paragraph 3.3.3
- Bromley Town Centre - increased parking capacity		-3	0	0	0	0	-3	See paragraph 3.3.3
Allocation of the balance of Highways Section 106 receipts								
- Gosshill Road		0	4	0	0	0	4	See paragraph 3.3.4
- Orpington Railway Station		0	2	0	0	0	2	See paragraph 3.3.4
- Highways S106 unallocated balance		0	-6	0	0	0	-6	See paragraph 3.3.4
Section 106 receipts from developers		0	283	0	0	0	283	See paragraph 3.3.5
		-6,281	283	0	0	0	-5,998	
(ii) Variations not requiring approval								
Net rephasing from 2015/16 into 2016/17		-5,456	5,456	0	0	0	0	See paragraph 3.3.6 and Appendix B
		-5,456	5,456	0	0	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		-11,737	5,739	0	0	0	-5,998	
Add: Proposed new schemes (see Appendix C)		0	0	0	0	4,456	4,456	See paragraphs 3.4 & 3.5
Review of Corporate Customer Services I.T System (included elsewhere on the agenda)		0	100	0	0	0	100	See paragraph 3.5 and report elsewhere on agenda
		0	100	0	0	4,456	4,556	
TOTAL REVISED CAPITAL PROGRAMME		77,639	82,722	14,549	4,486	4,456	183,852	
Less: Further slippage projection		-2,500	-5,000	2,000	2,000	2,000	-1,500	
Add: Estimate for further new schemes					2,500	2,500	5,000	
TOTAL TO BE FINANCED		75,139	77,722	16,549	8,986	8,956	187,352	
NB. ROUNDED		75,140	77,720	16,550	8,990	8,960	187,360	

CAPITAL PROGRAMME MONITORING - FEB 2016 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	TOTAL £000	Comments/reason for variation
Rephasing of schemes						
Basic Need	-750	750	0	0	0	We estimate £24m works to completed by 15/16. Many projects were completed in the Summer (including Clare House, Parish CE, Harris Crystal Palace, St Paul's Cray, Worsley Bridge and Bromley Road). A full detailed report on the various projects within the Basic Need Programme was reported in Nov 15 Ed PDS. Request to rephase £750k into 16/17.
Beacon House Refurbishment	-276	276	0	0	0	Due to slippage, we estimate £1,373k of works to be completed in 15/16, request to rephase £276k into 16/17.
Capital maintenance in schools	-256	256	0	0	0	Estimate total value of £1,592k of work to be completed in 15/16 (£1,392k are managed by Operational Property and £200k relates to works on Kitchen upgrade works) and request to rephase £256k into 16/17.
Beckenham Town Centre improvements	-161	161	0	0	0	The scope of the project has increased to cover the whole of the High Street area (as reported to Executive 02/12/15 and Full Council 14/12/15). The re-profile of capital is required because of extended stakeholder engagement and scheme revisions. Request to rephase £161k into 16/17
Bromley MyTime Investment Fund	-450	450	0	0	0	R&R committee on 27 /10/15 approved the proposal to release £1.51m, however it is unlikely that we will spent the monies in this FY (subject to the spending profile report from MyTime). Request to rephase £450k into 16/17.
Churchill Theatre Chiller replacement project	-51	51	0	0	0	The scheme is near completion, pending outstanding minor works (extra netting protection to pipework). The project is in Defects Liability Period until Sept 16. Request to rephase £51k into 16/17.
Crystal Palace park - Alternative Management Options	5	-5	0	0	0	The scheme was approved by Executive in Mar 15 to explore and develop a sustainable business plan for the establishment of an alternative management option for the park. We estimate £70k will be spent in 15/16 and request to rephase £5k from 16/17 back into 15/16.
Crystal Palace Park Improvements	-105	105	0	0	0	Iguanodon conservation works ready to commence on site dependent on weather, and all other capital projects are expected to start Spring 2016. Request to rephase £105k into 16/17.
Crystal Palace Park Subway	-12	12	0	0	0	It is unlikely that the monies will spent before end of March. Request to rephase £12k into 16/17.
Depots - stand by generators	-82	82	0	0	0	Due to the complexity of the project, it is unlikely the scheme will be completed in 15/16. The Generator consultant is having difficulty acquiring some technical information, which has caused delay in progressing the project to tender stage. The work is not yet out to tender and request to rephase £82k into 16/17.
Renovation Grants - Disabled Facilities	-178	178	0	0	0	We have spent £842k (Uniform) in Jan 16, and we estimate a total value of £1m to be spent in this FY. Request to rephase £178k into 16/17.
Emergency Works on Surplus Sites	-40	40	0	0	0	This block capital scheme is used to prepare surplus sites for disposal and to cover any emergency works. At the moment, we are not aware of any required expenditure in 15/16, however by their nature, the works are unexpected. Request to rephase £40k into 16/17, and retain £8k in 15/16 to cover any unexpected works that may occur in Qtr 4.
Gateway Review of Housing I.T System	-100	100	0	0	0	We did not receive any bids from the tender exercise and will be reporting back on alternative options to procure a system. We will not be committing any expenditure for scheme until 16/17 and request to rephase £100k into 16/17.
Glebe School expansion	-689	689	0	0	0	The scheme was originally programmed to complete in April, however due to delays on the project, the completion date has been deferred to July 2016. Monthly valuations & payments to the contractor have been below the expected average, we anticipate £2,329k of works to be completed by end of March. Request to rephase £689k into 16/17
London private sector renewal schemes	-77	77	0	0	0	We anticipate £177k to be spend in 15/16. Works including Sandringham Rd are unlikely to be completed in this FY (dependent on weather conditions). Request to rephase £77k into 16/17.
Mobile technology to support children's social workers	-32	32	0	0	0	It is unlikely that the monies will spent before end of March. Request to rephase £32k for identified expenditure into 16/17.
Orpington TC - Walnut Centre & New Market infrastructure	-85	85	0	0	0	Enhancement to the pedestrian experience of the prime shopping areas to increase footfall. This includes paving, lighting, treatment for trees, new street furniture, Wayfinding and new market infrastructure. It is unlikely that the scheme will be completed in this FY and request to rephase £85k into 16/17.
PCT Learning Disability reprovion programme - Walpole Road	-24	24	0	0	0	LD Day activities are being reviewed and their future would be heavily influenced by the proposed award of a tender to an external provider who would be tasked with the running and modernisation of services. The tender process has taken longer than originally anticipated and it is now forecast that any resulting capital expenditure is unlikely to occur before 16/17. Request to rephase £24k into 16/17.
Penge Town Centre	-40	40	0	0	0	The scheme is to be implemented alongside planned TfL bus route and carriageway improvements which will only be undertaken in summer 16/17. It would not be practical to implement the public realm scheme until these improvements are finalised. Request to rephase £40k into 16/17.
Performance Management/Children's Services - information technology	-132	132	0	0	0	The Care First upgrade to Eclipse is in progress. Request to rephase all capital funding (£132k from 15/16 to 16/17) for identified expenditure in 16/17 .

Primary Capital Programme - The Highway Primary	-118	118	0	0	0	There is a dispute on the outstanding consultancy cost with Frankham, which is unlikely to be resolved in this FY. Request to rephase the budget into 16/17. Once all outstanding invoices are paid, any funding that may remain can be returned to Basic Need as allocations were made from this funding source to underpin this scheme.
Relocation of Exhibitions - Bromley Museum	-133	133	0	0	0	We do not anticipate completion this year. The exhibitions are likely to be installed in July 2016 (local studies space) and September 2016 (library space). We are restricted to these installation times due to public usage. Request to rephase £133k into 16/17.
Replacement of MD110 telephone switch	-193	193	0	0	0	The scheme should be completing soon, however due to changes to specification and delay in achieving the milestone, we are holding payment back. We anticipate £60k of works to be completed in 16/17, and request to rephase £193k into 16/17.
Replacement of Storage Area Networks	40	-40	0	0	0	The major SAN replacement project was previously postponed due to conflicts with other major projects. We have proceeded with some parts of the project in preparation and that are required for the replacement Extranet and Hyper-V platform. We anticipate spending £705k this year which includes purchase of equipment / hardware (14 servers), and works on NetApp hardware from Capita. Request to rephase £40k back from 16/17 to 15/16.
Rollout of Windows 7 and Office 2000	-104	104	0	0	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. We are at the final stage of the scheme, however we are holding back payment until the milestones have been achieved. We anticipate an additional £82k of works will be completed by end of March, and request to rephase £104k into 16/17.
Schools Access Initiative	-185	185	0	0	0	Due to delay on works (including Tubbenden), it is unlikely to the monies will spent in this FY, request to rephase £185k into 16/17.
Security Works	-125	125	0	0	0	Works at Burwood (Fencing & Maglock), and Oakland are completed. Works at Worsley Bridge will start next summer. Request to rephase £125k into 16/17.
Seed Challenge Fund	-150	150	0	0	0	Works for 15/16 Seed programme has not been allocated yet. It is likely to be allocated in March 16 (subject to the approval of Ed PDS), request to rephase £150k into 16/17
SharePoint Productivity Platform upgrade/replacement	-339	339	0	0	0	Consultancy works are due to finish soon. The workshop has taken longer than anticipated. We have received the draft reports and the final reports are expected in Feb/Mar 16. Request to rephase £339k into 16/17.
Suitability / Modernisation issues in schools - general 2.2	-75	75	0	0	0	Funding will support works at Bromley Road Primary and Burwood School. The H&S remedial works on Burwood have completed and the works for the Kitchen Shutter are nearly completed with few outstanding jobs. Request to rephase £75k into 16/17.
Upgrade of Core Network Hardware	-129	129	0	0	0	The additional hardware has been purchased and is being configured to meet the needs of London Public Service Network, Direct access, Citrix and reverse proxy application servers. Due to changes on the service provider, we do not anticipate the project to be completed in this FY. Request to rephase £129k into 16/17.
Windows Server 2003 replacement program	-410	410	0	0	0	This scheme is linked with various other schemes including Replacement of Storage Area Networks and Upgrade of Core Network Hardware. There are around 230 servers that will be replaced/updated. Due to delays, it is unlikely that the work will be completed in 15/16. Phases 1 & 2 have been signed off. Phases 3 & 4 (moving the services) are not likely to start until 16/17. Request to rephase £410k into 16/17.
TOTAL REPHASING ADJUSTMENTS	-5,456	5,456	0	0	0	

CAPITAL PROGRAMME REVIEW 2015 - RECOMMENDED TO EXECUTIVE 10/02/16

Capital Scheme/Project	Priority	TOTAL £000's	16/17 £000's	17/18 £000's	18/19 £000's	19/20 £000's	Revenue effect		Comments
							Running £000's	Financing £000's	
Transport for London (Highways and Traffic Schemes)	HIGH	4000				4000	0	0	Further Highways and Traffic schemes to be fully funded by TfL on the basis of the bid in our Borough Spending Plan (BSP). The Capital Programme currently includes estimates for 2015/16 to 2018/19 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.
Devolved Formula Capital	HIGH	266				266	0	0	Further provision in 2019/20 for capital works in schools, funded by government grant from the Department for Education. The Capital Programme currently includes estimates for 2015/16 to 2018/19 and these will all be adjusted to reflect any subsequent changes in allocations.
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 15/16 - 18/19 already in Capital Programme to fund feasibility works in respect of potential new schemes.
GRAND TOTAL NEW CAPITAL BIDS		4456	0	0	0	4456	0	1	

COST TO THE COUNCIL (LBB RESOURCES)	16/17 £000's	17/18 £000's	18/19 £000's	19/20 £000's	TOTAL £000's
Grand total new bids above	0	0	0	4456	4456
<u>External funding for new bids</u>					
Transport for London (Highway Schemes)	0	0	0	-4000	-4000
Devolved Formula Capital	0	0	0	-266	-266
Schools Access Initiative	0	0	0	-150	-150
Funding from Council's resources	0	0	0	40	40

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

CAPITAL FINANCING STATEMENT Executive 10/02/16 - ALL RECEIPTS

(NB. Assumes all capital receipts - see below)

	2014-15		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Estimate £000	Actual £000	Estimate £000	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's
Summary Financing Statement											
Capital Grants	8,532	10,036	29,416	33,123	9,226	266	266	266	266	266	266
Other external contributions	8,280	7,780	7,740	17,866	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Usable Capital Receipts	2,948	1,433	4,417	18,849	2,904	4,454	4,424	2,464	2,464	2,464	2,464
Revenue Contributions	30,700	31,225	33,567	7,882	420	270	270	270	270	270	270
General Fund	0	0	0	0	0	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	50,460	50,474	75,140	77,720	16,550	8,990	8,960	7,000	7,000	7,000	7,000
Usable Capital Receipts											
Balance brought forward	21,987	21,987	28,851	28,339	26,445	28,646	25,297	24,478	23,039	21,600	22,161
New usable receipts	9,430	8,296	3,905	16,955	5,105	1,105	3,605	1,025	1,025	3,025	1,025
	31,417	30,283	32,756	45,294	31,550	29,751	28,902	25,503	24,064	24,625	23,186
Capital Financing	-2,948	-1,432	-4,417	-18,849	-2,904	-4,454	-4,424	-2,464	-2,464	-2,464	-2,464
Balance carried forward	28,469	28,851	28,339	26,445	28,646	25,297	24,478	23,039	21,600	22,161	20,722
General Fund											
Balance brought forward	20,000	20,000	20,000	20,382	20,382	20,382	20,382	20,382	20,382	20,382	20,382
Less: Capital Financing	0	0	0	0	0	0	0	0	0	0	0
Less: Use for Revenue Budget	470	0	382	0	0	0	0	0	0	0	0
Balance carried forward	20,470	20,000	20,382	20,382	20,382	20,382	20,382	20,382	20,382	20,382	20,382
TOTAL AVAILABLE RESERVES	48,939	48,851	48,721	46,827	49,028	45,679	44,860	43,421	41,982	42,543	41,104

Assumptions:

GF contribution to support capital programme not required in any year.

New capital schemes - £2.5m p.a. from 2018/19 for future new schemes.

Capital receipts - includes figures reported by Property Division as at 11/01/16 (including Tweedy Road & Town Hall) and £1m pa from 2016/17 for schemes yet to be identified

Current approved programme - as recommended to Executive 10/02/16

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EXECUTIVE

Minutes of the meeting held on 10th February 2016 starting at 7.00pm

Present

Councillor Stephen Carr (Chairman)
Councillors Graham Arthur, Robert Evans, Peter Fortune,
Kate Lymer, Peter Morgan and Colin Smith

Also present

Councillors Nicholas Bennett JP, Simon Fawthrop,
William Huntington-Thresher, Alexa Michael,
Tim Stevens JP, Stephen Wells and Angela Wilkins

PROPOSAL FOR THE COUNCIL'S PUBLIC HEALTH BUDGET 2016/17 AND 2017-18

Report CS16002

There had been an in-year 6.1% reduction to the Public Health Grant (announced by the Department of Health in July 2015) amounting to £919k for L B Bromley and a proposed mechanism was outlined to manage the grant reduction in 2016-17 and 2017-18.

Proposals to reduce the Council's Public Health budget were included in the Draft Budget report considered by Executive on 13th January 2016 and full Council were recommended to agree the proposals as part of the Council's 2016/17 budget setting process.

To achieve the necessary saving it was proposed to:

- focus on the provision and commissioning of statutory and mandated Public health services;
- re-prioritise the use of some elements of the Public Health grant to focus on addressing wider determinant of health; and
- achieve further general efficiencies.

These proposals would be implemented over a two-year period (2016-17 and 2017-18) due to the nature of different contractual arrangements and other constraints to achieve savings earlier.

Report CS16002 listed the Public Health services to be commissioned or provided in 2016-17 and 2017-18 along with services where commissioning and provision would either reduce or cease.

Further efficiencies within the Public Health Division were also proposed with restructuring necessary to reflect the revised priorities. Formal consultation with staff

and trade unions commenced on 15th January 2016 with the consultation period ending on 15th February 2016. A summary of feedback was tabled as were dates of consultation meetings. The Council would endeavour to avoid or minimise redundancies wherever possible by seeking to redeploy staff to alternative roles.

Noting that the consultation period was due to end on 15th February the Leader expected that a full update and brief would be available on consultation outcomes at the Council meeting.

It was currently uncertain how much Public Health Grant would be provided over the next two years. Councillor Angela Wilkins (Crystal Palace) expressed concern for the public health service predicting problems for society with a reduced level of services which could ultimately prove costly. Councillor Wilkins was particularly concerned about cessation of a commissioned service for school nursing in 2017-18 and alternative funding being considered to cover the service for 2016-17. She felt that any loss of school nursing (in 2017-18) was an important issue.

On services where commissioning and provision would be either reduced or ceased, the Leader suggested that progress was being made in smoking cessation and obesity, particularly in view of past hard hitting messages.

The Director of Public Health indicated that services needed to focus on significant issues and what is statutorily required and cost effective. Obesity was a sizeable problem, not solely confined to weight management for which there is an action plan (the obesity programme for children would continue in 2016-17 but cease as a commissioned service the following year).

Although School Nursing was not a statutory responsibility, it was proposed to have a new modernised service model for children's services to 2019. It was not proposed to cut the service but consider a new source of funding and look at what is now needed. This would be considered with the health authorities to provide a service targeted to needs.

To further improve public health in the borough, a focus was suggested on where change is needed along with a smarter approach. A more London-wide approach was also advocated which could help in areas such as smoking cessation. The importance of looking at outcomes was further highlighted as were the advantages of prevention.

RESOLVED that:

(1) the tabled outcome of consultation be noted; and

(2) subject to the final outcome of consultation with all stakeholders:

- **Council be recommended to agree that the Public Health grant for 2016-17 and 2017-18 is utilised as proposed in Report CS16002; and**
- **subject to Council approval of the above (in context of the overall Council budget), notice be given to relevant contracts.**

Decision Maker: Executive

For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee, 9th February 2016

Date: 10th February 2016

Decision Type: Non-Urgent Executive Key

Title: PROPOSAL FOR THE COUNCIL'S PUBLIC HEALTH BUDGET 2016/17 AND 2017-18

Contact Officers Dr Nada Lemic, Director of Public Health

Chief Officer: Dr Nada Lemic, Director of Public Health

Ward: (All Wards);

1. Reason for report

This report sets out the proposal for the Public Health budget for 2016/17 and 2017-18

RECOMMENDATIONS

2.1 Care Services PDS are asked to note and comment on the contents of this report and provide their comments to the Executive for their consideration.

- Consultation on the proposals commenced with staff, trade unions and other stakeholders on 15 January 2016 and will conclude on 15 February 2016. The PDS committee are asked to consider any comments arising from consultation, which will be made available to the Committee on the day.

2.2. Members of the Executive are asked to:

- Note the comments from the Care Services PDS Committee, along with the outcome of the consultation with staff, trade unions and other stakeholders.

2.3. Subject to the outcome of consultation with all stakeholders the Executive are asked to:

- (i) recommend to Council that the Public Health grant for 2016-17 and 2017-18 is utilised as proposed in this report; and
- (ii) subject to Council approval of the above (in context of the overall Council budget), agree to give notice to relevant contracts.

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Children and Young People Excellent Council Supporting Independence
-

Financial

1. Cost of proposal: Within existing officer capacity
 2. Ongoing costs: Recurring Cost:
 3. Budget head/performance centre: Director of Public Health
 4. Total current budget for this head: £13.9million (2015/16)
 5. Source of funding: Department of Health; Public Health Grant
-

Staff

1. Number of staff (current and additional): 32
 2. If from existing staff resources, number of staff hours:
-

Legal

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

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

3.1. Context

Local Authorities have been subjected to an unprecedented reduction in their funding and the need to balance their budgets, whilst still providing necessary services to residents. Additionally, in July 2015, the Department of Health announced the in-year reduction in the Public Health grant of 6.1%, which for Bromley equates to £919,000.

Following the extensive discussions and work during the autumn, this paper sets out the proposed mechanism to manage this reduction in the grant in 2016-17 and 2017-18. Proposals for the reduction of the Council's budget for Public Health were included in the Draft Budget Report, considered by the Executive at its meeting on 13 January 2016. The Executive are asked to recommend that full Council agree to these proposals as part of the Council's budget setting process for 2016/17.

3.2. Public Health Budget Proposal

To achieve the necessary saving it is proposed to:

- Focus on the provision and commissioning of statutory and mandated Public health services
- Reprioritise the use of some elements of the Public Health grant to focus on addressing wider determinant of health
- Achieve further general efficiencies

The above will be achieved over a period of 2 years (2016-17 and 2017-18) due to the nature of different contractual arrangements and other constraints to achieve savings earlier.

3.2.1. Public Health services that will be commissioned or provided in 2016-17 and 2017-18

Adult Public Health Services

Sexual Health Services

- Control of sexually transmitted infections
- Reduction of unplanned pregnancies

Substance Misuse Service

- Adult Substance Misuse Service
 - o stabilisation and assessment, recovery service and intensive prescribing
 - o needle exchange and supervised consumption
- Children and Young People Substance Misuse service

NHS Health Checks

- Identification and management of patients at risk of developing cardio-vascular disease

Smoking cessation programme – 2016-17 only

- Individual or group sessions for high risk patients who wish to give up smoking

Health improvement programme – 2016-17

- Diabetes prevention programme
- Mental wellbeing programme

Children Public Health Services

Health Visiting Service

- Antenatal visit
- New birth visit
- 6-8 week review of maternal mental health
- 1 year review
- 2-2½ year review jointly with education - support to be “ready for school”

Family Nurse Partnership

School nursing – 2016-17 only

- Immunisation
- Support for children with chronic disease
- Safeguarding

Childhood obesity programme

- National Childhood Measurement Programme (NCMP)
- Obesity programme for children identified through the NCMP – 2016-17 only

Other Statutory Public Health Functions

Joint Strategic Needs Assessment (JSNA) and Health Surveillance

- Monitoring of the health of the local population
- Production of the JSNA
- Lead on the development of the Pharmaceutical Needs Assessment (PNA)

Public Health Support to the NHS

- Assessment of health care needs of the local population
- Provision of evidence of clinical and cost-effectiveness
- Conducting appraisals to support commissioning decision
- Support to the Individual Funding Request (IFR) process

Health Protection

- Prevention and planning response to health protection incidents and communicable disease outbreaks
- Local infection prevention and control, outbreaks and incident management

Teaching and training

- Educational placements and supervision for GP trainees and Public Health trainees

Director of Public Health Function

- Principal advisor on all health matters to the Local Authority
- Leadership role across three domains of public health: health improvement, health protection and health care public health

3.2.2. Reprioritisation of the Public Health grant

The proposed focus will be on provision of key statutory Public Health services. There will be a reduction or cessation of provision and /or commissioning of non-statutory and non-mandated services and reprioritisation of the Public Health grant to address wider determinants of health.

The commissioning and provision of the following services will be either reduced or ceased:

2016-17

- Sexual health – reduction in commissioned activity
- NHS Health Checks – reduction in commissioned and provided activity
- Adult weight management – cessation of commissioned service
- Adult exercise referral scheme – cessation of commissioned service

2017-18

- General health improvement – cessation of commissioned service
- Smoking cessation – cessation of commissioned
- School nursing – cessation of commissioned service, alternative funding will be considered for 2016-17
- Childhood obesity programme – cessation of commissioned service

In order to achieve these savings, it will be necessary to give notice to relevant contracts.

3.2.3. General efficiencies

It is proposed that there will be further general efficiencies within the Public Health Division, including reduction or cessation of all non-statutory activities and costs.

In relation to the above proposal for the Public Health budget in 2016-17 and 2017-8, it is proposed to consult with relevant stakeholders in line with the Council policy. The Equality Impact Assessment has been conducted.

4. POLICY IMPLICATIONS

- 4.1. This report is in relation to the business processes that will be established or maintained to administer existing contracted services. Authorisation to commission these services remains with Members working within the stipulations and statutory responsibilities laid out in the Public Health grant. The work is in accordance with the Health and Social Care Act 2012 and The Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2012.

5. FINANCIAL IMPLICATIONS

- 5.1. The Public Health Grant is a central government grant which is ring-fenced until 2017/18. The original Department of Health grant allocation for Bromley was £12,953,600 in 2015/16. However, there will be a reduction in the Grant in 2015/16 by 6.1% overall.
- 5.2. From October 2015, responsibility for Health visiting passed from NHS Health England to Public Health in the Local Authority. The annual value for this service is £3.8m in 2016/17. £1.901m has been transferred for the part year effect in 2015/16 and was held in contingency. This was released by the Executive on the 2nd December 2015.

The Health Visiting service specification has been developed nationally and is mandated in five key areas (antenatal health promoting reviews, new baby reviews, six to eight week assessments, one year assessments, and two to two and a half year reviews) by the Department of Health. The service is currently tied up in contracts with Bromley Healthcare and

the contracts have been novated over to the Local Authority. The funding is ringfenced for Public Health services. The overall grant position is derived as follows in table 1:-

Table 1. Public Health Grant 2016-17 and 2017-18

	ORIGINAL 2015/16 BUDGET	FINAL 15/16 BUDGET (HV AND GRANT REDUCTION)	16/17 BUDGET	17/18 BUDGET
	£000	£000	£000	£000
GRANT INCOME	-12,954	-12,954	-12,954	-12,954
ADDITIONAL HEALTH VISITING GRANT		-1,901	-3,802	-3,802
GRANT REDUCTION		919	919	919
TOTAL GRANT	-12,954	-13,936	-15,837	-15,837

- 5.3 The draft 2016/17 Budget report includes a provisional estimate of further losses on public health funding over the period 2016/17 to 2019/20. Current estimates indicate a loss of £347k in 2016/17 rising to £1,542k in 2019/20. These figures should be treated with caution at this stage as the details of the final allocation including changes to the grant formula are awaited. However the Government have indicated there will be cuts to Public Health funding.
- 5.4. The grant conditions require quarterly financial reporting to the Department of Health against a set of standardised budget reporting lines and the expenditure must be explicitly linked to the Health and Wellbeing Strategy, Public Health Outcomes Framework and the Joint Strategic Needs Assessment. The Council will need to show that it spends the Grant on Public Health related expenditure. The reporting categories are sufficiently flexible to allow local decisions about what services are commissioned to be reflected sensibly. The Grant can be used for both revenue and capital purposes.
- 5.5. The expectation is that funds will be utilised in-year, but if at the end of the financial year there is any under spend this can be carried over, as part of a Public Health Reserve, into the next financial year. In utilising those funds during the next year, the grant conditions will still need to be complied with.
- 5.6. There is also a statement of assurance that needs to be completed and signed off by the Chief Finance Officer and Director for Public Health at year end. The expenditure for Public Health services will be included within the overall audit of the Council's statement of accounts and the Council needs to evidence that it spends the Grant on public health activities across the Council.
- 5.7 2016/17 and 2017-18 spending decisions are subject to Member approval as part of the Medium Term Financial Strategy/budget setting process. Therefore the 2016/17 and 2017-18 budgets for these contracts are indicative until that time.

6. LEGAL IMPLICATIONS

- 6.1. This report uses existing legal frameworks, such as the scheme of delegation, to manage and administer the responsibilities placed on the Council.
- 6.2 The need to follow the guidance in paragraph 13 of the Ring Fenced Public Health Grant letter is key:

“13. In giving funding for public health to local authorities, it remains important that funds are only spent on activities whose main or primary purpose is to improve the health and wellbeing of

local populations (including restoring or protecting their health where appropriate) and reducing health inequalities.”

6.3 As is condition 3 of the Grant Conditions:

“the grant must be used only for meeting eligible expenditure incurred or to be incurred by local authorities for the purposes of their public health functions as specified in Section 73B(2) of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012) (“the 2006 Act”).”

6.4 There is independent audit and provision for claw back if the money is not spent appropriately.

6.5 Education, care and health services are subject to the application of the “light touch” regime under the Public Contracts Regulations 2015.

7. PERSONNEL IMPLICATIONS

- 7.1. There are currently 32 staff employed within the Public Health team. Informal discussions with staff around proposals for reducing public health service provision has been ongoing since the Department of Health announced the reduction in the Public Health grant earlier this year. Formal consultation with staff and trade unions, on the staffing implications arising from these proposals commenced on 15 January 2016 and will end on 15 February 2016. Consultation with trade unions has included Unison, Unite and GMB, along with the nursing and medical trade unions (RCN and BMA) who represent the health professionals employed within the team. Responses received from the consultation to date will be tabled for consideration by Members.
- 7.2. If the recommendations outlined in this report are agreed it will be necessary to restructure the Public Health team to reflect the revised priorities arising from these proposals. The proposals will place 16 staff at risk of redundancy. The Council will endeavour to avoid or minimise redundancies by seeking to redeploy staff to alternative roles, through the Council’s procedures for Managing Change wherever possible. Voluntary redundancies as an alternative to forced redundancies may be considered consistent with good HR practice and the legal requirement “to mitigate, reduce and avoid redundancies if possible”

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Report No.
CSD16034

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 22 February 2016

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

Title: TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2016/17

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 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 3rd February 2016 the Executive and Resources PDS Committee received the attached report to the Resources Portfolio Holder for pre decision scrutiny and supported the recommendations.
 - 1.2 A separate report on part 2 of the agenda, also considered by Executive and Resources PDS Committee on 3rd February, contains further recommendations relating to the inclusion of a further permitted investment.
-

2. **RECOMMENDATION**

Council is recommended to agree and adopt the Treasury Management Statement and Annual Investment Strategy for 2016/17 (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: To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rate of return on investments.
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Interest on Balances
 4. Total current budget for this head: £2,741k (net investment income) in 2015/16; currently forecast to be £1.0m over budget; draft budget for 2016/17 – £3,491k.
 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 3rd February 2016
Council meeting 22nd February 2016

Decision Type: Non-Urgent Executive Key

Title: TREASURY MANAGEMENT - ANNUAL INVESTMENT
STRATEGY 2016/17

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 2016/17, 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. For clarification, we are required by statute to agree and publish prudential indicators, primarily to confirm that our capital expenditure plans are affordable and sustainable. As Members will be aware, Bromley does not borrow to finance its capital expenditure and, as a result, many of the indicators do not have any real relevance for the Council. The 2015/16 strategy, agreed by Council in February 2015, was updated in October 2015 to permit additional investment in pooled vehicles and no further changes are proposed at this time.
-

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 2016/17 (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: £2,741k (net investment income) in 2015/16; currently forecast to be £1.0m over budget; draft budget for 2016/17 £3,491k
 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 2015/16 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 2016/17 to 2018/19. Details of treasury management activity during the quarter ended 31st December 2015 and the period 1st April 2015 to 31st December 2015 are included in a report elsewhere on the agenda.

Treasury Management Strategy Statement and Annual Investment Strategy 2016/17

- 3.2 Appendix 1 sets out the Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17. 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, although this has reduced following Council approval

to investment in pooled vehicles and increased limits for the part-nationalised banks, Lloyds and RBS.

- 3.6 The investment strategy is kept under constant review and, in October 2015, Council approved an amendment to the strategy in the form of an increase in the total investment limit for pooled investment vehicles from £25m to £40m. Details of eligible types of investment and counterparties are set out in the Annual Investment Strategy (Annex 2 of Appendix 1, pages 26 to 29). No further changes are proposed in this report.

Regulatory Framework, Risk and Performance

- 3.7 The Council's treasury management activities are regulated by a variety of professional codes, 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 placed 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.

- 3.8 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 2015/16 budget for interest on new investments and the budget for net interest earnings was set at £2,741k. 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 late in 2016. 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 2014, 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 2015/16. At this stage, it is estimated that the 2015/16 outturn for interest earnings will be around £1.0m above budget.

5.2 With regard to 2016/17, the draft budget has been increased to £3,491k (an additional £1.25m to reflect higher interest earnings from investments placed in 2015/16 and higher average balances in that year, partly offset by a reduction of £0.5m to reflect interest foregone as a result of further investment property acquisitions). 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 2016/17

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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 2015) – 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 2016/17

The proposed strategy for 2016/17 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 2015/16 to 2018/19

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 10th February 2016):

Capital Expenditure	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
Education	13.4	31.9	36.3	9.3	0.5
Care Services	1.9	4.0	13.6	0.1	0.0
Environment	8.0	7.8	8.2	5.0	4.0
Renewal & Recreation	3.6	1.9	5.2	0.1	0.0
Resources	23.6	31.7	19.3	0.0	0.0
Public Protection & Safety	0.0	0.3	0.0	0.0	0.0
Sub-Total	50.5	77.6	82.6	14.5	4.5
Add: Future new schemes	0.0	0.0	0.0	0.0	2.5
Less: Estimated slippage	0.0	-2.5	-5.0	2.0	2.0
Grand Total	50.5	75.1	77.6	16.5	9.0

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	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
Total Expenditure	50.5	75.1	77.6	16.5	9.0
Financed by:					
Capital receipts	1.5	4.4	18.7	2.9	4.5
Capital grants/contributions	17.8	37.1	51.0	13.2	4.2
General Fund	-	-	-	-	-
Revenue contributions *	31.2	33.6	7.9	0.4	0.4
Net financing need	50.5	75.1	77.6	16.5	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	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
Total CFR	4.3	3.2	2.6	2.0	1.4
Movement in CFR	+1.7	-1.1	-0.6	-0.6	-0.6

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	+1.7	-1.1	-0.6	-0.6	-0.6
Movement in CFR	+1.7	-1.1	-0.6	-0.6	-0.6

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	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
General Fund balance	20.0	20.4	20.4	20.4	20.4
Capital receipts	28.9	28.3	26.5	28.7	25.4
Capital grants	22.6	45.8	40.0	30.0	20.0
Provisions	11.0	11.0	11.0	11.0	11.0
Other (earmarked reserves)	111.1	110.0	80.0	60.0	60.0
Total core funds	193.6	215.5	177.9	150.1	136.8
Working capital*	64.1	70.0	70.0	70.0	70.0
Under/over borrowing**	0.0	0.0	0.0	0.0	0.0
Investments	257.7	285.5	247.9	220.1	206.8

*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.

%	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 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.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 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 2015 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	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
External borrowing					
Borrowing at 1 April	-	-	-	-	-
Expected change in borrowing	-	-	-	-	-
Other long-term liabilities (OLTL)	4.3	3.2	2.6	2.0	1.4
Expected change in OLTL	-	-1.1	-0.6	-0.6	-0.6
Actual borrowing at 31 March	-	-	-	-	-
CFR – the borrowing need	4.3	3.2	2.6	2.0	1.4
Under / (over) borrowing	4.3	3.2	2.6	2.0	1.4
Investments	257.7	285.5	247.9	220.1	206.8
Net investments	253.4	282.3	245.3	218.1	205.4
Change in Net investments	+8.6	+28.9	-37.0	-27.2	-12.7

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 2016/17 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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 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
Now (20/01/16)	0.50	0.52	0.98	1.92	3.36	3.18
Mar 2016	0.50	0.50	1.00	2.00	3.40	3.20
Jun 2016	0.50	0.50	1.00	2.10	3.40	3.20
Sep 2016	0.50	0.60	1.10	2.20	3.50	3.30
Dec 2016	1.00	0.80	1.20	2.30	3.60	3.40
Mar 2017	1.00	0.90	1.30	2.40	3.70	3.50
Jun 2017	1.25	1.00	1.50	2.50	3.70	3.60
Sep 2017	1.50	1.10	1.60	2.60	3.80	3.70
Dec 2017	1.50	1.30	1.80	2.70	3.90	3.80
Mar 2018	1.75	1.40	1.90	2.80	4.00	3.90
Jun 2018	1.75	1.50	2.00	2.90	4.00	3.90
Sep 2018	2.00	1.60	2.10	3.00	4.10	4.00
Dec 2018	2.00	1.80	2.30	3.10	4.10	4.00

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 £4.3m (as at 31st March 2015), 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	2015/16	2016/17	2017/18
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 2015/16			
	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. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

In keeping with the agencies' new methodologies, the rating element of Capita's credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to Capita's process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay, have not been changed.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies, also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA+. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

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. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; 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.

Investment instruments identified for use in the financial year are listed in appendix 5.3 under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules.

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 require at least one of the ratings provided by the three ratings agencies (Fitch, Moody’s and Standard & Poors) to meet the Council’s minimum credit ratings criteria. This approach is supported by Capita and 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, at least one of 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.

Sole reliance will not be placed on the 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 £260m 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 £310m. 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 currently forecast to remain unchanged until mid-2016, when it is expected to start to rise slowly. Capita's bank Rate forecasts for financial year ends (March) are as follows:

- 2015/16 0.50%
- 2016/17 1.00%
- 2017/18 1.75%
- 2018/19 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 0.50%
- 2016/17 0.90%
- 2017/18 1.50%
- 2018/19 2.00%
- 2019/20 2.25%
- 2020/21 2.50%
- 2021/22 3.00%
- 2022/23 3.00%
- Later years 3.00%

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	2015/16	2016/17	2017/18	2018/19
	£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 has been externally managed since 2003, initially £10m by both Sterling and Tradition UK, but, since 2008, solely by Tradition. Their performance has always been closely monitored by the Director of Finance and reported quarterly to the Resources Portfolio Holder and the Executive & Resources PDS Committee. In December 2015, 3 months' written notice was given that the Council was terminating the agreement.

4.8 Policy on the use of external service providers

From 2016/17, the Council will only use one external provider, Capita, who will provide an external treasury management advice service.

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 advisors.

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

UK. UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 2015 was weak at +0.4% (+2.9% y/y), although there was a slight increase in quarter 2 to +0.5% before weakening again to +0.4% (+2.1% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.1%.

Since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK. Bank of England Governor Mark Carney has set three criteria that need to be met before he would consider making a start on increasing Bank Rate. These criteria are patently not being met at the current time, (as he confirmed in a speech on 19 January):

- *Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.*
- *Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.*
- *Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted, and that further economic growth will fuel inflationary pressures.*

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, subsequent round of falls in fuel and commodity prices which will delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase.

However, with the price of oil having fallen further in January 2016, and with sanctions having been lifted on Iran, enabling it to sell oil freely into international markets, there could well be some further falls still to come in 2016. The price of other commodities exported by emerging countries could also have downside risk and several have seen their currencies already fall by 20-30%, (or more), over the last year. These developments could well lead the Bank of England to lower the pace of increases in inflation in its February 2016 Inflation Report. On the other hand, the start of the national living wage in April 2016 (and further staged increases until 2020), will raise wage inflation; however, it could also result in a decrease in employment so the overall inflationary impact may be muted.

Confidence is another big issue to factor into forecasting. Recent volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in

the coming years due to international risks. This could also impact in a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries, so this could well feed through into an increase in consumer expenditure and demand in the UK economy, (a silver lining!). Another silver lining is that the UK will not be affected as much as some other western countries by a slowdown in demand from emerging countries, as the EU and US are our major trading partners.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that rates ought to rise sooner and quicker, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would aggressively raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively over the last year from Q4 2015 to Q4 2016. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008. There has also been an increase in momentum towards holding a referendum on membership of the EU in 2016, rather than in 2017, with Q3 2016 being the current front runner in terms of timing; this could impact on MPC considerations to hold off from a first increase until the uncertainty caused by it has passed.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.0% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while November was also reasonably strong (and December was outstanding); this, therefore, opened up the way for the Fed. to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. A left wing / communist anti-austerity coalition has won a majority of seats in Portugal. The general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Abe government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its 'arrows' of reform but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 and the start of 2016, in implementing several stimulus measures to try to ensure the economy hits the growth target of about 7% for 2015. It has also sought to bring some stability after the major fall in the onshore Chinese stock market during the summer and then a second bout in January 2016. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, there are growing concerns about whether the Chinese economy could be heading for a hard landing and weak progress in rebalancing the economy from an over dependency on manufacturing and investment to consumer demand led services. There are also concerns over the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September and again in January 2016, which could lead to a flight to quality to bond markets. In addition, the international value of the Chinese currency has been on a steady trend of weakening and this will put further downward pressure on the currencies of emerging countries dependent for earnings on exports of their commodities.

Emerging countries. There are also considerable concerns about the vulnerability of some emerging countries, and their corporates, which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis, (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries), there is now a strong flow back to those western economies with strong growth and a path of rising interest rates and bond yields.

The currencies of emerging countries have therefore been depressed by both this change in investors' strategy, and the consequent massive reverse cash flow, and also by the expectations of a series of central interest rate increases in the US which has caused the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed by a

simultaneous downturn in demand for their exports and a deterioration in the value of their currencies. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Capita Asset Services undertook its last review of interest rate forecasts on 19 January 2016. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. . There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 4 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. At some future point in time, an increase in 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 to the downside, given the number of potential headwinds that could be growing on both the international and UK scene. 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.

However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in January 2016, (based on short sterling), for the first Bank Rate increase are currently around quarter 1 2017.

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

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a flight to safe havens.
- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- 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 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: -

- Uncertainty around the risk of a UK exit from the EU.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to 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.
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 require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings 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+ (or equivalent) 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 Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	None permitted at present.

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 £40m and can include property funds, diversified growth funds and other eligible funds.	£40m 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, at least one of 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, as a minimum, at least at least one of 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, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1	A
Moody's	P-1	A2
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, as a minimum, at least one of 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 £40m.
- **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 (all 3 agencies) of AAA and AA+.

These currently include:

AAA

- Australia
- Canada
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- 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	2014/15	2015/16	2016/17	2017/18	2018/19
	actual	estimate	estimate	estimate	estimate
Total Capital Expenditure	£50.5m	£75.1m	£77.6m	£16.5m	£9.0m
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	£244.8m	£253.4m	£282.3m	£245.3m	£218.1m
carried forward 31 March	£253.4m	£282.3m	£245.3m	£218.1m	£205.4m
in year borrowing requirement (movement in net investments for Bromley)	+£8.6m	+£28.9m	-£37.0m	-£27.2m	-£12.7m
Capital Financing Requirement as at 31 March	£4.3m	£3.2m	£2.6m	£2.0m	£1.4m
Annual change in Cap. Financing Requirement	+£1.7m	-£1.1m	-£0.6m	-£0.6m	-£0.6m
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum	-	-	-	-	-

TREASURY MANAGEMENT INDICATORS	2014/15	2015/16	2016/17	2017/18	2018/19
	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	£196.5m	£170.0m	£170.0m	£170.0m	£170.0m

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Report No.
CSD16030

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 22 February 2016

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

Title: 2016/17 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 2016 the General Purposes and Licensing Committee considered the attached report on the annual pay review for 2016/17 and considered recommendations from the Trade Unions. 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) and reject the claim of the Trade Unions, noting that the increase would be higher than the proposed average settlement negotiated at national level and that Bromley staff would receive the pay increase in time for the April payroll run. The Committee did accept a recommendation that the Council participates in the national joint review of term time working of school staff for those schools where the local authority has statutory employment responsibilities. However, the Council would not be bound by the outcome of this review.
-

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) deletion of all local pay points which fall below the London living Wage, (ii) a flat rate £1 an hour increase on all other pay points and (iii) a guarantee of no negative changes to terms and conditions.

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: Approximately £840k
 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 2016

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

TITLE: 2016/17 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 proposed 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 three years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2016/17 pay increase in time for the April pay.**
- 2.4 **Members reject the Unions' pay claims for:**
 - i) **Deletion of all local pay points which fall below the London Living Wage (Currently £9.40ph)**

- ii) **A flat rate increase of £1 an hour on all other pay points**
- iii) **Guarantee no negative changes to terms and conditions**
- iv) **Members agree to participate in a national joint review of term time working of school staff for those schools where the Local Authority has statutory employment responsibilities**

Corporate Policy

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

Financial

- 1. Cost of proposal: Estimated Cost – Approximately £840K
 - 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 continuing significant budget gap over the next four years. 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 2016/17 budget and up-date on Council's financial strategy 2017/18 to 2019/20" presented to the Executive on 13th January 2016 (<http://cds.bromley.gov.uk/documents/s50035624/Exec%20130116%20Draft%20Budget%20Report.pdf>)

3.3 Against this background, the Council 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 13th January 2016 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 Unite, submitted a joint pay claim on 17 November 2015. The Unions' claim stated, *inter alia*, as follows:

i) Deletion of all local pay points which fall below the London Living Wage (Currently £9.40ph)

ii) A flat rate increase of £1 an hour on all other pay points

iii) Guarantee no negative changes to terms and conditions

iv) Fair treatment of school staff through a joint review of term time working

3.5 Feedback has still to be received from the Unions on the proposed pay increase and it is hopeful that this will be received in time for a verbal update to be provided at the meeting. Given the deep cost cutting exercises affecting every service, including frontline and community based services in the borough; staff would understand the challenging financial climate in which the Council is operating. To date there has been no negative feedback from staff.

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.

3.7 The Unions' claim will cost the Council circa £4m compared to circa £840K for the Council's 1.2% pay award increase. Whilst there are no immediate plans to change terms and conditions this cannot be guaranteed given the current financial context within which the Council operates. With regards to the element of the pay claim relating to the proposed deletion of all local pay points which fall below the London Living wage (Currently £9.40ph) the Council has already made clear previously that it does not intend to implement the London Living Wage. The Council will monitor the outcome of any national review but will not be bound by it pursuant to the local terms and conditions of employment framework agreed by Full Council in 2012.

3.8 How does the Council's 2016/17 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 proposed 2 year pay settlement for local government of a 1% pay increase for 1 April 2016 and a 1% pay increase for 1 April 2017. (It should be noted that this is the final offer made by the Employer side which has been rejected by two of the Trade Unions Unison and Unite and is currently subject to a ballot which could give rise to industrial action).

It also means that, for the fourth consecutive year, the 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, received a 1.2% pay award across the board.

- ii) inflation rate is at a record low at 0.2% as per December 2015. Public sector pay 2015/16 shows that the government has maintained tight control over pay, with pay settlements ranging from 1% to 2% with 1.5% being the median (based on 92 public sector organisations) and slightly higher compared with 1.2% over 2014 but lower than the 2% recorded for the private sector over both 2014 and 2015 (Source: Xpert HR). Xpert HR has collected the details of 67 pay awards effective during the month of January 2016, the majority (64) of which are across-the-board deals. Of these basic settlements, the median pay award is 2%. The range of pay awards is wide, with the lower quartile at 1.1% and the upper quartile at 2.8%. There are 11 pay freezes in the sample, around one in six of all January deals collected. This is a higher proportion than has been seen in the recent pattern of pay awards, although it can be the case that pay freezes are decided more quickly than pay increases so may shrink to a lower proportion of awards as more deals are added. The survey also reveals that there are pay freezes in the private sector affecting a number of skilled/professional staff

3.9 In light of the above information, Bromley pay award offer 2016/17 is fair and reasonable. It compares favourably with pay settlements, both in the public and

private sectors and the former in particular. It also takes into account the key factor regarding the Council's affordability. Bromley has the lowest settlement funding per head of population in the whole of London. Following the Chancellor's 2015 Spending Review and Statement it is clear that the continuation of the period of austerity up to 2020 remains and cuts in direct funding to local government are set to continue over the four year spending review period. The most significant issue that will impact on local government funding from central government are the plans relating to DCLG Resource Departmental Expenditure Limits (RDEL). This translates to a reduction in the Council's Settlement of 48.5% by 19/20. In real terms the reduction equates to 52.2%. Any pay award has to be considered therefore in line with the overall financial strategy of the Council which is set in the context of the national state of public finances and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government.

The Council is therefore operating in an economic climate of national financial uncertainty whilst having to face enormous pressures to deliver services where demand for growth is high particularly in relation to care services to vulnerable children and adults. This is also set against the backdrop of global financial uncertainty.

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 flat rate increase of £1 per hour, will cost the Council around £4m p.a. including overheads. This is at a time when the Council is facing a continuing period of unprecedented reduction in public funding and over the next few years significant savings are still required.

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.
CSD16031

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: 22 February 2016

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

Title: PAY POLICY STATEMENT 2016/17

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 2011 the Council is required to publish a Pay Policy Statement which must be approved by full Council each year. The attached report and Statement were considered by General Purposes and Licensing Committee on 10th February 2016; the Committee recommended that Council approve the Statement and also agreed the proposed increase in the Bicycle Allowance rate to 20p per mile.

2. **RECOMMENDATION**

General Purposes and Licensing Committee recommends that Council approves the 2016/17 Pay Policy Statement.

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): All staff
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Localism Act 2011
 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. HR

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing Committee

Date: 10th February 2016

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

TITLE: PAY POLICY STATEMENT 2016/17

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. The 2016/17 Pay Policy Statement is attached for Members consideration and approval.
-

2. RECOMMENDATION(S)

2.1 Members are asked to:

(i) recommend that Full Council approve the 2016/17 Pay Policy Statement attached to this report.

(ii) agree an increase to the Bicycle Allowance rate to 20p per mile.

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. The attached Pay Policy statement for 2016/17 is not materially different to the last years statement with the exception of the proposed change to the Bicycle Allowance rate the details of which are set out in 3.4.2. below. 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 2016/17 pay award proposal of 1.2% is agreed by Full Council on 22nd February 2016 it means, for the fourth year running, Bromley pay award is higher than the proposed 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 has with effect from 1st April 2015 appointed new staff (including internal promotions) on spot salaries. It offers greater flexibility and managerial empowerment not always possible under the traditional incremental pay progression system.
- 3.4.1 The Council has made changes to reimbursing staff who undertake business mileage in their own vehicles consistent with the practice in both public and private sectors reimbursement rate. There are two car user allowances namely essential car user allowance and casual car user allowance. As agreed by this Committee, the previous 2- tier reimbursement rate has been replaced by a single rate in a graduated/phased arrangement. Hence, from 1 April 2016 the annual lump sum for essential car users will be halved from its current rate of £963 per year. From 1 April 2017 the lump sum will be removed in its entirety. As with the spot salary arrangements, new staff are already appointed on a single payment rate only of 45p per mile with no lump sum payment. The current casual car mileage payment arrangement is 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.
- 3.4.2 Following staff representation the bicycle allowance rate, subject to Member approval will increase from 10p to 20p per mile from 1 April 2016. Currently there are 4 staff in receipt of bicycle allowance. The minimal cost of the proposed

increase of £226 per year will be met from existing departmental budgets. The proposed increase is consistent with the HMRC recommended rate for bicycle users.

- 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. To date a total of 356 merited reward vouchers have been issued to staff for exceptional performances.
- 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 2016/17 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 The use of "Structured Conversation" as an alternative to the traditional/annual performance process is being considered, with a view to improving employee engagement and empowerment. The impact of Structured Conversation on individual and organisational performances is the subject of academic researches as well as practiced by a number of private and public sector organisations. The Director of Human Resources is proposing to organise a Leadership seminar in the new financial year to explore and discuss the merit of "Structured Conversation" vis-à-vis the current traditional performance appraisal process. Also, following the successful Leadership taster session for key managers in the organisation which was "sponsored " by the Chief Executive and introduced by the Leader, a Leadership development module is also being commissioned aimed at addressing the skills/competencies relevant to the Council's Commissioning journey. The core elements of the programme include Collaborative Leadership, Coaching and Mentoring, Leadership Resilience, Commissioning and Contract Management, Leadership Alignment and Action Learning Sets.

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 2016/17 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.

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. A similar plan is being developed to address the recent recruitment and retention challenges in the adult social care workforce, partly exacerbated by the uncertainty from the commissioning activities. There are also problems recruiting experienced/qualified Planners and Surveyors.

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. The impact of any legislative changes/developments such as the proposed Capping of exit packages and the proposed claw-back arrangement for people returning to the public sector within 12 months of leaving, etc. is not covered in this Pay Policy.

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/2440/lb_bromley_statement_of_accounts_201415_-_22k

For the purposes of the Code, senior employee salaries are defined as all salaries which are above £50,000. The information, including the posts which fall into this category, will be regularly updated and published.

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 2016/17
- 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 2016/17	
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, with effect from 1st April 2015 new BR staff (including internal promotions) are appointed on spot salaries with no increments. Individual spot salaries will be renewed annually, minimally, subject to satisfactory performance.

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 £3,517 and £2,895 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 which from 1 April 16 is halved from its previous amount of £963 (1199cc rate) as part of a graduated transition arrangement. From 1/4/2017 the lump sum will be removed in its entirety. The current causal car mileage payment arrangement is 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's Bicycle Allowance is 20p 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 2016 is £15,387 per annum and the Council therefore defines its lowest paid employee as anyone earning £15,387 (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 1:12, and between the Chief Executive and the median salary is £30,463 (ratio of 1:6).
Increases and	Where it is in the interests of the Council to do so the Chief Executive may review the salaries of Chief Officers

additions to remuneration 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 2016/17 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>

<p>Approach to severance payments - any non-statutory payment to Chief Officers who cease to hold office/be employed</p>	<p>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> <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 Settlement 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</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>

information relating to this Policy and 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 as part of its published accounts. The Council has no seconded Trade Union officers. Reasonable time off will be provided to Trade Union officials, including Stewards, in the course of their normal contractual job with the Council.
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Report No.
CSD16032

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 22 February 2016

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

Title: MEMBERS' ALLOWANCES SCHEME 2016/17

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 2016 considered the attached report and agreed to recommend that allowances remain at the current levels for 2016/17, subject to a number of small adjustments. These are explained in section 3 of this report.
- 1.2 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 -

- (1) The 2016/17 Members Allowances Scheme be approved with allowances remaining at the current level, subject to the changes outlined in section 3 of this report as set out in the updated version of the Scheme attached.**
- (2) The Mayoral Allowance remains at £15,698 and the Deputy Mayoral Allowance is increased to £3,575.**

Corporate Policy

1. Policy Status: Existing Policy: The proposed scheme for 2016/17 is closely based on the 2015/16 scheme, with some minor amendments.
 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 £1,038,420
Mayoral allowance – £22,690 (includes on-costs)
 5. Source of funding: Draft 2016/17 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

3. COMMENTARY

- 3.1 An informal cross-party working group met on 9th February 2016 to consider the Members Allowances Scheme for 2016/17.

The Working Group asked the Director of Corporate Services to review the Scheme within six months, so that any changes could be in place before the 2018 local election, but recommended that the following changes be made for the 2016/17 scheme, all within the existing budget –

(a) the allowances for the Chairmen of Development Control Committee, General Purposes and Licensing Committee, Executive and Resources PDS Committee and Health and Wellbeing Board be equalised at £8,670;

(b) the allowance for the Leader of the largest opposition group be aligned with the allowance for PDS Chairmen (£7,140), with the allowance for the Leader of the second opposition being half of this amount (£3,570).

(c) The allowance for the Deputy Mayor be increased to the level of the Executive Assistants (£3,575);

(d) All amounts in the scheme be rounded up or down as appropriate to the nearest £5.

An amended version the Scheme including an updated Schedule 1 is attached to the report.

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

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Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 10th February 2016

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

Title: MEMBERS' ALLOWANCES SCHEME 2016/17

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 2016/17. 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 1.2% increase recommended for Council staff. The Mayoral and Deputy Mayoral Allowances are not part of the scheme, but are usually considered in conjunction with it.
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2. **RECOMMENDATION(S)**

General Purposes and Licensing Committee are recommended to agree that the Members' Allowances Scheme 2016/17 and the Mayoral and Deputy Mayoral allowances for 2016/17 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 2016/17 is based on the existing scheme for 2015/16.
 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 - £1,038,420
Mayoral Allowance - £22,690 (includes on-costs)
 5. Source of funding: 2016/17 Draft 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 payable to all Members. This 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 and general expenses such as the use of Councillors' homes and equipment. 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. The scheme has remained largely unchanged since then.
- 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 2016/17 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 2016/17. 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 2016/17 to be approved by Council of £1,038,420 (including inflation of £5,160) for the Members' Allowances Scheme and £22,690 (including £110 inflation) for the Mayoral and Deputy Mayoral allowances.

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, 10 th February 2015 – Members' Allowances Scheme 2015/16

London Councils Remuneration Panel Report - Summary

London Councils Band	Example posts	London Councils Panel Recommendation	LBB Equivalent (2015/16)
Basic Allowance	All Members	£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 2016, 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 2016 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 £10,870 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 £670 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.

Travel and Subsistence Allowance

8. 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

9. 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

10. 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.
11. 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

12. 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

13. 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

14. 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

15. 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 updated allowance rates will apply without further consideration by an Independent Panel.

Notification Fee to Information Commissioner

16. 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 2017

	£
Basic Allowance	10,870.00
Posts of Special Responsibility Allowance	
Leader of the Council	30,600.00
Portfolio Holders (x6)	20,400.00
Executive Members without Portfolio	3,575.00
Executive Assistants (x5)	3,575.00
Chairman of Health and Wellbeing Board	8,670.00
Chairman of Main PDS Committee	8,670.00
Chairman of Portfolio PDS Committees (x5)	7,140.00
Chairman of Development Control Committee	8,670.00
Vice-Chairman of Development Control Committee	1,970.00
Chairman of Plans Sub-Committees (x4)	2,770.00
Chairman of General Purposes and Licensing Committee	8,670.00
Vice-Chairman of General Purposes and Licensing Committee	1,970.00
Chairman of Audit Sub-Committee	1,970.00
Chairman of Pensions Investment Sub-Committee	1,970.00
Leader of largest Opposition Party	7,140.00
Leader of second largest Opposition Party	3,570.00
Quasi-Judicial Allowances	
Members of one Plans Sub-Committee	335.00
Members of two Plans Sub-Committees	670.00
Members of Adoption Panel	670.00
Members of Fostering Panel	670.00
Members of Licensing Sub-Committee	670.00

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

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