

## **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 Wednesday 1 March 2017 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 12th December 2016 (Pages 3 - 40)
- 4 Petitions (Pages 41 - 44)
- 5 Questions from members of the public where notice has been given.  
  
*Questions must be received by 5pm on Thursday 23<sup>rd</sup> February 2017.*
- 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 and Council Tax Setting 2017/18 (Pages 45 - 88)
- 10 Capital Programme 2017/18 (Pages 89 - 106)
- 11 Treasury Management - Annual Investment Strategy 2017/18 (Pages 107 - 142)
- 12 2017/18 Pay Award (Pages 143 - 150)
- 13 Pay Policy Statement 2017/18 (Pages 151 - 170)
- 14 Members Allowances Scheme 2017/18 (Pages 171 - 182)

- 15 Updates to the Scheme of Delegation to Officers (Pages 183 - 270)
- 16 Pension Fund - Bromley College Transfer Value (Pages 271 - 302)
- 17 To consider Motions of which notice has been given.
- 18 The Mayor's announcements and communications.
- 19 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006, AND THE FREEDOM OF INFORMATION ACT 2000

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

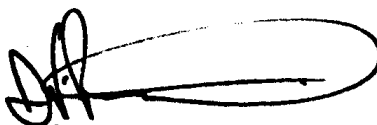
Item of Business

Schedule 12a Description

- 20 Pension Fund Triennial Valuation  
(Pages 303 - 318)

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 17<sup>th</sup> February 2017  
Vol.53 No.5**

## LONDON BOROUGH OF BROMLEY

### MINUTES

of the proceedings of the Meeting of the  
Council of the Borough  
held at 7.00 pm on 12 December 2016

#### Present:

**The Worshipful the Mayor**  
**Councillor Ian F. Payne**

**The Deputy Mayor**  
**Councillor Hannah Gray**

#### Councillors

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

The meeting was opened with prayers

In the Chair  
The Mayor  
Councillor Ian F. Payne

#### **47 Apologies for absence**

Apologies for absence were received from Councillor David Jefferys. Apologies for lateness were received from Councillors Lydia Buttinger and Nicky Dykes.

The Leader of the Council drew attention to the fact that, for the first time in thirty-nine years' service, the Committee Steward, Angelo Victorio, was unable to be present due to ill-health. The Council recorded their best wishes for a speedy recovery.

**48            Declarations of Interest**

There were no declarations of interest.

**49            To confirm the Minutes of the meeting of the Council held on 26th September 2016**

**RESOLVED** that the minutes of the meeting of the Council held on 26<sup>th</sup> September 2016 be confirmed.

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

Fourteen questions had been received from members of the public. These are set out in Appendix A to these minutes.

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

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

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

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

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

The Portfolio Holder for Public Protection and Safety, Councillor Kate Lymer made a statement on the Government's announcement that drivers caught using their hand held mobile phones while driving would face much tougher penalties. The Government had also launched a further consultation on dangerous driving offences.

The Borough Commander had been successful in obtaining funding to train further local police officers in the use of speed guns, and had initiated a borough-wide road safety enforcement initiative. On average, 55 drivers had been stopped a week, most of them for driving whilst using their mobile phones, but also for a variety of other offences including speeding, not wearing seatbelts and driving without insurance or road tax. The Portfolio Holder hoped that this initiative, along with the Government's attempts to

change attitudes through education and deterrence, would improve driver behaviour in the borough.

Councillor Pauline Tunnicliffe thanked the Portfolio Holder for her statement and urged that the Council continue to support such initiatives.

**54            Education Select Committee observations on responses to the recommendations in the First Select Committee Report on the Education Landscape in Bromley**  
Report CSD16167

A motion to note the response of the Education Select Committee to the responses received concerning the First Select Committee Report on the Education Landscape in Bromley was moved by Councillor Nicholas Bennett, seconded by Councillor Neil Reddin and **CARRIED**.

**55            Second Report of the Education Select Committee 2016/17 - Alternative Provision**  
Report CSD16168

A motion to invite the Leader and appropriate Portfolio Holders to consider the recommendations in the report and (a) refer the recommendations to Service Directors where appropriate and (b) provide a written response to the Education Select Committee for consideration at their next meeting on 17<sup>th</sup> January 2017 was moved by Councillor Nicholas Bennett, seconded by Councillor Neil Reddin and **CARRIED**.

**56            Drawdown of Section 75 Funding for the Development and Implementation of the Bromley Out of Hospital Strategy**  
Report CSD16176

A motion to release funds for 2016/17 (at £3.5m) to provide the funding requested by Bromley Clinical Commissioning Group, and agree in principle to the funding for 2017/18, subject to a further report being provided to the Executive at a later stage to seek approval for the release of funds (at £3.5m) for 2017/18, was moved by Councillor Robert Evans, seconded by Councillor Stephen Carr and **CARRIED**.

**57            Council Tax Support/Reduction Scheme 2017/18**  
Report CSD16174

An amendment to include the following additional recommendation was moved by Councillor Angela Wilkins and seconded by Councillor Kevin Brooks.

“That young people leaving care should be entitled to 100% relief from the ages 18 to 25.”

The following Members voted in favour of the amendment -

Councillors Vanessa Allen, Kathy Bance, Kevin Brooks, Ian Dunn, Peter Fookes, Angela Wilkins and Richard Williams.

The following Members voted against the amendment -

Councillors Graham Arthur, Douglas Auld, Julian Benington, Nicholas Bennett, Ruth Bennett, Eric Bosshard, Kim Botting, Katy Boughey, Lydia Buttinger, Stephen Carr, David Cartwright, Alan Collins, Mary Cooke, Peter Dean, Nicky Dykes, Judi Ellis, Robert Evans, Simon Fawthrop, Peter Fortune, Ellie Harmer, Will Harmer, Samaris Huntington-Thresher, William Huntington-Thresher, Charles Joel, David Livett, Kate Lymer, Russell Mellor, Alexa Michael, Peter Morgan, Terence Nathan, Keith Onslow, Tony Owen, Angela Page, Sarah Phillips, Tom Philpott, Chris Pierce, Neil Reddin, Catherine Rideout, Charles Rideout, Michael Rutherford, Richard Scoates, Colin Smith, Diane Smith, Melanie Stevens, Tim Stevens, Teresa Te, Michael Tickner, Michael Turner, Pauline Tunnicliffe, and Stephen Wells.

The Mayor, Councillor Ian F. Payne, and the Deputy Mayor, Councillor Hannah Gray, abstained.

The amendment was LOST.

A motion to note the responses to the public consultation exercise, the response from the Greater London Authority to the consultation documents and the content of the Impact assessment, and to adopt, for the financial year 2017/18, a scheme retaining the calculation of entitlement for working age claimants on 75% of the household's Council Tax liability (thereby, the maximum assistance provided to a claimant of working age is 75% of his/her Council tax), was moved by Councillor Graham Arthur, seconded by Councillor Stephen Carr and **CARRIED**.

## **58 Capital Programme** Report CSD16184

A motion to approve the following schemes for inclusion in the Capital Programme –

(1) A scheme of land acquisition at the end of Cornwall Drive, St Paul's Cray at a total cost of £2,709k (£2,409k to be funded by the Environment Agency and a £300k contribution from the 2016/17 Central Contingency);

(2) Capital funding of £1,145k, of which £995k is from capital receipts and £150k from the earmarked reserve, for the Beckenham Town Centre Improvement Scheme;

(3) £11.8m capital funding for investment in planned highway maintenance to be funded from capital receipts;

was moved by Councillor Graham Arthur, seconded by Councillor Stephen Carr and **CARRIED**.

**59 Treasury Management - Annual Report 2015/16 and Quarter 2 Performance 2016/17 and Mid-Year Review**  
Report CSD16178

A motion to (1) note the Treasury Management Annual Report 2015/16 and approve the actual prudential indicators in the report and (2) note the quarter 2 Performance Report and Mid-Year Review, and approve changes to the prudential indicators, as set out in Annex B1 of the report, was moved by Councillor Graham Arthur, seconded by Councillor Stephen Carr and **CARRIED**.

**60 Local Pension Board - Annual Report 2015/16**  
Report CSD16179

A motion to receive and note the Annual Report of the Local Pension Board 2015/16 was moved by Councillor Tim Stevens, seconded by Councillor Diane Smith and **CARRIED**.

**61 Appointment of External Auditors**  
Report CSD16185

A motion to approve the proposal to become an “opted in” authority with Public Sector Appointments Ltd for the appointment of External Auditors was moved by Councillor Tim Stevens, seconded by Councillor Diane Smith and **CARRIED**.

**62 Public Protection and Safety PDS Committee - Membership**  
Report CSD16183

A motion to appoint Councillor Mary Cooke to the membership of the Public Protection and Safety Policy Development and Scrutiny Committee to replace Councillor Tim Stevens was moved by Councillor Michael Tickner, seconded by Councillor William Huntington-Thresher and **CARRIED**.

**63 Minor Amendment to the Constitution - Questions**  
Report CSD16180

A motion to add the following provisions to paragraph 10.2 Questions on Notice at full Council in the Council Procedure Rules in Part 4 of the Constitution -

“10.2.5 Members of the Executive may not submit questions on notice at full Council on executive functions.

10.2.6 Executive Assistants may not submit questions to the Portfolio Holder that they assist.”

- was moved by Councillor Tony Owen, seconded by Councillor Stephen Carr and **CARRIED**.

**64            Updates to the Scheme of Delegation**  
Report CSD16173

Report withdrawn.

**65            To consider Motions of which notice has been given**

No motions had been received.

**66            The Mayor's announcements and communications.**

The Mayor drew attention to the envelopes on every desk and encouraged all Members to make a contribution to the Mayor's charity.

The Mayor thanked Members who attended his spectacular Masquerade Ball at the Beaverwood Club and the Civic Christmas Carol Service, for which he particularly thanked his Chaplains and Bromley Salvation Army.

The Deputy Mayor, Councillor Hannah Gray, had raised around £2,000 for the Mayor's Charity from her sponsored parachute jump.

The Mayor also commented that a Bromley resident had won the X-Factor.

The Mayor drew attention to the following future events –

- Magic and Music Evening – 20<sup>th</sup> January 2017 at the Churchill Theatre
- The Annual quiz on 17<sup>th</sup> February 2017
- A dinner hosted by the Mayor at the House of Commons on 9<sup>th</sup> March 2017

Further details would be sent out shortly and would be available from the Mayor's Office.

On behalf of the Council the Mayor wished all residents a happy Christmas and a peaceful 2017.

The Meeting ended at 8.50 pm

Mayor



**COUNCIL MEETING**

**12<sup>th</sup> DECEMBER 2016**

**QUESTIONS FROM MEMBERS OF THE PUBLIC**

**(A) QUESTIONS FOR ORAL REPLY**

**1. From David Clapham to the Renewal and Recreation Portfolio Holder**

Would the Council give an update on the current progress with the installation of the Noise Monitoring and Track Keeping System which is being installed by BHAL as a condition of being granted the extra hours of operation?

**Reply:**

It is for the Airport to properly commission their system and then to properly demonstrate their system to the Council's satisfaction. If the Council is not satisfied, the change in operating hours will not be granted. We expect the Airport to make contact when they are ready for this formal process to start. The Airport has started the installation of their noise monitoring software and has already sent calibration details of three monitors.

**Supplementary question:**

Mr Clapham asked to what extent had Bromley staff been involved in the testing and commissioning of the system.

**Reply:**

We will use experts to do this rather than our own staff as we do not have the necessary expertise within the Council to do this properly.

**2. From Andy Richardson to the Portfolio Holder for Resources**

Can Bromley Council explain why residents pay an extra 2% on council tax for Adult Social Care and yet the Social Care Budget for this year was £2,146,000 less than 2014-15 and the proposed expenditure for Social Care in 2016-17 is £10,246,000 less than this year's expenditure?

**Reply:**

The precept has protected social care from cost pressures and the need to make further efficiencies in 16/17. For example we have not made any further reductions in spending on day opportunities for older people or people with learning disabilities in 2016/17.

Budgeted expenditure has decreased in the Care Services Portfolio in the way you have indicated in confirming those figures to be correct. This is in the main due to efficiencies and savings taken from the portfolio as part of the medium term financial strategy to balance the Council budget.

**Supplementary question:**

Looking at the precept, it looks like we would get £2.6m in adult social care from the first year of the budget precept collection. Can you say whether or not adult social care has received that money.

**Reply:**

I can confirm that it has received that money – to offset against the savings that would otherwise have had to be made to balance the budget.

**3. From Julie Ireland to the Portfolio Holder for Resources**

Will the council state the staff turnover rate since May 2014 (expressed as a % of total employees at May 2014) for the following departments: (a) Financial Services and Procurement (b) Children's Social Care (c) Regeneration and Transformation (d) Commissioning?

**Reply:**Turnover Rates since May 2014

	May 14 - Mar15	Apr 15 - Mar 16	April 16 - Dec16
Financial Services and Procurement	10.7%	12.3%	0.0%
Children's Social Care	11.3%	12.5%	12.2%
Regeneration and Transformation	10.4%	9.4%	4.8%
Commissioning	6.7%	6.7%	4.4%

**4. From Richard Wilsher to the Portfolio Holder for the Environment  
(asked by Juliet Corbett)**

Will Bromley Council kindly acknowledge the wishes of hundreds of Beckenham residents and upgrade current proposals for a refuge on Copers Cope Road, such that a dedicated pedestrian crossing can be installed near the junction with Park Road, thus allowing commuters and school children to cross this busy road safely?

**Reply:**

The Council readily acknowledges the outstanding local efforts of Cllrs Michael Tickner, Russell Mellor and Stephen Wells working in tandem with local residents to secure the beneficial recent safety changes along Copers Cope Road.

Whilst Bromley Council completely understands and shares Mr Wilsher's concerns regarding pedestrian safety, the additional works you seek are not possible for the reasons detailed to Mr Wilsher by email on 21<sup>st</sup> November by the Council's Mr Joyce for reasons which include:

- The number of pedestrians needs to meet a certain criteria level, which is calculated based on the number of pedestrians crossing versus the volume of traffic – and they do not.
- Accident statistics.
- Pedestrian desire lines.
- Proximity to junctions, bends and vehicle cross overs.
- Location of trees and street furniture on the footway/grass verges.
- Demand for on-street parking.
- Location of bus stops.

The above is not an exhaustive list and each site is investigated individually as other site specific issues may arise, which prevent a formal pedestrian crossing from being installed.

The underlying principle for a formal pedestrian crossing to operate correctly is that they need to be used on a regular basis throughout the day. If there are too few pedestrians using it for the majority of the day, drivers may ignore the crossing and as a result put pedestrians at risk on occasions when they do use the crossing. Conversely, if the traffic flows are low, pedestrians are able to comfortably cross in the gaps between vehicles, without the need for a formal crossing.

Informal pedestrian crossings, such as Pedestrian Refuges, can be more suitable crossing measures instead of the above mentioned formal crossings. These allow pedestrians to cross the road in stages by creating safe waiting points on the carriageway. Pedestrian refuges have and will be installed at various locations along Copers Cope Road in line with the scheme worked on by the ward councillors.

After taking all the above points into consideration, the current design for pedestrian refuges is the most suitable for Park Road and the junction with Copers Cope Road and will aid in assisting pedestrians accessing New Beckenham Station and the Schools beyond.

**Supplementary Question:**

Given that we do not want to wait for the accident statistics to dis-improve, and given the overwhelming weight of opinion amongst local residents who use the crossing every day, will Bromley Council agree to reconsider this decision and if so give timescales for that reconsideration?

**Reply:**

No, the scheme going in is the best approved scheme as agreed by traffic experts, rather than my opinion or anyone else's, and that is the scheme that will be finished on the ground very shortly.

**5. From David Clapham to the Renewal and Recreation Portfolio Holder**

Following the departure of the Director for Transformation and Regeneration, who has been appointed/assigned to the senior role of ensuring that BHAL comply with the terms and undertakings of the current lease and with the conditions which must be fulfilled before the extra hours of operation will be granted?

**Reply:**

The Director of Corporate Services is continuing to advise on legal and related matters with the Council's Communications Executive also continuing to be the nominated co-ordinating lead for Biggin Hill Airport, with the support of appropriate colleagues depending on the exact nature of what is required.

**Supplementary Question:**

Which officer will be responsible for finally confirming to the Council that all the conditions have been fulfilled, with special regard to clarifying how those conditions which include the wording "reasonable endeavors" can be considered to have been met?

**Reply:**

The Director of Corporate Services with advice from whatever experts we deem to be necessary.

**6. From David Clapham to the Renewal and Recreation Portfolio Holder**

Will the Council assure residents that no flight movements within the extended hours will be allowed before the Council has agreed that all pre-conditions for the extended operation have been met, and that any such movements will be treated as a breach of the existing Lease?

**Reply:**

As I have stated previously, until all the various conditions are satisfied, the operating hours continue to remain as they are under the existing lease.

**Supplementary Question:**

At which Council meeting is it anticipated that the report into the compliance with the conditions will be considered?

**Reply:**

It will be the Council meeting immediately following our satisfaction that they have indeed been satisfied. If they are not, we will revert to the existing lease.

**(B) QUESTIONS FOR WRITTEN REPLY**

**1. From Susan Sulis, Secretary, Community Care Protection Group, to the Care Services Portfolio Holder**

September 2016 Commissioner's Report into Bromley's children's Services - The report states that "there was systemic failure in Bromley's services and that vulnerable children were disadvantaged and put at risk." Despite this, areas of good practice were identified – the Multi-Agency Safeguarding Hub, and early intervention approaches.

What lessons can be learned from the exemplary performance of these staff?

**Reply:**

During the development of the Children's Services Improvement Plan officers were able to consider areas of good practice and opportunities for sharing learning. Over the coming months these opportunities will be used to ensure that practice improves.

**2. From Susan Sulis, Secretary, Community Care Protection Group, to the Care Services Portfolio Holder**

Risks of Service Failure to Bromley's Children: Community and Public Involvement. The effects of risks on many aspects of their lives may be hidden and unknown, as recent scandals demonstrate.

(a) What is the Council's plan to investigate this?

(b) Can the Council reach out to young people, families, organisations and the public to ask if they have experienced problems related to this?

**Reply:**

(a) The Bromley Safeguarding Children Board has a key role in identifying, exploring and reporting on risks.

(b) The Bromley Safeguarding Children Board priorities include the need to engage better with children, young people and their families.

**3. From Dermot Mckibbin to the Resources Portfolio Holder**

How many housing benefit claimants does the council have who are subject to the bedroom tax whose circumstances are similar to the successful claimants in the recent Supreme Court decision on 9 November 2016 and when will their housing benefit claims be paid at the full eligible amount?

**Reply:**

The Authority is unable to advise as to the number of Bromley households with circumstances similar to those successful in the recent Supreme Court decision who are subject to "removal of the spare room subsidy". The data held in respect of applicants does not contain the information necessary to determine whether their Housing Benefit entitlement would increase as a result of the Supreme Court decision.

The Department of Work and Pensions in an Urgent Bulletin dated the 9/11/16 advised the following:

"No immediate action needs to be taken by local authorities following the judgment. The Court did not strike down the legislation underpinning the size criteria. As such local authorities must continue to apply the rules when determining Housing Benefit claims as they did before today's judgment and the judgment does not require any local authority to re-assess the HB of existing claimants. Local authorities should continue to award DHPs to claimants who they consider require additional financial support.

The Department is considering the Court's judgment and will take steps to ensure it complies with its terms in due course. The Department will notify local authorities once a decision has been taken."

**4. From Dermot Mckibbin to the Resources Portfolio Holder**

Does the council agree that under the Human Rights Act that the council must take steps not to discriminate against any housing benefit tenant whose circumstances are the same as in the Supreme Court decision and that they should be awarded their housing benefit in full immediately?

**Reply:**

The Authority seeks to make all its decisions in accordance with legislation, taking into due consideration the particular circumstances of each case and guidance received from the Department of Work and Pensions.

## **5. From Dermot Mckibbin to the Resources Portfolio Holder**

What are the implications for the council of the recent supreme court decision in this area and when will the council be publishing information for members of the public whose circumstances are similar to the successful claimants in the supreme court decision?

### **Reply:**

Implications of the Supreme Court decision and the requirement for publishing of public information will be fully evaluated on receipt of the updated information from the Department of Work and Pensions.

## **6. From Helen Alsworth to the Resources Portfolio Holder**

How much money has the Council set aside in its budget to provide discretionary Housing Benefit payments for claimants whose benefit has been cut as a result of the bedroom tax, and how much of this money has been spent in the last three years?

### **Reply:**

The Authority's Discretionary Housing Payment expenditure relating to the removal of spare room subsidy was £394,803 in 2013/14, £403,399 in 2014/15 and £309,554 in 2015/16. In each of these 3 years total Discretionary Housing Payment expenditure exceeded the Government contribution.

The Authority does not have a specific amount set aside for providing Discretionary Housing Payments for those whose entitlement has been restricted by the removal of the spare room subsidy. Rather than further supplement the Discretionary Housing Payment scheme, the Authority utilises alternative resources and funds to provide assistance to those at risk of eviction and/or requiring assistance in obtaining accommodation.

#### *Additional information – DHP Expenditure*

<i>Financial Year</i>	<i>Govt contribution</i>	<i>Total expenditure</i>
13/14	£700,174	£707,425
14/15	£683,179	£684,878
15/16	£509,406	£509,475

## **7. From Helen Alsworth to the Resources Portfolio Holder**

Will the Council seek assurances from local housing associations that they will not take possession proceedings against disabled tenants who are waiting for the Government to change the Housing Benefit regulations to reflect the decision of the Supreme Court in R(Rutherford and Todd) v SSWP UKSC 0029/2016?

### **Reply:**

The Authority is not in a position to seek assurances from Housing Associations with regard to rent arrear proceedings they may be considering. However, the Benefit Section has relayed to the Associations the provision of Discretionary Housing Payments as a way of providing assistance in addition to the calculated Housing Benefit entitlement. If brought to the Benefits Section's attention, claimants with circumstances similar to those

successful in the Supreme Court decision would have been looked at favourably in any Discretionary Housing Payment application.

#### **8. From Helen Alsworth to the Resources Portfolio Holder**

What are the service standards used by the Council for Housing Benefit claimants and how are they publicised?

**Reply:**

The Benefits Section reports its performance against the main service standards on a bi-annual basis. This performance is reported to the Executive & Resources PDS, with report, appendices and minutes being entered on the website. The areas covered in the report include:

- Level of outstanding work
- Speed of processing
- Accuracy levels
- Level of complaints
- Rate of Housing Benefit overpayment recovery
- Call Centre performance
- Caseload

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**COUNCIL MEETING**

**12<sup>th</sup> DECEMBER 2016**

**QUESTIONS FOR ORAL REPLY FROM MEMBERS OF THE COUNCIL**

**1. From Cllr Nicholas Bennett JP to the Leader of the Council**

In the light of the Ofsted inspections on the Youth Justice Service and the Children's Service and the subsequent report of the Commissioner what action is being taken to address any generic failings across the Council services?

**Reply:**

Cabinet Members, Directors and Assistant Directors have considered the issues raised in the Inspection report and made changes to operating practices where necessary. Additionally, the corporate leadership team is addressing a number of generic points such as performance management, risk management, breaking down of silos and our partnership working. We have also reviewed the workforce within the organisation. Councillor Bennett will also be aware that the Constitution Improvement Working Group is looking at issues of governance that might lead to better outcomes in future. Indeed, I will be meeting with Mr Adetosoye and the Chief Executive again tomorrow to discuss further these governance issues.

**2. From Cllr Michael Rutherford to the Portfolio Holder for the Environment**

What steps has the council taken in 2016 to lobby for additional railway capacity and reduce overcrowding at busy stations, such as Bromley South?

**Reply:**

LBB officers have been engaged in lobbying Network Rail throughout 2016 as part of the Kent Route Study process in the hope of securing a range of rail enhancements to benefit our Borough.

Details of specific projects under consideration will be available in the Draft Kent Route Study, which I am advised is going to be released for public consultation shortly. An outline briefing on the Route Study was also provided to the Public Transport Liaison Group in June by Network Rail.

I am pleased to confirm that Officers continue to regularly engage with train operating companies serving the Borough and will remain actively involved in lobbying for the best possible services for Bromley as part of any franchise renewal process, when these occur.

**Supplementary question:**

What steps would he encourage the train operating companies and Network Rail to put in place at Bromley South to deal with overcrowding both in terms of current demand and also increased demand in the future with all the new homes in Bromley Town ward?

**Reply:**

It has become apparent to many of us that Bromley South is one of England's most overcrowded stations. I think we need to begin thinking about something more radical than new lifts. We definitely need more trains to ease the overcrowding and I think the stage is coming when we need to be thinking in terms of new entrances to ease footfall through the station. That will involve a massive amount of infrastructure funding and those are the sort of conversations that officers will be engaging in with both Network Rail and the train operating companies as part of this evolving process.

**Additional Supplementary Question:**

One way to ease overcrowding at Bromley South would be to increase the capacity at Bromley North with a direct line through to East London by the extension of the Overground through New Cross. This is a point that has been made before. Are the Council making any attempts to lobby Network Rail or TfL on this matter?

**Reply:**

This is an aspiration that we both share. Whether we can get the DLR down to Bromley North looks less and less likely. Mayors past and present appear to hold different spending priorities. Clearly whether the sweeping route around New Cross can be achieved we will have to see. I have not been updated on it in recent months which tends to suggest that the question is lying dormant, but we will dust that off for Councillor Bennett and advise him of the findings.

**3. From Cllr Peter Fookes to the Portfolio Holder for the Environment**

Why are leaves not being collected this year?

**Reply:**

Cllr Fookes is very badly misinformed.

**Supplementary question:**

I have witnessed this myself in Kings Hall Road, where the reality is, certainly in the north of the borough, as with street cleaning, residents are asking why they should be paying Council Tax when this Council is not delivering. I have never seen any leaves being cleaned.

**Reply:**

If Councillor Fookes has never seen any leaves being collected then I suggest he needs to get out more often. Self-evidently, the roads are swept every single day of the week, including weekends. I would mention to the Group opposite that they have been repeatedly asked in this chamber to list particular roads in their wards that require sweeping at different times of day to the standard to enable a schedule to be put together to enable streets in their ward to be swept more efficiently, if not more regularly. I have yet to receive a single call from any of them and I think that suggests that they are more interested in politicking than looking after the interests of their residents.

**Additional supplementary question:**

Councillor Angela Wilkins drew attention to the answer to written question 12, where the number of notifications for street cleansing in Penge and Cator ward was 956. I have already requested that Selby Road, which is another source of frequent complaints, should have weekend cleaning.

**Reply:**

Councillor Smith stated that he was not aware that Councillor Wilkins had asked for Selby Road to be swept at the weekends, and he was sure that officers would treat the request with due diligence.

**Additional supplementary question:**

Councillor Kathy Bance stated that she had requested that Newlands Park be swept at the weekend, and this had been agreed.

**Reply:**

Councillor Smith responded that he was not aware of this request.

#### **4. From Cllr Kathy Bance MBE to the Portfolio Holder for the Environment**

Following the tragic deaths of Makayah McDermott and Rosie Cooper the Friends of Cator and Alexandra Parks are holding a collection to purchase a bench in their memory. They will struggle to collect sufficient money to both purchase and install the bench. Will the London Borough of Bromley be prepared to fund the installation costs?

**Reply:**

I am sorry to have to confirm that policy dictates that the Council would charge for such features.

However, given the involvement of the Friends Groups, which I take particular pride in trying to grow across the borough, I will consider recommending possible match funding subject to the design, cost and planned location.

#### **5. From Cllr Angela Wilkins to the Portfolio Holder for Resources.**

Please explain how it came about that members of the E&R PDS and Executive were presented with a report which stated that Cushman & Wakefield would be managing property services as part of the Amey contract and yet the truth was that no agreement had been reached between Amey and Cushman & Wakefield?

**Reply:**

The award of a contract to Amey Community Limited was conditional upon legal and financial provisions being satisfactory. For the provision of Strategic and Operational Property Management Services and Facilities Management Services, both Amey and Cushman and Wakefield had indicated their ability to deliver the contract and any subsequent contractual arrangements between the two organisations would be completed post the decision of the Council to appoint, which was subsequently proved to be the case.

**Supplementary question:**

My concern here is primarily for those members of staff who, shortly before the contract was due to be implemented, were left in a position where they were not going to go to Cushman and Wakefield and they did not know who their employer was going to be. Is that satisfactory?

**Reply:**

Throughout the negotiations with Amey and Cushman and Wakefield we were very keen to point out that they would have to have individual conversations with our staff on a one to one basis. The services which have been taken over are high performing services and the reason for this is that they are high performing people, so it was very necessary from day one to get them on our side and keep them on our side throughout the negotiations. The negotiations became more protracted than I would have liked and the problem may have been that it was some considerable time after these conversations that the contract kicked in. I am very aware of the sensitivities surrounding the contract and the members of staff, but I am also quite confident, having spoken to senior managers, that those conversations did take place.

#### **6. From Cllr Vanessa Allen to the Portfolio Holder for Education**

The Draft Local Plan shows the requirement for an additional 15 forms of entry for secondary schools required by 2023 and more beyond that. Why then does the Draft Local Plan include

the Kentwood site as a new academy with four forms of entry, with no interest being shown in developing this site by any education provider, while the 8 form entry Eden Park site at Balmoral Avenue, with an outline planning application and provision already being temporarily made at Ravensbourne, is not in the Draft Local Plan at all?

**Reply:**

I will attempt to answer in four stages – looking at the need, how the developments work, the Local Plan itself then the specific sites.

Looking at the need, colleagues will be aware that we have done a lot of work with Rob Bollen and with Councillor Philpott to look at where specific need is in all the specific wards and all members have been invited to talk to us about where those specific needs are. In terms of the GLA school roll projection, we are looking at needing an additional 23 forms of entry at Year 7 entry to secondary school by 2022. I am aware that this number has shifted since the PDS papers in May and it will probably shift again early next year when we get the full analysis through from the GLA so we have a proper idea of what we need.

Re-emphasising again how it works, whilst the local authority does need additional school places the creation of those school places and the acquisition of sites falls to the Education Funding Agency. It is up to the Education Funding Agency to acquire the land and carry out the planning application process.

In terms of the Local Plan, this sets out the local authority's, i.e. the Council's future policy for land use. This means that we have to make sufficient land available to meet future educational needs. This includes the designation of sites and policies for future education development. It is the Council's view that the Draft Local Plan is compliant with meeting future demand. The Draft Local Plan does not make any judgement on the merits of any particular school or application, merely that sufficient land is available.

Moving to the sites that are mentioned in the question, the Ravensbourne School site was designated for education use. The Council has chosen not to resist the appeal and that is now going through. In terms of the Balmoral Avenue site, that is not included within the Draft Local Plan for education use. The applicant, i.e. the Trust and the Education Funding Agency, would need to make a case at the point of application that the educational merits of that site outweigh any other planning considerations. Regarding the Kentwood site, we are expecting there to be some interest in that site over the life of the Local Plan.

## **7. From Cllr Kevin Brooks to the Portfolio Holder for Care Services**

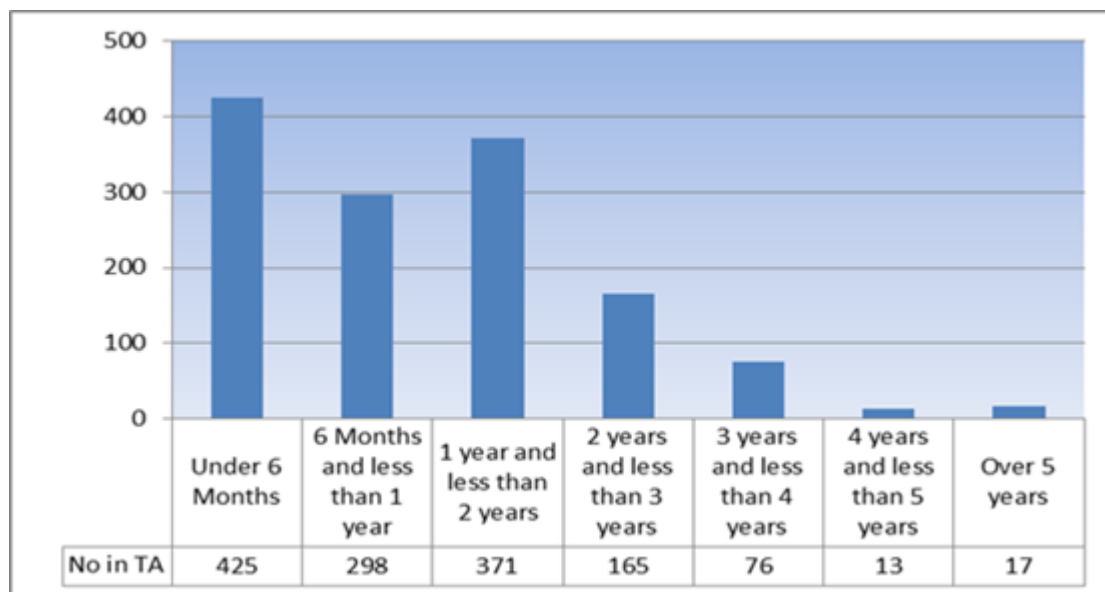
Can the Portfolio Holder please tell me how many temporary housing placements have extended beyond the two year benchmark?

**Reply:**

Under the provisions of the homelessness legislation, households to whom the Council has accepted a rehousing duty must be provided with temporary accommodation until such time as the rehousing duty can be discharged by securing settled accommodation. This may be done through a range of settled options including, for example, the offer of private rental accommodation, reconciliation with family, shared ownership or the offer of a housing association tenancy. There is no set timescale or benchmark for the length of stay in temporary accommodation and this will vary depending upon the availability of the accommodation needed in terms of size, location, property type etc. In the case of securing an offer of housing association accommodation, the individual's own bidding patterns on

Bromley Homeseekers will also have an impact upon the length of time spent in temporary accommodation.

*(The table below provides a breakdown of the length of time households have currently been in temporary accommodation.)*



Of 1,365 family units in temporary accommodation at the moment, 1,094 have been in temporary accommodation for less than two years. Only 17 have been in temporary accommodation for more than five years.

#### **Supplementary question:**

We have an instance of a family of three, a mother and two girls who have been in temporary accommodation for over two years. They are in one room; the girls are now aged 13 and 17, an age when you are looking for a certain sense of privacy. What actions will you take in order to prevent such circumstances and enable a family of three who have lived in temporary accommodation for two years to find suitable and appropriate housing?

#### **Reply:**

All I can say is that the department works extremely hard and the pressure is enormous in terms of finding temporary accommodation. If there is a particular case to which Councillor Brooks refers then if he would like to refer it to me then, as always with all Members, I am very happy to chase up with my officers what the situation is with those individual cases.

#### **8. From Cllr Ian Dunn to the Portfolio Holder for Care Services**

Does this Council feel that it has had adequate involvement in the development and review of the Sustainability & Transformation Plan which has been prepared for South East London?

#### **Reply:**

Councillor Dunn will be aware that nationally there has been a great deal of concern about the lack of local authority engagement in the STP process, despite acknowledgement by NHS leaders that local authorities and the NHS have to work together to tackle the scale of the problem facing our services. Indeed Simon Stevens has commended local authorities' ability to manage budget pressures in ways in which the NHS has signally failed to do.

As the democratically elected representatives of the people of Bromley, who will be directly affected by the proposals, we believe that there should have been more formal opportunities for engagement at the strategic level. The Leader has written to the Chairman of Bromley CCG expressing our concerns. We appreciate that the STP has been subject to some very tight timescales and a shifting expectation on the part of the Department for Health and NHS England of what it was intended to be. We noted with some disappointment the changing focus from potentially a plan for full integration of health and social care to one which focuses entirely on the NHS budget deficit and which no longer requires any real engagement and certainly not sign off from local authorities. The Chairman and Chief Officer of the CCG have expressed their regret at not having engaged the Local Authority more fully in development of the Plan.

We welcome the focus of the NHS on dealing with its significant budget deficit and potential growth pressures and we support the focus of the STP on efficiency and consistency and improving the delivery of planned care. The primary aim of keeping people as independent as possible and avoiding hospital stays and long term institutional care is consistent with our Building a Better Bromley agenda and we are pleased to see that reflected in the STP.

The changes which the NHS is proposing represent a significant financial challenge to local authorities and it is important that there are mechanisms to divert resources from acute or other areas of health spend where the implementation of the STP results in additional cost for social care.

We acknowledge that the STP for South East London reflects many of the existing priorities for the NHS locally as set out in Our Healthier South East London. However it is at this stage still only a plan and the challenge will be to ensure that it is implemented and delivers real change for the health and social care economy and our patients and residents.

The Leader and I will be having further discussions next week with the CCG about how we will ensure real and effective participation from the local authority in governance arrangements.

That was the long answer. The short answer is no, we certainly were not involved.

**Supplementary question:**

The STP is underpinned by a memorandum of understanding which sets out how health and care interact. I have seen the memorandums of understanding for other parts of England which have allowed for a local authority to sign. What specific assurances will you need before recommending that this Council signs the memorandum of understanding for south east London.

**Reply:**

The answer is that we will have to be assured that it is for the good of our residents in Bromley. We have a great deal of talk about south east London arrangements but as far as I am concerned, whilst we recognise some issues, like admittance to Kings, that are spread across more than one borough my main thrust is to get the best for residents in Bromley.

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

What were the dates of the last 3 planning sub-committee reports to contain the recommendation 'Members views are requested'?

**Reply:**

It would take a great deal of time to work out exactly the dates you are asking for. However, we have not had a “Members Views” recommendation since 2012.

**Supplementary question:**

Who is overtly or covertly defying the wish of democratically elected councillors to have “Members Views” reinstated?

**Reply:**

I think personally that the recommendation “Members Views” is somewhat overrated. I arranged a seminar in June or July this year where an ex-inspector came along to discuss with us how appeals were dealt with. It was not well attended but those who did attend enjoyed it and learnt a great deal from it. When inspectors look at appeals, recommendations from officers are not paramount in their thinking. They look at the evidence that is presented and that is from where they make their decision.

The decision is made on evidence. Planning is very subjective – what is an overdevelopment, what is out of character, what is inappropriate design – so there is subjectivity. The inspector may disagree with planners or with Members, provided we are giving substance to the decisions we are making we will never lose costs.

I have seen so many applications refused on the basis of local knowledge. Local knowledge can only be used where examples of that local knowledge are brought into the equation. For instance, local knowledge often applies to traffic. If we are saying something should be refused because of a traffic consideration then we should get examples of that.

We employ a professional planning department. All of these officers are professionally qualified people who are asked to make a recommendation. We cannot ask them to sit on the fence with “Members Views.” I think it is absurd to ask them to give a view one way or the other.

**Additional Supplementary Question:**

Councillor Owen protested that his question had not been answered. If you look at the minutes of the Development Control Committee chaired by Councillor Nicky Dykes on 9<sup>th</sup> June it is absolutely clear that members wish to have “Members Views.” Who is stopping that happening? Somebody clearly is.

**Additional Supplementary Question:**

Given the undemocratic nature of what has happened to “Members Views” can I ask is there a European Directive involved?

**Additional Supplementary Question:**

Given that there will always be those planning applications that are finely balanced, and could quite reasonably go either way, does the Chairman not think that where a finely balanced application is recommended for permission but where Members subsequently refuse it does he not think that this will automatically put the Council on the back foot at any subsequent appeal?

**Additional Supplementary Question:**

I was present at the meeting in June. That meeting expressed a desire to have “Members Views.” Who is blocking that issue?

**Reply:**

In response to Councillor Michael, no, I do not think we are on the back foot if we refuse something that has been recommended by officers. I think the appeal is dealt with on its merits.

As far as Councillors Auld and Owen's question is concerned, nobody is blocking "Members Views." The planning officers have complete right to recommend "Members Views" if they want to – they have that option open to them. Personally, I do not think it is an option they should use, but nobody is blocking it.

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

- (I) If he will list the locations in the Borough with width restrictions?
- (ii) For each location the number of times, one or more width restrictions have been removed maliciously or by accident in the past year?
- (iii) The action taken to apprehend and charge offenders for the damage?

**Reply:**

- (I) Locations of width restrictions:

Sundridge Avenue, Chislehurst  
Yester Road, Chislehurst  
Thicket Road, Penge (more a gate than a width restriction)  
Manor Park Road/Watts Lane, Chislehurst  
Main Road, St Paul's Cray  
Red Lodge Road, West Wickham  
Fox Hill/Belvedere Road Crystal Palace  
Auckland Road, Crystal Palace  
Hayes Lane, Hayes  
Queen Anne Avenue, Shortlands  
St Dunstan's Lane, Beckenham

- (ii) Sundridge Avenue has its protector damaged five times, Yester Road has had locks removed five times, Hayes Lane is having locks removed three times a week, St Paul's Cray bollard has been damaged weekly and Red Lodge Road's bollard has been damaged or replacement locks required weekly during the past last twelve months.

- (iii) If anyone witnesses and can provide both the vehicle registration number and is willing to provide a witness statement we would pursue everyone for repair or replacement costs.

**Supplementary question:**

It would be useful if perhaps on a future occasion we could find out how much it is costing to do this on a weekly basis or more often. Are we using CCTV at some of these locations where it is happening on a three or four times a week basis to try to catch these offenders? In respect of Red Lodge Road in my ward, the bridge, I believe, is a network rail bridge. Are they contributing towards the cost of the width restriction, and if not, why not?



**Reply:**

It is not a serious enough issue to have CCTV required, the costs are largely covered by the contractor who puts the posts back in and replaces locks free of charge on a weekly basis. Concerning the bridge, I understand that as the local highway authority the responsibility for maintaining the equipment that we installed falls to the London Borough of Bromley.

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

What was the outcome of the recent conference on sofa surfing in Bromley?

**Reply:**

The Hidden Homeless seminar was one of a number of seminars on a variety of subjects being hosted by Bromley Voices – Community Links team for their member organisations. Officers from the Bromley Housing Division were invited to attend the seminar and gave a presentation on the current housing and homelessness pressures. The seminar was well attended and organisations were engaged in looking at their respective roles in helping to prevent and tackle homelessness. It was a good opportunity to talk about the forthcoming review of the homelessness strategy and how to use this multi-agency forum to help develop the new strategy. A particular strand of work identified was to look at how organisations can assist in identifying households at risk of homelessness at the earliest possible stage to ensure that they are sign posted to access appropriate advice and assistance to maximise the effectiveness of preventative intervention.

**Supplementary question:**

Given the fact that, in response to Councillor Brooks' question, the reality is that people in temporary accommodation in this borough are four times the number they are in neighbouring Labour controlled Lewisham, when are we going to do something about this problem?

**Reply:**

Our housing department fulfils an excellent role. They are one of the most efficient departments in the Council - 90% of the people who apply to them to be registered as homeless are actually helped and are found other ways to avoid the homelessness issue. We recognise that this is a real problem, not just for Bromley but throughout London and the South-East. There is a big homelessness problem; we are doing what we can to combat that.

(As the time limit for this item of thirty minutes had been reached, the Mayor announced that the remaining questions would receive written answers.)

**12. From Cllr Kathy Bance MBE to the Portfolio Holder for Public Protection**

We have established that the CCTV camera located in Evelina Road, Penge is working and owned by the London Borough of Bromley. Can you advise what service this camera provides to the residents of Penge?

**Reply:**

The CCTV camera at the end of Evelina Road is part of the Bromley public space CCTV system. It views the Croydon Road shops and is used in tackling local crime and anti-social behaviour.

This camera has the added benefit to residents in that it views the entrance to the estate as well as the road entrances, which have previously been used as escape routes.

The camera is also a visual deterrent to participants in crime and anti-social behaviour in this area.

### **13. From Cllr Angela Wilkins to the Portfolio Holder for the Environment.**

Please explain why it has taken so long to see a new contractor for Parking Services agreed and exactly why the six month extension of the Vinci contract was required earlier this year?

**Reply:**

I don't accept it has taken "so long" personally.

I have mentioned previously and am very pleased to repeat, that I would far rather see a robustly written contract which better protects the Council's interests moving to the future even if it does take longer to deliver, than a poorly structured 'quick fix' which failed to do so.

I am very pleased to say that this has now been achieved.

In summary, the BPA contract originally appeared to meet the requirements of a Parking Service. However, during the contract development process it became apparent there were better options available given the scope and scale of the contract being let.

These have subsequently been captured and addressed within the recently approved Contract.

### **14. From Cllr Kevin Brooks to the Portfolio Holder for Care Services**

Based on the Health Inequalities report from Healthwatch to the December meeting of the Health & Wellbeing Board, do you now recognise that there is a problem in Bromley with people suffering from financial hardship also suffering from lower standards of physical health and mental wellbeing. What do you propose to do to address this?

**Reply:**

It is well recognised that deprivation is associated with poor health outcomes and the role of Public Health is to improve the health of the population and to reduce health inequalities.

For the period 2012 to 2014, there was an 8.6 year difference in life expectancy at birth between males living in the most and least deprived areas of Bromley, and 6.2 years for females. This represents an increased difference over the last ten years.

Public Health services are targeted to disadvantaged groups e.g. routine and manual workers for smoking cessation, and outreach to deprived areas for NHS Health Checks. In addition, Public Health work with Primary Care, highlighting deprivation in practice populations so that increased resources can be directed to those most in need of health care. There is ongoing work on assessing the need of the homeless population to inform commissioning of health and care services (JSNA 2016).

### **15. From Cllr Peter Fookes to the Portfolio Holder for Education**

Why are parents of children with severe disabilities being refused transport for their offspring?

**Reply:**

They are not. If there is a specific concern that Cllr Fookes would like to raise then I encourage him to do so. So far he has not contacted me regarding any case. If he does have a specific concern I would implore him to think of the welfare of the child and raise it with either me or the department immediately rather than wait for a full Public Meeting to raise a non-specific concern.

**16. From Cllr Angela Wilkins to the Portfolio Holder for Resources.**

Please explain why a one-off drawdown of £33k was required for a recent increase in employment tribunal work? (See paragraph 3.4.3 of the November Budget Monitoring Report.)

**Reply:**

The straightforward answer is because we had work which temporarily exceeded the capacity of the in-house resource.

The Council has seen a recent increase in both contentious and non-contentious work which required additional temporary resources to ensure that external timetables were met whilst dealing with work supporting service needs and providing general advice on commissioning work.

**17. From Cllr Michael Rutherford to the Leader of the Council**

Would he like to wish the council and residents of the borough a Merry Christmas?

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**COUNCIL MEETING**

**12<sup>th</sup> DECEMBER 2016**

**QUESTIONS FOR WRITTEN REPLY FROM MEMBERS OF THE COUNCIL**

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

If he will list in table format the following information for each of the past three years;

1. Each planning application which has gone to appeal;
2. whether the original application was recommended for approval or refusal;
3. whether the application was refused by committee or under delegated powers;
4. the outcome of the appeal;
5. if costs were awarded in full or in part;
6. the sum awarded?

**Reply:**

Question withdrawn – the information will be provided in a report to Renewal and Recreation PDS Committee on 26<sup>th</sup> January 2017.

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

If he will make a statement of the progress made across the Council in commissioning services since 2014?

**Reply:**

A Commissioning Board has been set up to provide a management overview of all commissioning activity and the validation of information being provided to members. As part of this the Board have taken steps to develop their own and staffs knowledge of the basis of strategic commissioning across the authority. It is a forum for sharing information and intelligence and provides an important (much needed) role in scrutinising and co-ordinating service activities to provide a consolidated pipeline of commissioning across the Council.

The Board has taken steps to embed efficient business practices across the organisation requiring that different models of service delivery are considered and that commissioning decisions are evidenced based looking both at the need and demand for the service. This is now all captured in the outline Business Case Gate 1 Report which is reported to members for values above £500k.

A new contracts database has been commissioned (to be implemented early in the new year) which will further provide transparency and support the organisation to work in a more efficient and effective manner.

The team have also explored different commissioning models such as Joint Ventures, Shared Services, SPVs and Joint Contracting. It is an enabling and facilitating group to challenge and support strategic commissioners. It acts as a peer review.

A commissioning library has been developed which holds all commissioning information such as model specifications, structures for client units, approach around pension liabilities, best practice for contract management and contract monitoring. Best Practice guidance notes are held on the Managers Toolkit along with “Lessons Learnt” from previous commissioning activity for officers to access.

Stronger links with the central procurement team are in place to advise and support on procurement activity for complex commissioning, contracting models and their placement within the market, with the required inputs from legal, finance and procurement staff, particularly with regard to Financial Regulations and Contract Procedure Regulations.

The Contracts Register is now ragged red or amber to highlight issues of concern around meeting contract deadlines, which is overviewed by the Director of Commissioning.

Training has been rolled out for members and officers on the commissioning & procurement cycle

Additionally the Director of Commissioning has consolidated management arrangements around the overview and support of service commissioning. A Programme & Project team has been created to ensure that service reviews are completed in a consistent and timely manner.

There is now improved clarity around the work programme of the various commissioning teams and the potential budget savings that might be realised over the next few years.

Examples of the savings delivered in the last two years are:-

				FYE		
				£'000		
Parking				453		
TFM				210	(plus £1m)	
Customer Service Centre				68		
Financial Assessment Team				121		
Parks & Green Spaces				279		
Transport				143		
Mears				4,200	(including gifting )	
Public Health				200		
Supported Living Schemes				628		
				<b>6,302</b>		

Further savings from commissioning that will be reported over the next few

months are likely to be around £500k p.a. relating to changes in how the Council provides its Library services, Extra Care Housing & Occupational Health

New work streams are currently being reviewed by the Commissioning Board, which includes testing of the foster carer recruitment service and block booking arrangements for children's residential placements, both of which should deliver further savings to the Council.

Setting up the Commissioning Board and putting in place clear governance arrangements have and will continue to embed confidence in processes, ensuring accountability and compliance, and ensure that Best Practice and Value for Money is part of normal working practice with key risks identified, quantified and managed.

### **3. From Cllr Michael Rutherford to the Portfolio Holder for Renewal and Recreation**

What is the proposed timetable for compulsory purchase orders (if required) for opportunity site G and when will residents be informed of the process?

#### **Reply:**

The Council has shortlisted two bidders for the next phase of the redevelopment of Opportunity Site G and officers are currently evaluating these submissions. It is anticipated that an award of tender report will be considered by the Council's Executive in February 2016 following the completion of the tender evaluation process. This report will advise Members on the details of the bidder submissions, the results of the evaluation process and provide an Officer recommendation for the preferred bidder.

Following the Council's confirmation of the preferred development partner, the developer will be expected to enter into the development agreement within 3 months. The following indicative timetable has been updated to illustrate the estimated length of each stage in the process:

- Council decision to confirm preferred partner – February 17
- Development Agreement signed May/June 17
- Submit Planning Application and Prepare Compulsory Purchase Order documentation Autumn 2017
- Secure Planning Consent Spring 2018
- Compulsory Purchase Inquiry Autumn 2018
- Commence Development Autumn 2019
- Completion Spring 2022

Officers have recently written to update the owner/occupiers in the development site on the proposed timetable and provide them with further guidance on the compulsory purchase order process.

**4. From Cllr Peter Fookes to the Portfolio Holder for Resources**

When a service is contracted out, why are e mails not automatically forwarded to the contractor?

**Reply:**

It is difficult to give a specific answer to such a general question but reasons can include the agreed responsibilities between client and contractor, the need for client filtering of matters, the fact that e-mails can include matters which may be relevant to a contractor and elements which aren't, the fact the writer may not want their e-mail forwarded and the fact that an e-mail forwarding system isn't able to intelligently judge what to automatically forward.

There are also concerns over forwarding e-mails to all users whether deliberate or accidental and the impact that can sometimes have.

Also if an e-mail is classed as junk mail and we forward it we could be blacklisted by their provider for sending junk mail.

**5. From Cllr Peter Fookes to the Chairman of Development Control Committee**

Given the vast number of planning enforcement cases outstanding, when will more resources be allocated to this service?

**Reply:**

Additional resources have been applied to the Planning Enforcement team and the number of outstanding cases has reduced, however, we will be monitoring this closely.

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

Given the increasing numbers of people across all parts of the borough presenting with problematic alcohol abuse, what support is available for the children of those affected?

**Reply:**

All patients presenting to the Bromley Drug and Alcohol Service for structured treatment (e.g. treatment of alcohol dependence) undergo an assessment which includes establishing whether any children have significant levels of contact with the individual. If there are children in contact, a safeguarding visit is undertaken and a referral made to LBB Safeguarding Services if there is any concern.



**7. From Cllr Vanessa Allen to the Portfolio Holder for Renewal & Recreation**

Can the Portfolio Holder provide the number of residential units for which planning permission was given in 2015/16 and for as much of 2016/17 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:**

The attached table shows the total number of residential units for which planning permission was given in 2015/2016 broken down by the number of bedrooms. We do not have these details of the 2016/2017 period available or the sub division by tenure at present and the data is provisional.

**Residential Unit Permissions Broken Down by Number of Bedrooms (FY2015)**

No. of Bedrooms	1	2	3	4	5	6	7	(blank)	Grand Total
Grand Total	326	394	47	11	30	1	1	-41	769

**8. From Cllr Ian Dunn to the Portfolio Holder for Resources**

In February 2016, the Council agreed a schedule of 64 savings options (cuts). Can the Portfolio Holder please provide the schedule of forecast savings (cuts), with the addition of the forecast outturn savings (cuts) for 2016/17 and the forecast outturn full year savings (cuts) for each line?

**Reply:**

The savings list and its progress are attached (appendix 1). It should be noted that whilst there are some timing issues on the delivery of the savings, the vast majority of savings are on track to be delivered and all will be delivered within the full year forecast outturn. It must be appreciated that certain projected figures are subject to verification and approval by Members as part of the Councils procedures.

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

Can the Portfolio Holder please provide the number of mobile phone masts on Council Property and the annual income from these?

**Reply:**

According to our records there are four current lettings in respect of "mobile phone masts" on Council property.

West Wickham Leisure Centre, Station Rd, West Wickham BR4 0PY  
Current rent £4,250.00 per annum  
World of Golf, Sidcup By-Pass, A20, Chislehurst BR7 6RP  
Letting 1 - Current rent £1,875.00 per annum  
Letting 2 – Current rent £3,269.78 per annum

In addition the Council is finalising a renewal of the phone mast at the Central Depot which will provide for an additional £8,250pa.

Thus making a total of £17,644.78 pa.

# **10. From Cllr Ian Dunn to the Portfolio Holder for Resources**

Can the Portfolio Holder please provide the number of working age claimants who received Council Tax Support, the percentage these residents were required to pay, the collection percentage for these residents and the general collection percentage for Council Tax for financial years 2013/14, 14/15, 15/16 and 16/17, with the figures for 2016/17 being for year to date? Please also provide the number of claimants who were charged for arrears in 2015/16 and the total amount they were charged?

## **Reply:**

Please find provided in table format the information requested in the above question to the Council meeting of the 12 December 2016.

	2013/14	2014/15	2015/16	2016/17 (as at 7/12/16)
Number of working-age claimants receiving Council Tax Support (CTS)*	11,572	10,514	9,964	9,493
Minimum percentage working-age claimants were required to pay	8.5%	19%	19%	25%
Collection rate for working-age CTS claimants**	98.71%	98.63%	92.89%	67.55% ***
Collection rate for all CTS claimants**	97.07%	97.18%	92.63%	67.74% ***
Collection rate for non-CTS households	99.8%	99.68%	99.51%	85.69% ***
Collection rate as at the end of the relevant financial year (in-year)	97.6%	97.7%	97.8%	76.55%
Number of working-age claimants where court costs applied			2627	
Value of court costs applied to working-age claimants			£366,091	
Number of CTS claimants where court costs applied			3368	
Value of court costs applied to CTS claimants			£486,118	

\*Number of working-age households receiving CTS anytime during the year

\*\* % collected of outstanding sum after CTS applied

\*\*\* Please note when comparing current years collection rates, there is a marked difference between CTS households and non-CTS households in the number opting to pay by 12 monthly instalments. In respect of the current financial year the percentages are as follows:

	% paying by 12 monthly instalments
All accounts	9.13%
CTS claimants	29.33%
Working-age CTS claimants	45.5%
Non-CTS claimants	6.44%

#### **11. From Cllr Richard Williams to the Portfolio Holder for the Environment.**

There are problems across the Borough with the environment around supermarkets, for example wire cages being left on pavements for long periods of time. What pressure can the Council put on supermarket operators to ensure that these problems are minimised.

##### **Reply:**

If the obstruction is on the public highway then the Council can take enforcement action under the Highways Act.

The relevant Enforcement officer for that area will visit the offending shop / store, instruct them that what they are doing is an offence under the Act and issue an £80 fine for any subsequent infractions.

#### **12. From Cllr Angela Wilkins to the Portfolio Holder for the Environment.**

Please provide a ward breakdown of Fix My Street notifications, including the nature of the complaint and the time taken to resolve it for the last year.

##### **Reply:**

It should be noted and emphasised that Fix My Street is a mechanism for reporting street faults, rather than lodging complaints per se.

The appended table (appendix 2) identifies the number of Street Environment enquiries by type per ward for the last 12 months.

Whilst it is not possible to report on the time taken to resolve each individual report, the table does include the % of reports that have been managed within the relevant published Service Standards (across all channels of contact including FMS, CSC and emails/back office).

#### **13. From Cllr Tony Owen to the Leader of the Council**

A constituent of mine asked -

"I've seen some recent Biggin Hill Airport publicity that indicates that the Noise Monitoring and Track Keeping System will be signed off this autumn and introduced during the spring or summer of next year."

Do you have any information where the equipment will be (or has been) located and to what extent LBB have been involved in its commissioning?

There were also quite specific promises that the data from the monitors would be accessible by residents and about what sort of data would be available. Will LBB be involved in testing this user interface and how will residents be made aware that they can use it? What will happen if it doesn't fulfil all the promises that were made? Will the interface be up and running before LBB gives the go-ahead for the extended hours?'

Who is currently the lead council officer for Biggin Hill matters?

**Reply:**

We are aware that the Airport have started the installation of their noise monitoring software and have already been sent calibration details of three monitors. We are presently seeking further information on the proposed locations for the fixed monitors and the mobile unit. In terms of signing off a suitable system, we would expect this to occur once the two fixed monitor locations are 'hard-wired' in place, and working correctly and giving the data required to ensure that all operations can be properly monitored and suitable checks made against the noise limits. It is for the Airport to properly commission their system and then to properly demonstrate their system to the Council's satisfaction. The agreement with the Council is quite clear and noise monitoring software does need to be installed to the Council's satisfaction before any change of operating hours can take place. If the Council is not satisfied, the change in operating hours will not be granted. We expect the Airport to make contact when they are ready for this formal process to start. The Council's Communications Executive is continuing to be the nominated co-ordinating lead for Biggin Hill Airport, with the support of appropriate colleagues depending on the exact nature of what is required.

(Question 8)

[illegible]

		2016/17	2017/18	2018/19	2019/20	Forecast Outturn Savings 2016/17	Forecast Outturn Full Years Savings 2019/20
	<b>PORTFOLIO SAVINGS LIST</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
18	Increased income from Day Care and Transport	-200	-200	-200	-200	-200	-200
19	Additional recurring underspends - Commissioning	-20	-20	-20	-20	-20	-20
20	Additional charging income generated by legislative changes * not achieved, covered by contingency in 2016/17 only. Will re realised in later years	-503	-503	-503	-503	0	-503
21	Better Care Fund Grant	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
22	Invest to save - reablement *delay in savings, savings will be realised	-150	-150	-250	-250	0	-250
23	Supporting People - Increased efficiencies *delay in savings, savings will be realised	-250	-250	-250	-250	-174	-250
24	Further savings to be identified through efficiencies	-500	-1,000	-1,000	-1,000	-500	-1,000
25	Better Care Fund - increase in negotiated funding of social care	-631	-631	-631	-631	-631	-631
	<b>Total Care Services - Adult Social Care</b>	<b>-8,081</b>	<b>-9,141</b>	<b>-9,241</b>	<b>-9,241</b>	<b>-6,105</b>	<b>-9,241</b>
	<b>Care Services - Children's Social Care</b>						
26	Reduce overall net cost of Placements through efficiencies and obtaining health income. Currently 33 Residential and 345 Fostering placements *delay in savings, savings will be realised	-500	-500	-500	-500	0	-500
27	Savings from remand placements (LAPSO). Service has operated for two years (achievable)	-250	-250	-250	-250	-250	-250
28	Review of fostering arrangements	-119	-119	-119	-119	-119	-119
29	Management Savings/Restructure - Care & Resources	-160	-160	-160	-160	-160	-160
30	Children with Disabilities	-120	-120	-120	-120	-120	-120
31	Section 17 - Preventative Payments (Children's Act - Provision of services for children in need, their families and others)	-25	-25	-25	-25	-25	-25
32	Section 18 - Children's Act - Day care for pre-school and other children	-25	-25	-25	-25	-25	-25
33	Full year saving of 2 residential placements (currently 33 residential placements)	-250	-250	-250	-250	0	-250
34	Virtual School efficiencies	-75	-75	-75	-75	-75	-75
	<b>Total Care Services - Children's Social Care</b>	<b>-1,524</b>	<b>-1,524</b>	<b>-1,524</b>	<b>-1,524</b>	<b>-774</b>	<b>-1,524</b>
	<b>Public Health</b>						
35	Sexual Health	-104	-104	-104	-104	-104	-104
36	NHS Health Checks	-126	-126	-126	-126	-126	-126
37	Health Protection	-7	-7	-7	-7	-7	-7
38	Childhood Obesity Programme		-188	-188	-188	0	-188
39	Adult Obesity Programme	-59	-59	-59	-59	-59	-59
40	Physical Activity	-30	-30	-30	-30	-30	-30
41	Substance Misuse	-420	-420	-420	-420	-420	-420
42	Smoking and Tobacco	0	-726	-726	-726	0	-726
43	Miscellaneous Public Health Prog	-12	-202	-202	-202	-12	-202
44	School Nursing	-958	-958	-958	-958	-958	-958
45	Public Health Staff	-325	-325	-325	-325	-325	-325
46	Public Health Unallocable	-36	-36	-36	-36	-36	-36
	<b>Total Public Health</b>	<b>-2,077</b>	<b>-3,181</b>	<b>-3,181</b>	<b>-3,181</b>	<b>-2,077</b>	<b>-3,181</b>



WARD	DRAINAGE CLEANS- ING	ENFORCE- MENT	GRAFFITI	HIGH- WAYS	PARKS & GREEN- SPACE	STREET CLEANSIN G	STREET LIGHTING	STREET- WORKS	TREES	Grand Total
BICKLEY	16	119	5	141	32	213	99		59	684
BIGGIN HILL	16	125	5	160	30	199	91		52	678
BROMLEY COMMON & K	24	134	29	174	165	762	148	2	56	1,494
BROMLEY TOWN	49	125	45	205	66	612	152	2	58	1,314
CHELSEFIELD & PB	25	177	16	182	65	310	89	4	73	941
CHISLEHURST	33	184	50	293	72	311	115	4	61	1,123
CLOCK HOUSE	19	136	38	117	30	693	54	2	64	1,153
COPERS COPE	19	145	29	102	30	337	64		46	772
CRAY VALLEY EAST	37	233	47	183	134	798	100	6	70	1,608
CRAY VALLEY WEST	11	144	37	174	50	459	122	5	40	1,042
CRYSTAL PALACE	20	116	235	68	126	697	46	2	28	1,338
DARWIN	7	66	3	137	67	184	47	3	30	544
FARNBOROUGH & CROF	25	112	14	193	73	190	119	1	94	821
HAYES & CONEY HALL	9	94	21	262	122	218	133	6	90	955
KELSEY & EDEN PARK	20	129	19	125	71	430	81	1	81	957
MOTTINGHAM & CN	16	90	14	66	33	199	31		30	479
ORPINGTON	20	104	19	126	67	285	104	5	55	785
PENGE & CATOR	20	189	114	125	70	956	91	1	68	1,634
PETTS WOOD & KNOLL	31	102	20	174	28	234	135	1	49	774
PLAISTOW & SUND	16	112	11	105	12	289	89		68	702
SHORTLANDS	12	48	8	127	18	246	61		37	557
WEST WICKHAM	18	96	13	156	31	174	68	2	95	653
Grand Total	463	2,780	792	3,385	1,392	8,796	2,039	47	1,304	21,008
% of enquiries within SLA*	98%	90%	99%	98%	99%	98%	87%	95%	99%	

\*across all enquiries not just FMS



Report No.  
CSD17105

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** **COUNCIL**

**Date:** **1<sup>st</sup> March 2017**

**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:** Copers Cope Ward

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1. Reason for report

- 1.1 Under the Council's Petition Scheme, if petitioners are dissatisfied with the Council's response to their petition they can present their case to full Council, 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, after which Members can debate the issues raised.
- 1.2 A petition has been received meeting the threshold for the lead petitioner to address full Council from Mr Richard Wilsher, calling for a pedestrian crossing on Copers Cope Road, Beckenham. Further details the petition are set out in section 3 of this report.
- 

2. **RECOMMENDATIONS**

**The Council is requested to consider the case made by the petitioners.**

### Corporate Policy

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

### Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Democratic Services
  4. Total current budget for this head: £335,590
  5. Source of funding: 2016/17 Revenue Budget
- 

### Staff

1. Number of staff (current and additional): 8 (7.27 fte)
  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? Yes
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 Members have considered the matter, they can choose whether or not to recommend any further action. One petition has been received that meets the threshold.

#### 3.2 Pedestrian Crossing – Copers Cope Road

A petition was received from Mr Richard Wilsher on 30<sup>th</sup> January 2017 stating –

“We the undersigned support the campaign for a pedestrian crossing on Copers Cope Road near New Beckenham Station.”

The petition contains 524 valid signatures, plus a further 25 valid signatures submitted online. The Council's response was as follows -

“As the Environment Portfolio Holder, Councillor Colin Smith, set out in his response to your question at the Council meeting on 12<sup>th</sup> December 2016, the Council has implemented the best possible scheme in Copers Cope Road as recommended by its traffic experts. This is based on accident statistics for the road and detailed consideration of all the other relevant practical factors, including pedestrian numbers and desire lines, the layout of the road including junctions, bends and crossovers, the demand for on-street parking and the location of trees, bus stops and other street furniture. This is not an exhaustive list, and I can assure you that this particular location has been investigated thoroughly. Therefore, while the Council understands your concerns about road safety, we still consider that the current design for pedestrian refuges is the most suitable for this location.”

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Children and Adults/Policy/Financial/legal/Personnel/Procurement)
Background Documents: (Access via Contact Officer)	Petition from Richard Wilsher

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Report No.  
CSD17036

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:**      **COUNCIL**

**Date:**                      **Wednesday 1 March 2017**

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

**Title:**                      **COUNCIL TAX 2017/18 AND REVENUE BUDGET**

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

**Chief Officer:**              Mark Bowen, Director of Corporate Services

**Ward:**                      N/A

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1.    Reason for report

- 1.1    At its meeting on 8<sup>th</sup> February 2017 the Executive considered the attached report on the 2017/18 Revenue Budget and made recommendations concerning the level of the Bromley element of the 2017/18 Council Tax and Adult Social Care precept. At the meeting, amended recommendations were tabled, along with an updated version of Appendix 2 to the report (also attached) and comments from all PDS Committees on the budgets proposed for their respective portfolios. The Executive supported the amended recommendations which are set out below for consideration by full Council. The Director of Finance reported that the final Local Government Settlement 2017/18 was still awaited and there may be further changes that would need to be considered by Council. The Director of Finance was authorised to report any further changes to the next Council meeting.
- 

2.    **RECOMMENDATIONS -**

(1)    **The Executive recommends to Council that it:**

- (a)    **Approves the schools budget of £80.5 million which matches the estimated level of Dedicated Schools Grant (DSG) after academy recoupment;**
- (b)    **Approves the draft revenue budgets (as in Appendix 2) for 2017/18 to include the following updated changes:**
- (i)    **As reported in the Draft 2017/18 Budget Report to Executive on 11<sup>th</sup> January 2017, dedicated resources will be required for the joint tendering of a number of Environmental Services contracts over the next two years and other commissioning projects particularly around Children's Services. The 2017/18**

Central Contingency includes one-off funding of £500k towards these costs and it is requested that this be transferred to an earmarked reserve to ensure that the funding is available as and when the work is undertaken.

(ii) Members are requested to agree that the utilisation of this funding be delegated to the Director of Commissioning in consultation with the Resources Portfolio Holder.

(iii) A report elsewhere on the agenda entitled “Care Home and Extra Care Quality Monitoring Report 2016” requests the drawdown of £1m from the Central Contingency Budget for 2017/18 to meet the impact of the National Living Wage and associated increase in ceiling rates. Members are requested to note that the figures detailed below assume that this request will be agreed.

(c) Agrees that Chief Officers identify alternative savings within their departmental budgets where it is not possible to realise any savings reported to the previous meeting of the Executive held on 11<sup>th</sup> January 2017;

(d) Approves the following provisions for levies for inclusion in the budget for 2017/18:

	£'000
Local Pensions Partnership *	483
London Boroughs Grant Committee	281
Environment Agency (Flood defence etc) *	242
Lee Valley Regional Park *	380
<b>Total</b>	<b>1,386</b>

*\*provisional estimate - awaiting final allocations*

(e) Approves a revised Central Contingency sum of £18,276k to reflect the changes in (b) and (d);

(f) Notes that the 2017/18 Central Contingency sum includes significant costs not yet allocated and there will therefore be further changes to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget;

(g) Approves the revised draft 2017/18 revenue budgets to reflect the changes detailed above;

(h) Sets a 3.99% increase in Bromley’s council tax for 2017/18 compared with 2016/17 (1.99% general increase plus 2% Adult Social Care Precept) and, based upon their consultation exercise, an assumed 1.5% increase in the GLA precept;

(i) 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);

(j) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);

(k) Executive agree that the Director of Finance be authorised to report any further changes directly to Council on 1<sup>st</sup> March 2017.

**(2) Council Tax 2017/18 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011).**

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

	2016/17 £	2017/18 £	Increase % (note #)
<b>Bromley (general)</b>	<b>1,050.67</b>	<b>1,072.00</b>	<b>1.99</b>
<b>Bromley (ASC precept)</b>	<b>20.60</b>	<b>42.02</b>	<b>2.00</b>
<b>Bromley (total)</b>	<b>1,071.27</b>	<b>1,114.02</b>	<b>3.99</b>
<b>GLA *</b>	<b>276.00</b>	<b>280.02</b>	<b>1.46</b>
<b>Total</b>	<b>1,347.27</b>	<b>1,394.04</b>	<b>3.47</b>

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

(#) in line with the draft 2017/18 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,071.27 for Bromley) – see paragraph 6 below. Any changes arising from the final Referendum Principles will be reported directly to Council on 1<sup>st</sup> March 2017.

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

1. It be noted that the Council Tax Base for 2017/18 is 128,523 'Band D' equivalent properties.
2. Calculate that the Council Tax requirement for the Council's own purposes for 2017/18 is £143,177k.
3. That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):
  - (a) £530,406k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
  - (b) £387,229k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.
  - (c) £143,177k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.
  - (d) £1,114.02 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.
- (4) 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).
- (5) 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 2017/18 for each part of its area and for each of the categories of dwellings.

<b>Valuation Bands</b>	<b>London Borough of Bromley £</b>	<b>Greater London Authority £</b>	<b>Aggregate of Council Tax Requirements £</b>
<b>A</b>	<b>742.68</b>	<b>186.68</b>	<b>929.36</b>
<b>B</b>	<b>866.46</b>	<b>217.79</b>	<b>1,084.25</b>
<b>C</b>	<b>990.24</b>	<b>248.91</b>	<b>1,239.15</b>
<b>D</b>	<b>1,114.02</b>	<b>280.02</b>	<b>1,394.04</b>
<b>E</b>	<b>1,361.58</b>	<b>342.25</b>	<b>1,703.83</b>
<b>F</b>	<b>1,609.14</b>	<b>404.47</b>	<b>2,013.61</b>
<b>G</b>	<b>1,856.70</b>	<b>466.70</b>	<b>2,323.40</b>
<b>H</b>	<b>2,228.04</b>	<b>560.04</b>	<b>2,788.08</b>

- (6) That the Council hereby determines that its relevant basic amount of council tax for the financial year 2017/18, which reflects a 3.99% increase (including Adult Social Care Precept of 2%), is not excessive. The Draft Referendums Relating to Council Tax Increases (Principles) (England) Report 2017/18 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2017/18. Any changes arising from the Final Referendums Report will be reported directly to Council on 1<sup>st</sup> March 2017. 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.



## Impact on Vulnerable Adults and Children

1. Summary of Impact:
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Recurring Cost: Impact in future years is set out in Appendix 1 of the attached report
  3. Budget head/performance centre: Council wide
  4. Total current budget for this head: £143m draft 2017/18 budget (excluding GLA precept)
  5. Source of funding: See appendix 2 for overall funding of the Council budget.
- 

## Personnel

1. Number of staff (current and additional): Full details will be in the 2017/18 Financial Control Budget to be published in March 2017.
  2. If from existing staff resources, number of staff hours: Not Applicable
- 

## Legal

1. Legal Requirement: Statutory Requirement: See attached report.
  2. Call-in: Not Applicable: Reports to full Council are not subject to call-in.
- 

## Procurement

1. Summary of Procurement Implications: Not Applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
- 

## Ward Councillor Views

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

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

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## SUMMARY OF DRAFT 2017/18 REVENUE BUDGET - PORTFOLIO

2016/17 Final Budget £'000	Portfolio/Item	2017/18 Draft Budget £'000	2017/18 Band "D" Equivalent £
88,950	Education	85,871	668.14
Cr 83,705	Less costs funded through Dedicated Schools Grant	Cr 80,458	Cr 626.02
5,245	Sub total	5,413	42.12
92,548	Care Services	97,810	761.03
31,203	Environment	29,329	228.20
1,948	Public Protection and Safety	1,938	15.08
8,953	Renewal and Recreation	7,572	58.91
31,820	Resources	30,601	238.10
7,579	Non Distributed Costs & Corporate & Democratic Core	3,831	29.81
179,296	Total Controllable Budgets	176,494	1,373.25
11,521	Total Non Controllable Budgets	11,244	87.48
Cr 772	Total Excluded Recharges	Cr 731	Cr 5.69
190,045	Portfolio Total	187,007	1,455.04
Cr 10,203	Reversal of Net Capital Charges	Cr 9,901	Cr 77.04
Cr 3,491	Interest on General Fund Balances	Cr 2,891	Cr 22.49
7,402	Contribution to Investment Fund	-	-
-	Commissioning Programme Reserve	500	3.89
-	New Homes Bonus - Support for Revenue Budget	2,171	16.89
2,068	Contribution to Transition Fund Reserve	2,052	15.97
4,912	Set Aside/Utilisation of Prior Year Collection Fund Surplus	6,401	49.80
15,629	Central Contingency Sum	18,276	142.20
	Levies		
464	- Local Pension Partnership*	483	3.76
320	- London Boroughs Grants Committee	281	2.19
238	- Environment Agency *	242	1.88
362	- Lee Valley Regional Park *	380	2.96
207,746	Sub Total	205,001	1,595.05
Cr 56,680	Revenue Support Grant and Business Rate Retention	Cr 47,360	Cr 368.49
Cr 2,068	Transition Grant	Cr 2,052	Cr 15.97
Cr 15	Local Services Support Grant	-	-
Cr 4,912	Collection Fund Surplus	Cr 6,401	Cr 49.80
Cr 7,402	New Homes Bonus	Cr 6,011	Cr 46.77
Cr 986	New Homes Bonus - London Top Slice	-	-
135,683	Bromley's Requirement (excluding GLA)	143,177	1,114.02

\* Final allocations awaited

\*\* There may be further amendments to reflect any changes to the Portfolio structure for 2017/18

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Decision Maker: **Executive**

Date: **8th February 2017**

Decision Type: Non-Urgent Executive Key

**TITLE: 2017/18 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

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## 1. REASON FOR REPORT

- 1.1 This report identifies the final issues affecting the 2017/18 revenue budget and seeks recommendations to the Council of the level of the Bromley element of the 2017/18 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept will be reported to the Council meeting on 20th February 2017. 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 2017/18 but to have measures in place to deal with the medium term financial position (2018/19 to 2020/21).
- 

## 2. RECOMMENDATIONS

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

- (a) Approves the schools budget of £80.5m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;
- (b) Approves the draft revenue budgets (as in Appendix 2) for 2017/18;
- (c) Agrees that Chief Officers identify alternative savings within their departmental budgets where it is not possible to realise any savings reported to the previous meeting of the Executive held on 11<sup>th</sup> January 2017;
- (d) Approves a contingency sum of £19.8m (see section 5);

- (e) Approves the following provisions for levies for inclusion in the budget for 2017/18:

	£'000
Local Pension Partnership *	487
London Boroughs Grant Committee	281
Environment Agency (Flood defence etc.) *	250
Lee Valley Regional Park *	380
Total	1,398

\* 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 2017/18 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) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 20th February 2017.

## Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council

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## 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 £143m Draft 2017/18 Budget (excluding GLA precept)
  5. Source of funding: See Appendix 2 for overall funding of Council's budget
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## Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2017/18 Financial Control Budget to be published in March 2017
  2. If from existing staff resources, number of staff hours – N/A
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## 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 Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015 .
  2. Call-in is applicable
- 

## Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2017/18 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 19th July 2016 which provided some detailed financial context. There has been separate seminars on Pension Matters and Welfare Reform on 11<sup>th</sup> January 2016 and 7<sup>th</sup> April 2016 respectively. The presentations are available on “One Bromley”.
- 3.2 The “Draft 2017/18 Budget and Update on the Council’s Financial Strategy 2018/19 to 2020/21” was reported to the Executive on 11<sup>th</sup> January 2017. 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 11<sup>th</sup> January 2017)

- (a) Approach to Budgeting, Financial Context and Economic Situation which can impact on Public Finances (Section 3 and Appendix 1);
- (b) Council Tax Levels, Government Funding and Spend Levels (Appendix 2);
- (c) Spending Review and Autumn Statement 2016 and Provisional 2017/18 Local Government Financial Settlement (Appendix 3);
- (d) Changes since the 2016/17 Budget that impact on the Financial Forecast (Section 4);
- (e) Latest Financial Forecast including real changes (Section 6 and Appendices 4-5);
- (f) Detailed Draft 2017/18 Budget (Section 7 and Appendix 7);
- (g) Options being undertaken with a “One Council” approach (Section 8);
- (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 2017/18 Budget and council tax levels.

### **4. 2017/18 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) There continues to be upward pressure on inflation and the 2017/18 Draft Budget and financial forecast assumes increased costs of 2.7% per annum for 2017/18 and 2018/19 reducing to 2.5% per annum from 2019/20. The inflation mainly relates to contract price increases. The main measure used for contract price increases is RPIX. The Autumn Statement 2016 reported that inflation (RPI) is expected to be 3.2% in 2017, 3.5% in 2018, 3.2% in 2019 and 3.1% in 2020. Since the last meeting of the Executive the latest annual increase in RPIX (Dec.’16) is 2.7% which compares with 2.5% in the previous month. As reported previously, action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions;
  - (b) There has been a reduction in funding from Government of the Education Services Grant. Latest estimates indicate a further potential loss of income of £300k per annum;



- (c) Marcus Jones MP, Parliamentary Under Secretary of State (Minister for Local Government) recently announced additional national funding of £47.5m (£35.4m in 2017/18 and £12.1m in 2018/19) over the Spending Review Period towards funding the new burdens being introduced under the Homelessness Reduction Bill. If it becomes law, then Councils will be obliged to help all eligible people, whether they are single or family, for 56 days before they are threatened with homelessness. Those who are already homeless will get support for a further 56 days to help them secure accommodation. Other services will also be required including the provision of free information and advice services. It is too early to gauge the net financial impact on the Council at this stage. The situation will need to be closely monitored;
- (d) Although the details of the Better Care Fund funding allocations are awaited additional funding of £322k has been identified, at this stage. This income has been reflected in the updated 2017/18 Budget;
- (e) The Resources Portfolio Holder announced at the last meeting of the Executive that the Council is proposing a pay award of 1.2% for Council staff. For staff earning a full-time (FTE) salary of less than £18,000 an additional £300 per annum on the FTE salary is proposed. He also advised that there are proposed increases in the standby allowance. Further details are being reported to General Purposes and Licensing Committee on 6<sup>th</sup> February 2017. The financial impact of this proposal has been included in the Draft 2017/18 Budget;
- (f) The outcome of the Council's pension fund actuarial valuation as at 31/3/16 is being reported to Pensions Investment Sub Committee on 31<sup>st</sup> January 2017 and General Purposes and Licensing Committee on 6<sup>th</sup> February 2017. Net revenue savings of £1.5m per annum have already been reflected in the Draft 2017/18 Budget. Consideration of the deficit repayment period will be made at that meeting and any update on variations to the Draft 2017/18 Budget will be provided to this meeting of the Executive. The triennial actuarial valuation will impact on the budget from 2017/18 to 2019/20 with a subsequent valuation impacting from 2020/21;
- (g) The Provisional Local Government Financial Settlement 2017/18 was announced on 15<sup>th</sup> December 2016 and the final outcome following the consultation period is expected to be announced in early February. Details of various grant conditions as well as any changes in the Adult Social Care precept requirements are still awaited and a verbal update will be provided at the meeting.

4.2 A summary analysis of key variations in the Draft 2017/18 Budget, compared with the 2016/17 Budget, are shown in Appendix 1 and summarised below.

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
<b>Variations Compared with 2016/17 Budget</b>				
<b>Cost Pressures</b>				
Inflation	4.6	9.9	15.2	20.7
Grant Loss (net of Adult Social Care Support Grant)	8.8	18.4	24.7	29.4
Potential Impact of Chancellor's 2015 Summer Budget on Future Costs (eg. welfare reforms and new living wage)	0.7	4.5	7.7	8.5
Review of Children's Services following Ofsted Report	2.3	2.3	2.3	2.3
Children's Placements - full year effect of 2016/17 overspend	2.1	2.1	2.1	2.1
Review of Children's Placements	0.0	-2.1	-2.1	-2.1
Provision for Cost Pressures - Children's Social Care	0.0	2.1	2.1	2.1
Full Year Effect of Additional Costs re. Adult Social Care and Education SEN	2.2	2.2	2.2	2.2
Impact of Reduction in Bank Base Rate	0.6	0.6	0.6	0.6
Commissioning Programme (one-off funding)	0.5	0.0	0.0	0.0
Real Changes (see Appendix 5)	-0.1	1.3	1.3	2.1
<b>Total Additional Costs</b>	<b>21.7</b>	<b>41.3</b>	<b>56.1</b>	<b>67.9</b>
<b>Income / Savings</b>				
Full Year Effect of Savings Agreed as part of 2016/17 Budget	-3.3	-4.2	-4.3	-4.3
Impact of Highways Investment Report	-2.5	-2.5	-2.5	-2.5
Acquisition of Residential Properties to Accommodate Homeless and "Gifting" of Scheme to Pension Fund	-2.2	-3.7	-4.1	-4.1
Reduction in Council's Central Contingency Sum	-0.7	-2.4	-2.5	-2.5
Additional Income from Business Rate Share	-0.3	-0.6	-0.9	-1.2
Additional Income Opportunity (TFM Contract)	0.0	-0.5	-0.7	-0.9
<b>Total Income / Savings</b>	<b>-9.0</b>	<b>-13.9</b>	<b>-15.0</b>	<b>-15.5</b>
<b>Other Proposed Changes</b>				
New Homes Bonus - Support for Revenue Budget	-6.0	-3.2	-2.5	-1.0
New Homes Bonus - Reallocation	2.2	-2.2	0.0	0.0
Impact of Pension Fund Triennial Valuation (Provisional)	-1.5	-1.5	-1.5	-1.5
Collection Fund Surplus 2014/15 and 2015/16 (set aside to meet funding shortfall in future years)	0.0	-6.9	-4.4	0.0
<b>Total Other Proposed Changes</b>	<b>-5.3</b>	<b>-13.8</b>	<b>-8.4</b>	<b>-2.5</b>
<b>Council Tax</b>				
Increase in Council Tax Base to reflect additional properties and increased collection rates	-2.0	-2.7	-3.3	-4.0
Impact of 3.99% Increase in Council Tax (including Adult Social Care Precept)	-5.4	-10.9	-16.6	-22.3
<b>Total Council Tax</b>	<b>-7.4</b>	<b>-13.6</b>	<b>-19.9</b>	<b>-26.3</b>
<b>Remaining "Budget Gap"</b>	<b>0.0</b>	<b>0.0</b>	<b>12.8</b>	<b>23.6</b>

*The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2017/18 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.4m.*

- 4.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,114.11 (1.99% general increase plus 2% adult social care precept) and Appendix 3 includes the Draft 2017/18 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 highlights that, although it has been possible to achieve a potential balanced budget for the next two years through a combination of front loading savings in previous years, proactively generating investment income and prudent financial management, there remains a "budget gap" of £12.8m in 2019/20 rising to £23.6m in 2020/21. The remaining budget gap 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 fully funded by a corresponding growth in income from council tax, Adult Social Care precept or other sources of income. The "budget gap" may increase or reduce as a result of a number of variables in future years. The projections in later years have to be treated with some caution.
- 4.5 The Council has to continue to plan for 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 2018/19 and 2019/20 with further reductions assumed from 2020/21. 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 and future new burdens. The full Devolution of Business Rates by the end of 2019/20, or possibly delayed until 2020/21, will create new risks as well as opportunities 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 20th February for the finalisation of the Council Tax, to reflect latest available information on levies, and the GLA precept.
- 4.7 The key net cost pressures consist of inflation (£4.6m), impact of grant reductions (£8.8m) and various growth pressures (£8.3m) totalling £21.7m in 2017/18. This sum increases to an estimated £67.9m per annum by 2020/21. If further growth pressure continues in these areas, as well as other areas, the future years "budget gap" could increase.

## **5. DRAFT 2017/18 CENTRAL CONTINGENCY SUM**

- 5.1 Details of the 2017/18 Draft Contingency Sum of £19,776k have been included in Appendix 3. This sum allows for proper financial planning and ensures the council is prepared for changes in financial circumstances. It is important to recognise that this includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2017/18 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 2017/18 Budget.

## **6. EARMARKED RESERVES**

- 6.1 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 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 as meet future plans to invest in employment growth areas of Biggin Hill, Bromley Town Centre and the Cray Business Corridor.
- 6.2 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.
- 6.3 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 £23.6m per annum by 2020/21.
- 6.4 The Council had general reserves remaining of £20m as at 31/3/2016. A full breakdown of reserves including earmarked reserves is detailed in Appendix 4.
- 6.5 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. 2016/17 FINANCIAL MONITORING**

- 7.1 The most recent financial monitoring position was reported to Executive on 30th November 2016.
- 7.2 At its meeting on 14<sup>th</sup> September 2016, Executive considered the "Ofsted Inspection of Children's Services" report and approved additional revenue funding of £949k in 2016/17 with a full year effect of £1,471k for Phase One and Phase Two. The allocation of funding for Phase Three of £141k in 2016/17 and £795k in the full year was approved at Executive on 11<sup>th</sup> January 2017. Overall funding of £2,314k in 2017/18 and £2,266k in the full year have been included in the Draft 2017/18 Budget and the financial forecast. There are cost pressures relating to children's social care which were reported in the 'Budget Monitoring 2016/17' report to Executive on 30<sup>th</sup> November 2016 and the full year effect of £2,093k has been included in the Draft 2017/18 Budget. Action is being taken by the Deputy Chief Executive & Executive Director for Education, Care and Health Services to provide a fundamental review of the placements budget which could potentially provide a corresponding reduction of £2,093k by 2018/19. However, a prudent approach has been adopted and an equivalent

sum of £2,093k has been set aside as a financial risk reserve from 2018/19, at this stage.

- 7.3 In addition, there have been overspends identified in the last 2016/17 Budget Monitoring report to Executive on 30<sup>th</sup> November 2016 relating to adult social care and SEN transport. The full year effect of these items is currently estimated at £2,200k. In view of the need to address the cost pressures and the uncertainty on the final financial impact, a sum of £2,200k has been included in the Draft 2017/18 Central Contingency Sum at this stage. The Deputy Chief Executive & Executive Director for Education, Care and Health Services will be seeking to establish the extent of the ongoing cost pressures and any measures to mitigate against such cost. He will also be progressing with a strategic review of Special Educational Needs utilising the one off grant funding of £139,624 reported at the previous meeting of the Executive.

## **8. THE SCHOOLS BUDGET**

- 8.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 8.2 The Schools Budget includes the delegated budgets for individual maintained 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 so there is no funding required from the Revenue Support Grant or Council Tax.
- 8.3 The introduction of the National Funding Formula has been delayed until 2018/19. The second consultation on the make up of the formula is currently out to consultation and is due to be returned in March. Government will then finalise the proposals and mechanisms of the formula in due course. It is envisaged that the National Funding formula will lead to a more rigid system of 'block' funding meaning that the scope for transfer between the blocks (schools, early years, high needs, and central) will be extremely limited.
- 8.4 Funding for 2017/18 has followed a similar pattern to that of previous years, with one exception. Additional funding for Early years was granted due to changes in the formula that were advantageous to Bromley and the introduction of additional 15 hours of childcare being rolled out from September 2017 to eligible families. Schools funding per pupil has remained static although increases have been seen due to the increase in pupil numbers.
- 8.5 The ring fencing of this grant results in a continuation of minimal scope to redirect resources from the Schools Budget to other services.
- 8.6 The use of DSG was subject to consultation with the Schools Forum. At the time of writing this report, the Education Portfolio Holder will make a final decision following this consultation at the meeting of the Education Budget Sub Committee on the 31<sup>st</sup> January 2017.
- 8.7 In 2017/18 the Education Services Grant (ESG) statutory payment, worth in the region of £700k will be converted to DSG. Although the final outcome is not known, at this stage, latest estimates indicate that the Council will incur a further loss of funding of £300k per annum from Government which has been reflected in the 2017/18 Draft Budget. Details on the longer term impact are still awaited

- 8.8 Although it is difficult to accurately predict, the 2017/18 Draft Budget assumes ongoing conversion of remaining maintained schools to academies. The grant allocation is re-calculated on a quarterly basis, so the grant will reduce in-year as more schools convert to academies.

## **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 20th February 2017 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 £8.0m reflected in the '2015/16 Provisional Final Accounts' report to Executive on 15<sup>th</sup> June 2016. The surplus income is mainly due to good debt recovery levels despite the previous recessionary period, an increase in new properties in the borough and the successful impact of actions following the data matching exercise on single person discounts. The financial impact of the council tax support scheme was also lower than budgeted. A sum of £1.6m will be allocated to the GLA and £6.4m to the Council. 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 and 2019/20.
- 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 2017/18 Draft Budget has been issued for consultation and includes proposals for an increase of 1.5% in existing GLA precept levels for 2017/18. The final GLA precept for 2017/18 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 20<sup>th</sup> February 2017.

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

- 12.1 The latest estimated general fund (revenue) balance at 31<sup>st</sup> March 2017, as shown in the "Budget Monitoring 2016/17" report to the November 2016 meeting of Executive, is provided below:

	2016/17 Projected Outturn £Million
General Fund Balance as at 1 <sup>st</sup> April 2016	20.0
Impact of net projected underspends reflected in the 2016/17 budget monitoring report	-3.7
Adjustment to Balances: Carry forwards (funded from underspends in 2015/16)	-1.7
Estimated General Fund Balance at 31 <sup>st</sup> March 2017 (end of year)	14.6

- 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 2011/12 and Annual Capital Review 2012 to 2016" report to the February 2012 meeting of the Executive identified the long term financial implications of the capital programme. The report identified that abandoning the previously agreed strategy (fund rolling programmes through capital and reinstating general fund contribution to support the revenue budget of £3.5m) would have resulted in the Council's entire general reserves being utilised in the medium term. This illustrates the benefits of the strategy that Members have adopted since 2006/07. However, given the ongoing financial constraints and limited opportunities to reduce costs in the medium term, it may be necessary to reconsider this approach. Executive considered the 'Highways Investment' report on 18<sup>th</sup> October 2016 and approved capital funding for investment in planned highway maintenance to be funded by capital receipts.
- 12.4 Alongside the introduction of the 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 Details of the Council's Building Maintenance Programme and associated costs are awaited and will be subject to a separate report elsewhere on the agenda. The 2017/18 budget will need to be updated to reflect any required changes.

### **13. CONSULTATION**

- 13.1 Executive, at its meeting on 11<sup>th</sup> January 2017, requested that the “Draft 2017/18 Budget and Update on Council’s Financial Strategy 2018/19 to 2020/21” report proposals 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 20<sup>th</sup> February 2017 where the 2017/18 Budget and Council Tax will be agreed.
- 13.2 Two separate resident association meetings were held on 21<sup>st</sup> November 2016 and 28<sup>th</sup> November 2016 and a wider public meeting on 24<sup>th</sup> November 2016 relating to “Your Voice in Your Borough” and “Council Budget 2017/18 and Beyond”. There was a web survey seeking the public’s views online (with a closing date extended to 4<sup>th</sup> December 2016). The outcome was reported to the previous meeting of the Executive.
- 13.3 A meeting has recently taken place with the Schools Forum to consider the Draft 2017/18 Budget. Head Teachers and Governors were consulted on the impact of removing funding from the Schools Block (therefore schools) and which sector it should come from. Following consultation, spending decisions will be taken by the Education Portfolio Holder on 31<sup>st</sup> January 2017.
- 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.

### **14. POSITION BY DEPARTMENT – KEY ISSUES/RISKS**

- 14.1 There remain risks arising from the future scale of budget savings required to address the budget gap as well as the cost pressures arising from new burdens, inflation 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 2017/18 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 2017/18**

- 15.1 The GLA’s 2017/18 Draft Budget was issued for consultation on 16<sup>th</sup> December 2016 and includes proposals for an increase of 1.5% in existing GLA precept levels for 2017/18. The final GLA precept for 2017/18 is expected to be announced after the Assembly has considered the Mayor’s draft consolidated budget on 20<sup>th</sup> February 2017.
- 15.2 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 £1,114.11 in 2017/18 and a further sum of £280.02 for the GLA precept (providing a total Band D equivalent Council Tax of £1,394.13).



- 15.3 For 2017/18 every £1m change in income or expenditure causes a 0.74% variation in the “Bromley element” of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.4m.
- 15.4 As part of the Localism Act, any council tax increase of 2% or above in 2017/18 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase 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 The Adult Social Care precept on council tax was originally set at 2% per annum for 2016/17 to 2019/20. The terms of the precept have changed and local authorities will now be able to increase the precept by up to 3% per annum in 2017/18 and 2018/19. However, the total allowable increase will be 6% over the three year period 2017/18 to 2019/20. 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 2% social care precept, and the GLA precept was increased by 1.5% there would be an overall combined council tax increase of around 3.5%. Utilising a 3% social care precept would increase the overall combined council tax by 4.3%.
- 15.7 The table below identifies the changes required to the draft 2017/18 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 2017/18 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2017/18 including adult social care precept	Additional Income 2017/18 £'m
Freeze	NIL
1.0	1.4
2.0	2.7
3.0	4.1
3.99*	5.4
5.0 ^	6.8

\*Assumed in draft 2017/18 Budget. Adult social care precept of 2% equates to additional income of £2.7m 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 2017/18 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 2017/18, by early 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 Bromley has the second lowest settlement funding per head of population in the whole of London. Despite this in 2016/17, Bromley had the second lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Despite being a low cost authority, Bromley has achieved general savings of over £80m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base. Further details were reported to the previous meeting of the Executive.
- 15.11 As part of the Local Government Finance Settlement 2017/18, the Government provided indicative three year funding which assumed that the Council would raise funding from council tax increases of around 2% and a further 2% increase for the Adult Social Care precept.
- 15.12 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2017/18, having regard to all the above factors, including the Director of Finance comments in Appendix 4.

## **16. FUNDING SETTLEMENT**

- 16.1 Details of the Provisional Local Government Finance Settlement 2017/18 were reported to the previous meeting of the Executive and the final settlement is expected by mid-February.
- 16.2 The Leader met with Greg Clark, Secretary of State and the local MPs to express concern about the Local Government Finance Settlement 2016/17. The Leader and the Director of Finance had also separately written to the Government as part of the response to the previous years consultation. A significant number of points were 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 resulted 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. The final 2016/17 Local Government Finance Settlement was published on 8<sup>th</sup> February 2016 and had resulted in Bromley being offered a new Transitional Grant of £2.068m in 2016/17 and £2.052m in 2017/18. Only 11 London boroughs (out of 32 London Boroughs plus City of London) received transitional protection with Bromley being the second highest. The highest was Richmond with £5.8m over 2 years, the average was £2.4m over 2 years and Bromley will receive £4.1m over 2 years. Although this represents one off income, it is still a significant contribution and, in view of the longer term ‘budget gap’, the forecast assumes that these monies are set aside as an earmarked reserve to fund future transformation changes.
- 16.3 To seek a better deal for Bromley, the Leader and Director of Finance met with Marcus Jones, Minister for Local Government on 25<sup>th</sup> May 2016 and further details were reported to the previous meeting of the Executive.
- 16.4 The Council’s response to the 2017/18 Provisional Local Government Finance Settlement is shown in Appendix 5.

## **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 11<sup>th</sup> January 2017 and the draft 2017/18 Budget and future years forecasts reflect the impact of this approach.
- 17.2 There is uncertainty on the impact of the full devolution of business rates and the outcome of the Government's "Fairer Funding" review which may result in new responsibilities for the Council and associated risks. The changes may not be implemented until 2020/21 whilst austerity for local government is expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.
- 17.3 The Council will continue to seek a fairer financial settlement on behalf of the residents of the Borough and the report has referred to some of the work undertaken in the current financial year. The contribution of local MPs has also assisted in this arrangement.
- 17.4 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 meet inflationary costs on social care and provide funding to meet increasing social care costs, demographic cost pressures and to meet the ongoing "budget gap". As part of the Local Government Finance Settlement 2017/18, the Government's funding reductions assume that Councils could raise alternative funding, to partly offset grant reductions, from council tax increases of around 2% and a further 2% increase to reflect the full Adult Social Care precept. The financial forecast reflects that approach.
- 17.5 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 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.
- 17.6 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a potential balanced budget for the next two years. To illustrate the benefit of the investment approach the Council has undertaken, budgeted income totaling £12.7m from a combination of treasury management income and rents from investment properties has been released. 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. The Council will continue to explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3 to 5 year period. This could include, for example, funding of joint venture opportunities to support land disposal/key investments. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.

- 17.7 There will be significant challenges as the Council is a low cost authority and the position will need to be regularly reviewed particularly as there are risks relating to potential higher increases in inflation, compared with the forecast, and further cost pressures/new burdens. Apart from early identification of options to address the future years budget gap (2020/21 and beyond) including any significant transformation and income generating opportunities, it remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their “cash envelope”.
- 17.8 Stewardship and delivering sustainable finances are increasingly important whilst the Government’s austerity measures continue. It is important to consider actions now that address the “budget gap” in the medium term.
- 17.9 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. IMPACT ON VULNERABLE ADULTS WITH CHILDREN**

- 18.1 The Draft 2017/18 Budget reflects the Council’s key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

## **19. POLICY IMPLICATIONS**

- 19.1 The Council launched the updated “Building a Better Bromley 2016-2018” and the budget proposals reflect the Council’s priorities. “Building a Better Bromley 2016-2018” identifies key priorities as follows:
- Ensure financial independence and sustainability;
  - Invest in our business and our people;
  - Ambitious for all our children and young people;
  - Enhance our clean and green borough.
- 19.2 Ensure financial independence and sustainability priorities include:
- Strict management of our budgets to ensure we live within our means;
  - Working to achieve the benefits of the integration of health and social care;
  - Early intervention for our vulnerable residents.

## **20. PERSONNEL IMPLICATIONS**

- 20.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2017/18 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

## **21. LEGAL IMPLICATIONS**

- 21.1 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.
- 21.2 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.
- 21.3 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.
- 21.4 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 31<sup>st</sup> 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.
- 21.5 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.
- 21.6 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.

- 21.7 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.
- 21.8 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.
- 21.9 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.

<b>Background documents</b>	<p>Gateway Review 1,2 Approval of 2017/18 Operational Building Maintenance Budgets, Planned Maintenance Programme and Preferred Procurement Option, Executive, 8<sup>th</sup> February 2017</p> <p>Capital Programme Monitoring Q3 2016/17 and Annual Capital Review 2017 to 2021, Executive, 8<sup>th</sup> February 2017</p> <p>Pension Fund Triennial Valuation, Pensions Investment Sub-Committee (31<sup>st</sup> January 2017) and General purposes and Licensing Committee (6<sup>th</sup> February 2017)</p> <p>Progress in Implementing Children's Services Improvements Phase3 Spending Plan, Executive, 11<sup>th</sup> January 2017</p> <p>Draft 2017/18 Budget and Update on Council's Financial Strategy 2018/19 to 2020/21, Executive, 11<sup>th</sup> January 2017</p> <p>Drawdown of Homeless Contingency Needs Grant, Executive, 30<sup>th</sup> November 2016</p> <p>Budget Monitoring 2016/17, Executive, 30<sup>th</sup> November 2016</p> <p>Highways Investment, Executive, 18<sup>th</sup> October 2016</p> <p>Insurance Fund – Annual Report 2015/16, Executive and Resources PDS Committee, 12<sup>th</sup> October 2016</p> <p>Ofsted Inspection of Children's Services, Executive, 14<sup>th</sup> September 2016</p> <p>Government's Four Year Funding Offer, Executive, 14<sup>th</sup> September 2016</p> <p>Gateway Report Commissioning – Proposed Total facilities Management Contract, Executive, 20<sup>th</sup> July 2016</p> <p>2015/16 Provisional Final Accounts. Executive, 15<sup>th</sup> June 2016</p> <p>2016/17 Council Tax, Executive 10<sup>th</sup> February 2016</p> <p>Draft 2016/17 Budget and Update on Council's Financial Strategy 2017/18 to 2018/19, Executive, 13<sup>th</sup> January 2016</p>
<b>Financial Considerations</b>	<p>Covered within overall report</p>

## DRAFT 2017/18 BUDGET AND FINANCIAL FORECAST 2018/19 to 2020/21

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Bromley's Budget Requirement in 2016/17 (before funding from Formula Grant)</b>	192,363	192,363	192,363	192,363	192,363
Formula Grant and Business Rate Share	-56,680	-56,680	-56,680	-56,680	-56,680
	135,683	135,683	135,683	135,683	135,683
Increased costs (2.7% 2017/18 and 2018/19 then 2.5% per annum)		4,591	9,892	15,242	20,747
Net reduction in core funding		9,620	15,114	20,507	24,900
Potential impact of Chancellor's 2015 Summer Budget on future costs (eg. further changes on welfare reform, new living wage, etc.)		5,250	9,050	12,150	13,000
Less contingency for growth already reflected in 2016/17 budget		-4,483	-4,483	-4,483	-4,483
Impact of reduction on bank base rate resulting in lower interest rates for lending		600	600	600	600
Additional income from business rate share to reflect new developments in borough		-300	-600	-900	-1,200
General reductions in government funding		0	1,000	1,500	1,500
Reductions in Government Funding - Public Health		375	785	1,195	1,500
Estimated impact of National Formula Funding resulting in funding reductions for SEN placements		0	1,500	1,500	1,500
Better Care Fund (provisional estimate at this stage - allocations not known)		0	-2,010	-4,630	-4,630
Assumed compensatory cost requirements at this stage		0	2,010	4,630	4,630
Adult Social Care Grant		-1,196	0	0	0
		246	7,852	11,562	12,417
Real Changes and Other Variations					
Education, Care and Health Services		-189	-189	-189	-189
Environment		528	1,205	1,808	2,423
Renewal and Recreation		29	58	88	118
Other (mainly council wide)		-443	207	-375	-256
Sub total - real changes and other variations		-75	1,281	1,332	2,096
New Homes Bonus		-6,011	-3,250	-2,500	-1,000
New Homes Bonus - Support for Revenue Budget		2,171	-2,170	0	0
		-3,840	-5,420	-2,500	-1,000
Transitional Funding 2017/18 (part of Local Government Finance Settlement 2016/17)		-2,052	0	0	0
Transitional Funding set aside for Transitional Funding Reserve		2,052	0	0	0
Collection Fund surplus 2015/16		-6,401	0	0	0
Collection Fund surplus 2014/15 and 2015/16 set aside as one off support towards meeting the funding shortfall in future years		6,401	-6,924	-4,389	0
		0	-6,924	-4,389	0
Full year effect of savings agreed as part of 2015/16 Budget		-45	-45	-45	-45
Full year effect of savings agreed as part of 2016/17 Budget		-3,273	-4,158	-4,251	-4,251
Acquisition of residential properties to accommodate the homeless (Executive 2nd December 2015)		-493	-1,951	-2,433	-2,433
"Gifting" of residential properties investment to pension fund (Executive 2nd December 2015)		-1,700	-1,700	-1,700	-1,700
Additional income opportunity (TFM Contract)		0	-500	-700	-945
Impact of Highways Investment report		-2,500	-2,500	-2,500	-2,500
		-8,011	-10,854	-11,629	-11,874
Review of Children's Services following Ofsted report (Executive and Council September 2016)		2,314	2,266	2,266	2,266
Full year impact of Children's Placements overspend in 2016/17		2,093	2,093	2,093	2,093
Review of Children's Placements		0	-2,093	-2,093	-2,093
Provision for cost pressures - Children's Social Care		0	2,093	2,093	2,093
Education SEN and Adult Social Care - full year effect of additional costs		2,200	2,200	2,200	2,200
Release general provision in contingency for significant uncertainty/variables		-724	-2,400	-2,500	-2,500
Increase in Council Tax Base to reflect additional properties and increased collection rates		-2,000	-2,650	-3,300	-3,950
Impact of Pension Fund triennial valuation		-1,500	-1,500	-1,500	-1,500
Resourcing commissioning programme		500	0	0	0
		2,883	9	-741	-1,391
Increase in council tax (assume 1.99% per annum) *		-2,700	-5,454	-8,263	-11,127
2016/17 Council Tax Income	-135,683	-135,683	-135,683	-135,683	-135,683
<b>Remaining "Budget Gap"</b>	0	<b>2,714</b>	<b>5,496</b>	<b>21,121</b>	<b>34,768</b>
Impact of Adult Social Care Precept (assume 2% per annum) *		-2,714	-5,482	-8,305	-11,185
<b>Remaining "Budget Gap"</b>		<b>0</b>	<b>14</b>	<b>12,816</b>	<b>23,583</b>

\* 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 2017/18 REVENUE BUDGET - PORTFOLIO

2016/17 Final Budget £'000	Portfolio/Item	2017/18 Draft Budget £'000	2017/18 Band "D" Equivalent £
88,950	Education	85,871	668.14
Cr 83,705	Less costs funded through Dedicated Schools Grant	Cr 80,458	Cr 626.02
5,245	Sub total	5,413	42.12
92,548	Care Services	96,810	753.25
31,203	Environment	29,329	228.20
1,948	Public Protection and Safety	1,938	15.08
8,953	Renewal and Recreation	7,572	58.91
31,820	Resources	30,601	238.10
7,579	Non Distributed Costs & Corporate & Democratic Core	3,831	29.81
179,296	Total Controllable Budgets	175,494	1,365.47
11,521	Total Non Controllable Budgets	11,244	87.48
Cr 772	Total Excluded Recharges	Cr 731	Cr 5.69
190,045	Portfolio Total	186,007	1,447.26
Cr 10,203	Reversal of Net Capital Charges	Cr 9,901	Cr 77.04
Cr 3,491	Interest on General Fund Balances	Cr 2,891	Cr 22.49
7,402	Contribution to Investment Fund	-	0.00
-	New Homes Bonus - Support for Revenue Budget	2,171	16.89
2,068	Contribution to Transition Fund Reserve	2,052	15.96
4,912	Set Aside/Utilisation of Prior Year Collection Fund Surplus	6,401	49.80
15,629	Central Contingency Sum	19,776	153.87
	Levies		
464	- Local Pension Partnership*	487	3.79
320	- London Boroughs Grants Committee	281	2.19
238	- Environment Agency *	250	1.95
362	- Lee Valley Regional Park *	380	2.96
207,746	Sub Total	205,013	1,595.14
Cr 56,680	Revenue Support Grant and Business Rate Retention	Cr 47,360	Cr 368.49
Cr 2,068	Transition Grant	Cr 2,052	Cr 15.97
Cr 15	Local Services Support Grant	-	-
Cr 4,912	Collection Fund Surplus	Cr 6,401	Cr 49.80
Cr 7,402	New Homes Bonus	Cr 6,011	Cr 46.77
Cr 986	New Homes Bonus - London Top Slice	-	-
135,683	Bromley's Requirement (excluding GLA)	143,189	1,114.11

\* Final allocations awaited

## 2017/18 CENTRAL CONTINGENCY SUM

£'000

**Renewal and Recreation**

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

Tackling Troubled Families Grant Expenditure		781
Tackling Troubled Families Grant Income	Cr	781
SEND Implementation Grant Expenditure		201
SEND Implementation Grant Income	Cr	201

**General**

Provision for Unallocated Inflation		2,504
Impact of Chancellor's Summer Budget 2015 on future costs including Welfare Reforms & Impact of Living Wage		6,737
Education SEN and Adult Social Care - full year effect of additional costs		2,200
Provision for risk/uncertainty relating to volume and cost pressure		2,182
General provision for risk/uncertainty		2,194
Impact of Pension Fund triennial valuation (provisional) - future service contribution		700
Commissioning Programme - one off funding		500
Retained Welfare Fund		450
Growth for waste services		424
Apprenticeship levy		350
Provision for impact of NNDR revaluation		350
Better Care Fund		322
Other Provisions		293
Grants to voluntary organisations - pump priming funding		275
Deprivation of Liberty		118
Conversion of schools to academies		117
		<u>19,776</u>

*It is important to note that the 2017/18 Central Contingency sum includes significant costs not allocated to Portfolio budgets at this stage. Therefore 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 2017/18 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 £14.6 million as at 31<sup>st</sup> March 2017 (as reported to Executive on 30<sup>th</sup> November 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 £14.6m. 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 an opportunity to reduce overall costs in the medium term, Executive on 18<sup>th</sup> October 2016 approved capital funding for investment in planned highways maintenance to be funded from capital receipts.
- 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 four 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 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 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 options need to be explored to ensure that the recommended minimum sum of general reserves are retained to provide adequate flexibility during the financial forecast period. 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 the 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 1/4/16	Estimated Net Movement	Balance at 31/3/17	Estimated Movement	Estimated Balance at 31/3/18
	£'000	£'000	£'000	£'000	£'000
<b>EARMARKED BALANCES</b>					
LPSA/LAA Reward Grant Investment Fund	871	-71	800	-	800
Technology Fund	1,853	-150	1,703	-200	1,503
Town Centre Improvement Fund (LABGI)	55	-	55	-55	-
Transformation Fund	3,165	-2,000	1,165	-500	665
Investment to Community (Resources)	578	-100	478	-100	378
Works to Property	100	-	100	-	100
Building Control Charging Account	131	-25	106	-	106
Government Grants (c/fwd from previous years)	2,257	-1,426	831	-220	611
Invest to Save Fund	13,381	993	14,374	993	15,367
One off Member Initiatives	1,566	-304	1,262	-438	824
Infrastructure Investment Fund	2,000	-200	1,800	-100	1,700
Commissioning Authority Programme	55	-55	-	-	-
Health & Social Care Initiatives – Promise Programme	5,953	-3,500	2,453	-2,453	-
Housing Strategy Trading Account	25	-	25	-	25
Community Right to Bid & Challenge	46	-	46	-	46
Investment Fund	3,769	-954	2,815	-2,815	-
Winter Pressures Reserve	1,542	-	1,542	-	1,542
Refurbishment of War Memorials	13	-	13	-	13
Key Health & Social Care Initiatives	1,700	-	1,700	-1,047	653
Integration of Health & Social Care Initiatives	1,614	-	1,614	-	1,614
Collection Fund Surplus Set Aside	-	4,912	4,912	-	4,912
Healthy Bromley Fund	3,815	-	3,815	-	3,815
Glaxo Wellcome Endowment	175	17	192	7	199
Cheyne woods & Cyphers Gate	173	10	183	10	193
Public Halls Fund	7	-	7	-	7
Future Repairs of High Street Properties	19	12	31	12	43
Parallel Fund	2,809	15	2,824	56	2,880
Growth Fund	29,483	-14,704	14,779	-12,534	2,245
Health & Social Care Integrated Commissioning Fund	4,550	-	4,550	-	4,550
Financial Planning & Risk Reserve	5,000	-	5,000	-	5,000
Bromley Welfare Fund	970	-110	860	-110	750
LBB Leased Properties Reserve	51	26	77	26	103
Business Rate Risk Reserve	4,200	-	4,200	-	4,200
Non Recurring Expenditure 2016/17 (inc. TFM contract)	461	-461	-	-	-
Crystal Palace Park Improvements	238	-105	133	-80	53
Various Joint Schemes and Pump Priming Investments	3,100	1,242	4,342	-	4,342
Transition Fund	-	2,038	2,038	2,022	4,060
<b>Sub Total</b>	<b>95,725</b>	<b>-14,900</b>	<b>80,825</b>	<b>-17,526</b>	<b>63,299</b>
<b>PROVISIONS</b>					
Insurance Fund	3,099	254	3,353	300	3,653
<b>OTHER</b>					
School Budget Share Funds	4,017	-1,259	2,758	-2,758	-
<b>Total Reserves</b>	<b>102,841</b>	<b>-15,905</b>	<b>86,936</b>	<b>-19,984</b>	<b>66,952</b>
<b>New Reserves Subject to Final Approval</b>					
Commissioning Programme	-	-	-	500	500
New Homes Bonus Support for Revenue Budget	-	-	-	2,171	2,171
Set Aside of Prior Year Collection Fund Surplus	-	-	-	6,401	6,401
<b>Total Estimated Reserves</b>	<b>102,841</b>	<b>-15,905</b>	<b>86,936</b>	<b>-10,912</b>	<b>76,024</b>

- 3.2 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 four 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.
- 3.3 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 future transformation/integration of health and social care and to contribute towards the financial sustainability of Bromley CCG.
- 3.4 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 deficit on the pension fund needing to be made good from taxation in one year.
- 3.5 The outcome of the actuarial valuation as at 31/3/16 is being reported to Pensions Investment Sub Committee on 31<sup>st</sup> January 2017 and General Purposes and Licensing Committee on 6<sup>th</sup> February 2017. The Council’s pension fund is 91% funded with a total deficit of £71m (including other non-council employees) – this figure reduces to £40m if non-council employees are excluded. Decisions on the deficit repayment period will also be made at these meetings. The triennial actuarial valuation will impact on the budget from 2017/18 to 2019/20 with a subsequent valuation impacting from 2020/21.

## **4. Budget Assumptions**

### **4.1 Treatment of Inflation and Interest Rates**

- 4.1.1 The reduction in the Bank of England base rate from 0.5% to 0.25% compounded by banks having access to lending from central government at very low rates have resulted in a reduction of investment income from treasury management. In addition, the utilisation of the investment and growth fund as well as the planned Highways Investment Fund, have reduced the resources available for treasury management investment. A reduction of £600k per annum has been included in the 2017/18 Draft Budget and financial forecast. A combination of higher risk and longer term investments within Treasury Management have contributed towards the Council having one of the highest performing returns against

the local authority benchmark group.

4.1.2 A general allowance of 2.7% has been built into the forecast for 2017/18 reducing to 2.5% per annum from 2019/20 for contractual running expenses. This compares with current general RPIX increase of 2.7% (Dec. '16).

4.1.3 The 2017/18 Budget includes the proposed pay award of 1.2% for Council staff, including an additional £300 per annum for staff earning a full-time (FTE) salary of less than £18,000 as well as increases in standby allowances. Further details are being reported to General Purposes and Licensing Committee on 6<sup>th</sup> February 2017.

#### **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 2016/17 and Annual Capital Review 2017 to 2021" 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, the impact of welfare reforms and the children's placement budget. The draft 2017/18 Budget 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. 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 although the need to meet budget savings has reduced the frequency of budget monitoring. The introduction of cash targets for service departments has led to greater realism in the projection and management of the volume of service activity. Service overspends against the budget had been generally contained in overall terms in previous years although significant projected service overspends have been identified in 2016/17 and the future years position needs to be closely monitored and reviewed, with early corrective action being taken where possible. Balancing the budget will require very positive action if the council is not to overspend in 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 the full year effect of further savings to revenue budgets for 2017/18 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. Any overspending should require compensating savings to be identified.

- 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 £1.965 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 2015/16”, considered by the Resources Portfolio Holder at the meeting of the Executive and Resources PDS Committee on 12<sup>th</sup> October 2016, 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 £12.8m in 2019/20 rising to £23.6m per annum in 2020/21, “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.
- 4.11.2 The scale of the medium term “budget gap”, coupled with the significant financial uncertainty in the ongoing austerity period makes it important to maintain 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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Charles Coleman,  
Department for Communities and Local Government,  
2nd floor, Fry Building,  
2 Marsham Street,  
London, SW1P 4DF.

13<sup>th</sup> January 2017

[LGFsettlement@communities.gsi.gov.uk](mailto:LGFsettlement@communities.gsi.gov.uk)

Dear Mr. Coleman

**Provisional 2017/18 Local Government Finance Settlement**

This letter sets out the London Borough of Bromley's formal response to the provisional settlement consultation.

We would ask that this letter be considered in conjunction with our response to the Fair Funding Review: Call for evidence on Needs and Redistribution and also our response to the 2017/18 Local Government Finance Settlement: Technical Consultation Paper. Further information was also provided in our letter of 13<sup>th</sup> October 2016 in response to the multi-year settlement.

The London Borough of Bromley accepted the four-year funding offer on the basis it provides a minimum funding level and therefore more certainty about future resources. Whilst this is welcomed, it still fails to provide a fair funding level for our residents. Bromley received a cut in settlement funding of over 50% in real terms over the four year period – one of the highest reductions in London and significantly above the England average.

In 2017/18 we have the 4<sup>th</sup> lowest level of settlement funding in the whole of London despite having the 7<sup>th</sup> highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people (in both the over 65 and over 85 age groups) and the largest road network. The associated cost implications are not reflected in the settlement funding which is the 2<sup>nd</sup> lowest funding per head of population in the whole of London.

Bromley has the second lowest spend per head of population in Outer London (2016/17) and we have managed to achieve a low cost base through many pioneering measures including outsourcing on a large scale, the transfer of our housing stock, creation of a Leisure Trust (leisure centres, swimming pools and other leisure activities), outsourced children's and older people's residential care and relentless cost control. Bromley was one of the first Councils nationally to undertake the social care outsourcing programme which maintained quality but led to significant cost reductions.

With increasing demand for our services, immense pressure on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures and increasing inflation levels it is becoming increasingly difficult to sustain the scale of funding reductions imposed upon us. The impact of the new national living wage has also resulted in a material increase in the costs we pay to third party providers and this is adding to the financial pressures we are facing.

Whilst we welcome the transitional funding awarded following our response to the 2016/17 provisional settlement, this represents non-recurring income for two years only with no change to the 2018/19 and 2019/20 settlement. The methodology for applying reductions in SFA is subjective in reflecting the council tax base within the calculation. Given the higher proportion of cuts applied to Bromley, compared with the average, we would wish for some form of 'damping' protection to be applied.

The settlement funding does not recognise or reward efficient, low cost authorities like Bromley - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low but this in itself provides additional challenges in looking to identify further savings. We have already achieved savings of over £80m per annum since 2011/12 but still have to find around £30m in ongoing annual savings by 2019/20, including the savings already identified for 2017/18. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of "protection" to lessen the impact on that basis.

It is imperative that the Fair Funding model includes a mechanism to reward efficient authorities like Bromley through the inclusion of financial incentives. Also, it is essential that DCLG reflect an adjustment to the Council's baseline funding position to address historic low funding levels.

Bromley does not have the scale of infrastructure investment, such as Crossrail 1 and the potential Crossrail 2. As such, the impact of reductions in government funding has a more severe effect as our ability to generate additional business rates income is restricted compared to those authorities who benefit from such investment.

In previous consultation responses we have expressed concern regarding the transfer of funding for LACSEG and the way that this is calculated. The national average of £132 per pupil applied to the top-slice was considerably higher than Bromley's cost per pupil of approximately £87. We have fully supported Government policy as having the highest proportion of schools converted to academies. As a result, we have been severely disadvantaged by the use of a national per pupil rate for retained responsibilities and the funding that has been taken out is considerably higher than the savings that can be achieved from Academy conversion.

Bromley will be responding separately to the consultation on the proposed new national funding formula for schools and, in particular, changes to high needs funding will result in a significant loss of funding to the Council for its valuable Special Educational Needs services.

We are particularly concerned that the settlement has identified no new funding to meet the serious and significant funding gap in both adult and children's social care. The ability to increase council tax through the ASC precept and the redirected one-off funding for the ASC Support Grant does not go far enough and the financial impact of escalating pressures on social care costs, as well as health budgets, is unsustainable.

We note the confirmed approach to distributing funding through the improved Better Care fund using a methodology which includes the Social Care Precept. In our response to the 2017/18 LGFS Technical Consultation Paper, we disagreed with this proposal on the basis it unfairly penalises authorities like Bromley who have a larger tax base without adequately reflecting our needs profile (eg. an increasing ageing population with social care needs) and the significant and increasing

pressures on adult social care services. The Better Care Fund provides a significant funding stream but under this methodology Bromley will lose funding of £2.8m per annum from 2019/20 compared with using the Adult Social Care RNF.

The settlement funding also does not reflect the impact of new burdens relating to the impact of welfare reform which results in an increase in homelessness costs (estimated additional costs of £6m per annum by 2020/21) as well as other changes including, for example, deprivation of liberty and no recourse to public funds.

The Council can address some of these funding burdens, without increasing funding requirements, if we are allowed further flexibility in the use of other government funding streams, including funding for schools, to help manage within the overall resource envelope provided locally. The ring-fencing of grant funding reduces the ability to re-divert resources to meet local priorities and maximise opportunities for VFM. More opportunities to progress the integration of health and social care could also ensure a better use of resources, reducing the funding burden, with better outcomes for our residents.

Lastly, we would like to re-iterate that Bromley does not support the principle of capping council tax increases. Council tax levels should be determined locally and referendum principles should be removed. Expenditure priorities, income generation and council tax levels are a matter for local decision making, not central control. In setting our annual budget, we face increasingly difficult decisions on service priorities and council tax levels and the balance between the two is a key consideration every year. It is important that we are given local flexibility to determine how our services are funded. This view extends to the ASC Precept which, again, should be determined locally and should not be ring-fenced to fund adult social care. There are a number of services that are not sufficiently funded and this flexibility should be extended to fund other key pressure areas, for example children's social care.

We, with the support of three of our local MPs, have met with the previous Secretary of State for Communities and Local Government, Rt. Hon. Greg Clark MP and Rt. Hon. Marcus Jones MP, Parliamentary Under-Secretary of State for Communities and Local Government with your colleagues from DCLG to discuss our concerns and identify opportunities. We look forward to contributing further towards the Fair Funding review as well as the changes arising from the devolution of business rates.

Bromley's response to the specific consultation questions is appended.

Yours sincerely

Peter Turner  
Director of Finance.

## **Consultation Questions**

*Question 1: Do you agree with the methodology of Revenue Support Grant in 2017-18?*

Whilst we agree that this provides consistency with the information provided for the 2016-17 SFA, we disagree with the methodology and refer to concerns about overall funding levels detailed in the main body of this letter. Allocating changes to the level of Revenue Support Grant on the basis of Settlement Core Funding unfairly penalises authorities like Bromley who, whilst having a larger tax base, have worked tirelessly to keep our council tax low. The ability to raise council tax must not be a factor in the allocation of funding to individual authorities. We strongly argue that there needs to be an adjustment to the baseline position of historic underfunding that Bromley has received.

*Question 2: Do you think the Government should consider transitional measures to limit the impact of reforms to the New Homes Bonus?*

Whilst we do not agree that New Homes Bonus should be reduced at a time of significant cuts in Government funding and increasing demand for our services (including housing), we do agree that some form of transitional protection should be applied to reduce the impact on authorities. The proposed changes will result in a significant reduction in funding at a time when authorities are already under considerable financial pressure and it will be important to provide some degree of protection to support medium and longer term financial planning.

*Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2017-18 with £1.16 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.5.8?*

We do not agree with Government holding back £1.16 billion to fund New Homes Bonus as this is larger than expected and proportionately larger than in previous years. There is no information provided about the methodology to be used for the return of any surplus so it is not possible to comment fully on this proposal. However, we believe that the return of any surplus to authorities should be allocated in proportion to how it was originally deducted.

*Question 4: Do you agree with the proposal to provide £240 million in 2017-18 from additional savings resulting from New Homes Bonus reforms to authorities with adult social care responsibilities allocated using the Relative Needs Formula?*

We do not agree that funding for adult social care should be re-allocated from existing New Homes Bonus funding. Government should have identified additional, new monies to meet the serious and significant funding shortfalls for adult social care. This is not new money but a re-allocation of existing resources.

Whilst we agree that funding for social care should be distributed on the basis of Relative Needs Formula, we have concerns with the accuracy of the information used as this has not been updated since 2013-14.

*Question 5: Do you agree with the government's proposal to hold back £25 million to fund the business rates safety net in 2017-18, on the basis of the methodology described in paragraph 2.8.2?*

We do not agree that increases in the safety net holdback should be funded from a cut to Revenue Support Grant. The initial safety net holdback was understood to be a one-off. Authorities should not be financially penalised for an increase in the safety net holdback because of lower than expected business rate growth and the effect of outstanding and estimated future rating appeals.

Any surplus on the overall safety net should be held back and any deficit should be funded by Government.

*Question 6: Do you agree with the methodology for allocating Transition Grant payments in 2017-18?*

We welcomed the announcement of the Transition Grant following our response to the Provisional 2016/17 Local Government Finance Settlement. However, as this is non-recurring income it can only be used to meet one-off expenditure and is not available to support ongoing front-line services.

Despite the issue of an updated explanatory note on the methodology for allocating the Transition Grant, the calculation of the grant is still unclear so it is not possible to comment further at this stage.

*Question 7: Do you agree with the Government's proposed approach in paragraph 2.10.1 of paying £65 million in 2017-18 to the upper quartile of local authorities based on the super-sparsity indicator?*

We do not agree that the Rural Services Delivery Grant, which benefits rural areas only, should be funded from a top-slice to Revenue Support Grant.

If the financial pressures faced by rural authorities are recognised, it is not unreasonable to expect the same considerations for the unique and significant pressures faced by London authorities. Historic funding levels have failed to reflect the pressures on London (and Bromley) including its underestimated population and the failure to recognise the impact of daytime visitors.

Bromley is the largest London Borough in terms of geographical size and this does have a negative impact on costs, not only relating to the maintenance of our large road network but also with regard to 'sparsity' issues including the higher cost of delivering services than in smaller, more condensed areas.

*Question 8: Do you have any comments on the impact of the 2017-18 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.*

The draft equality statement refers to the re-cycling of New Homes Bonus funding as being expected to provide additional funding for areas with higher social care needs, including areas with greater numbers of elderly or disabled residents. Based on the information available, this does not appear to be the case. For example, Bromley has the largest proportion of older people in the whole of London and this does not seem to have been adequately reflected.

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Report No.  
CSD17020

London Borough of Bromley

## PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Wednesday 1 March 2017

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

**Title:** CAPITAL PROGRAMME

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

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** N/A

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1. Reason for report

- 1.1 At its meeting on 8<sup>th</sup> February 2017 the Executive considered the attached report on the Council's Capital Programme. The Executive approved the recommendations at 2.1 (a) and (b), and agreed to recommend to Council the changes at 2.1 (c).

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2. **RECOMMENDATIONS**

**That Council approves -**

- (1) An increase of £14,539k in 2016/17 to the Council's Property Investment Fund scheme to reflect the latest update on successful property acquisitions (as in paragraph 3.3.3 of the report);
- (2) An increase of £6,896k in 2018/19 to the Basic Need Programme (as in paragraph 3.3.4 of the report);
- (3) The inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (as in section 3.5 of the report).

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Estimated Cost: See attached report.
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: Total over £150.5m over five years 2016/17 to 2020/21.
  5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions.
- 

## Personnel

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: Not Applicable: Full Council decisions are not subject to call-in
- 

## Procurement

1. Summary of Procurement Implications: Not Applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
- 

## Ward Councillor Views

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

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

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<b>Decision Maker:</b>	<b>Executive Council</b>
<b>Date:</b>	<b>Executive 8<sup>th</sup> February 2017 Council 22<sup>nd</sup> February 2017</b>
<b>Decision Type:</b>	Non-Urgent Executive Key
<b>Title:</b>	<b>CAPITAL PROGRAMME MONITORING Q3 2016/17 &amp; ANNUAL CAPITAL REVIEW 2017 TO 2021</b>
<b>Contact Officer:</b>	James Mullender, Principal Accountant Tel: 020 8313 4292 E-mail: james.mullender@bromley.gov.uk
<b>Chief Officer:</b>	Director of Finance
<b>Ward:</b>	All

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1. Reason for report

- 1.1 This report summarises the current position on capital expenditure and receipts following the third quarter of 2016/17 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. The Executive is asked to approve a revised Capital Programme.

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2. **RECOMMENDATION(S)**

2.1 The Executive is requested to:

- (a) Note the report, including the rephrasing of a total of £25,279k from 2016/17 into future years (see paragraph 3.4.1) and agree a revised Capital Programme;
- (b) Approve the following amendments to the Capital Programme:
  - (i) A net reduction of £3k in 2016/17 to reflect revised grant support from Transport for London for Highways and Traffic schemes (see para 3.3.1);
  - (ii) A total reduction of £446k to reflect the revised grant funding for the Formula Devolved Capital Grant relating to the Council's remaining maintained schools (see para 3.3.2);

**(c) Recommend to Council:**

- (i) An increase of £14,539k in 2016/17 to the Council's Property Investment Fund scheme to reflect the latest update on successful property acquisitions (see para 3.3.3);**
- (ii) An increase of £6,896k in 2018/19 to the Basic Need Programme (see para 3.3.4);**
- (iii) The inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.5);**

**2.2 Council is requested to:**

- (d) Agree an increase of £14,539k in 2016/17 to the Council's Property Investment Fund scheme to reflect the latest update on successful property acquisitions (see para 3.3.3);**
- (e) Agree an increase of £6,896k in 2018/19 to the Basic Need Programme (see para 3.3.4);**
- (f) Agree the inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 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. For each of the portfolios and service priorities, the Council reviews its main aims and outcomes through the AMP process and identify those that require the use of capital assets. The 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 increase of £25,026k over the 5 years 2016/17 to 2020/21, mainly due to the overall net increase of £14,539k in the Property Investment Fund scheme, £6,896k increase to Basic Needs and the schemes proposed in the 2016 annual review (£4,040k).
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: Total £150.5m over 5 years 2016/17 to 2020/21
  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: Call-in is Applicable
- 

## Customer Impact

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

## Ward Councillor Views

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

### 3. COMMENTARY

#### 3.1 Capital Expenditure

3.1.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3<sup>rd</sup> quarter of 2016/17 and also seeks approval to the new capital schemes in the 2016 annual capital review process. The report is divided into two distinct parts; the first (sections 3.3 and 3.4) looks at the Q3 monitoring exercise and the second (section 3.5) includes details of the proposed new schemes.

3.1.2 Appendix A sets out proposed changes to the Capital Programme. The base position is the revised programme approved by the Executive on 30<sup>th</sup> November 2016, as amended by variations approved at subsequent Executive meetings. If all the changes proposed in this report are approved, the total Capital Programme 2016/17 to 2020/21 would increase by £25,026k, mainly due to the overall net increase of £14,539k in the Property Investment Fund scheme, £6,896k increase to Basic Needs, and the schemes proposed in the 2016 annual review at £4,040k. Estimated expenditure in 2016/17 will reduce by £25,279k due to the re-phasing of expenditure from 2016/17 into future years. 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.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL 2016/17 to 2020/21 £000
Programme approved by Executive 30/11/16	64,046	56,537	13,606	4,516	0	138,705
Variations approved at subsequent Executive meetings (Appendix A)	500	6,000	5,300	0	0	11,800
Approved Programme prior to 3rd Quarter's Monitoring	64,546	62,537	18,906	4,516	0	150,505
Variations identified in Q3 monitoring exercise						
Variation requiring the approval of the Executive (Appendix A)	14,402	-104	6,792	-104	0	20,986
Variation not requiring approval:						
Schemes rephasing from 2016/17 to future years	-25,279	24,529	0	750	0	0
Total Q3 Monitoring variations	-10,877	24,425	6,792	646	0	20,986
New schemes (Appendix C)	0	0	0	0	4,040	4,040
<b>Revised Capital Programme</b>	<b>53,669</b>	<b>86,962</b>	<b>25,698</b>	<b>5,162</b>	<b>4,040</b>	<b>175,531</b>
Assumed Further Slippage (for financing purposes)	-3,500	-10,000	5,000	5,000	3,500	0
Assumed New Schemes (to be agreed in future years)	0	0	0	2,500	2,500	5,000
	-3,500	-10,000	5,000	7,500	6,000	5,000
<b>Total revised expenditure to be financed</b>	<b>50,169</b>	<b>76,962</b>	<b>30,698</b>	<b>12,662</b>	<b>10,040</b>	<b>180,531</b>
Rounded to financing statement (Appendix D)	50,170	76,960	30,700	12,660	10,040	180,530

#### 3.2 Variations approved at subsequent Executive meetings (£11,800k net increase)

3.2.1 On 12<sup>th</sup> December 2016, Council agreed the addition of a scheme totalling £11.8m to the capital programme for the investment in planned highway maintenance, to be funded from capital receipts. This scheme will reduce the need for reactive maintenance to the Council's highway assets (e.g. fixing potholes etc.) and should improve value for money and customer satisfaction, and reduce unplanned disruption and insurance claims for damages. The scheme will also enable revenue savings of £2.5m per annum to be made for a period of five years from 2017/18.

### **3.3 Variations requiring the approval of the Executive (£20,986k net increase)**

#### **3.3.1 Transport for London (TfL) – Revised support for Highways and Traffic Schemes (£3k reduction in 2016/17):**

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2016/17 to 2019/20 on the basis of the bid in the Borough Spending Plan (BSP). Notification of an overall reduction of £3k in the 2016/17 grant 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 Formula Devolved Capital (£446k reduction):**

The Formula Devolved Capital scheme is funded by a grant from the Department for Education, which is passed straight on to Council maintained schools. The grant has reduced as schools have converted to academy status, and members are asked to agree a total reduction of £446k to reflect the revised funding.

#### **3.3.3 Property Investment Fund (£14,539k increase in 2016/17):**

In November 2016 Members approved reports which considered Growth Fund Acquisition of Properties. This includes the purchase of 63 The Walnuts in Orpington which was completed in December, and a further purchase for which contracts have been exchanged and is anticipated to be completed in March 2017. Members are asked to agree an increase of £14,539k to the Property Investment Fund capital scheme for these two acquisitions, which will be funded from the Growth Fund.

#### **3.3.4 Basic Need Programme (£6,896k increase in 2018/19):**

In the Basic Need Capital Programme Report approved by the Executive on 23<sup>rd</sup> March 2016, main works at Castlecombe Primary School were included as a Project in Delivery (Unfunded). The Council has now received additional Basic Need Capital Grant for the period 2018-19 of £6,896k from the DfE and is now in a position to fund these works. Members are asked to agree the addition of this amount to the Basic Need capital scheme, and note that an updated Basic Need Capital Programme is due to be reported to the next meeting of the Executive.

### **3.4 Scheme Rephasing**

3.4.1 As part of the 3<sup>rd</sup> quarter monitoring exercise, a total of £25,279k has been re-phased from 2016/17 into future years to reflect revised estimates of when expenditure is likely to be incurred. The majority (£24,529k) has been rephased into 17/18, and is mainly due to £15,163k relating to the Property Investment Fund Scheme. There are no intentions of further property purchases within this financial year, following the purchase of 63 The Walnuts which was completed in December 2016, and a further property for which contracts have been exchanged and is expected to complete by the end of March 2017.

3.4.2 Other schemes rephased into next financial year include LIP formula funding (£1,024k) which is 100% TFL funded, based on Borough Spending Plan submission to TfL and which will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received. The following amounts have also all been rephased into 2017/18: SharePoint Productivity Platform upgrade/replacement (£800k), Penge Town Centre (£681k), Beckenham Town Centre Improvements (£643k), and Basic Needs (£600k). In addition, £750k has been rephased into 19/20 relating to the Civic Centre

Development Strategy scheme. This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

- 3.4.3 There are a small number of schemes which, from a simple comparison of the projections for 2016/17 against expenditure to date, would suggest that further slippage may occur by year end. Below are the schemes with the largest potential variations, and comments from the responsible officers:

Land Acquisition - Cornwall Drive: Following the completion of the purchase of the site in September 2016, works began on clearing the previous Waste4Fuel site in early November 2016. To date a total of 16,200 tons has been cleared from the site and it is expected to be fully cleared by mid-March 2017 at the current rate of operation, barring unforeseen circumstances. However, there are current operational issues that relate to the quality of the post recycled waste residues (known as 'fines') that may need to be treated as contaminated waste depending on the results of tests currently being undertaken. The amount of residual waste on the site is also under discussion and awaits further physical analysis to quantify the remaining waste.

TfL LIP Schemes: The construction of a number of highway schemes is only just starting, including the congestion and public realm scheme in Penge High Street, safety schemes in Copers Cope Road, Beckenham and Warren Road/Windsor Drive, Chelsfield and the new footpath in Norman Park. A substantial part of these schemes will be completed by the end of March 2017.

- 3.4.4 In view of the variations that have arisen in recent years, further slippage of £3.5m has been assumed for the remainder of 2016/17 for financing purposes to cover unforeseen delays to capital schemes.

### **3.5 Annual Capital Review – new scheme proposals**

- 3.5.1 In recent years, the Council has steadily scaled down new capital expenditure plans and have transferred all of the rolling maintenance programmes to the revenue budget. General (un-earmarked) reserves, established from the disposal of housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £49.6m (including unapplied capital receipts) as at 31<sup>st</sup> March 2016. The Council's asset disposal programme has diminished and any new capital spending will effectively have to be met from the Council's remaining revenue reserves.
- 3.5.2 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 (TfL-funded Highway and Traffic schemes and Feasibility Studies) 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. 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.

### **3.6 Capital Receipts**

- 3.6.1 Details of the receipts forecast in the years 2016/17 to 2019/20 are included elsewhere on the agenda in a confidential appendix to this report (Appendix F). The latest estimate for 2016/17 has reduced slightly to £4.7m from £4.9m as reported in November 2016. Estimates for 2017/18, 2018/19 and 2019/20 are now £11.4m, £1.0m and £16.0m respectively (£11.1m, £1.0m and £16.0m were reported in November 2016). A total of £1m per annum is assumed for receipts yet to be identified in later years. The financing and balances projections shown in Appendix D reflect prudent assumptions for capital receipts.



### 3.7 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 £49.6m (General Fund £20.0m and capital receipts £29.6m) at the end of 2015/16 to £32.0m by the end of 2019/20 and would then reduce further to £23.3m by the end of 2023/24.

	<b>Balance 1/4/16</b>	<b>Estimated Balance 31/3/20</b>	<b>Estimated Balance 31/3/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund	20.0	14.6	14.6
Capital Receipts	29.6	17.4	8.7
	<b>49.6</b>	<b>32.0</b>	<b>23.3</b>

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

	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>Total £'000</b>
Total Capital Expenditure	50,170	76,960	30,700	12,660	10,040	180,530
Financed by:						
Usable Receipts	16,271	7,370	19,542	8,398	5,940	57,521
Revenue Contributions	10,043	19,870	100	100	100	30,213
Government Grants	8,935	36,578	7,058	162	0	52,733
Other Contributions	14,921	13,142	4,000	4,000	4,000	40,063
<b>Total</b>	<b>50,170</b>	<b>76,960</b>	<b>30,700</b>	<b>12,660</b>	<b>10,040</b>	<b>180,530</b>

### 3.8 Section 106 Receipts

- 3.8.1 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 as a receipt in advance on the Council's Balance Sheet, the balance of which stands at £8,026k as at 31st December 2016 as shown in the table below, and will be used to finance capital expenditure from 2016/17 onwards:

<b>Specified capital works</b>	<b>Balance 31/03/16</b>	<b>Receipts 2016/17</b>	<b>Expenditure 2016/17</b>	<b>Balance 31/12/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing	5,181	233	636	4,778
Education	2,801	259	-	3,060
Highways	81	1	-	82
Local Economy	0	106	-	106
<b>Total</b>	<b>8,063</b>	<b>599</b>	<b>636</b>	<b>8,026</b>

- 3.8.2 The Council's budgets are limited and, where a developer contribution (S106) can be secured, this will be required as a contribution towards projects, notwithstanding any other allocation of resources contained in the Council's spending plans.

### 3.9 Investment Fund and Growth Fund

- 3.9.1 To date, total funding of £124.1m has been placed in the Investment Fund and Growth Fund earmarked reserves to contribute towards the Council's economic development and investment opportunities. In November 2014, £10m was set aside in the Growth Fund to support growth initiatives in Biggin Hill, the Cray Valley and Bromley Town Centre. Council approved additional allocations of £6.5m in December 2015, £6m in March 2016 and £7m in June 2016 to the Growth Fund.
- 3.9.2 Appendix E provides a detailed analysis of the Funds dating back to their inception in September 2011. A total of £76.5m has been spent to date, and schemes totalling £101.6m have been approved (£76.7m on Investment Fund, and £24.9m on Growth Fund). The uncommitted balance as at January 2017 stands at £17.9m for the Investment Fund and £4.6m for the Growth Fund.

### 3.10 Post-Completion Reports

- 3.10.1 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 are due to be submitted to the relevant PDS Committees for the following schemes:
- Increasing Network Security
  - Civic Centre Cabling Renewal
  - Civic Centre for the future
  - Joint Web Platform
  - Server Virtualisation
  - Financial systems upgrade/replacement of unsupported software
  - Office Accommodation Strategy
  - Pavilion Leisure centre redevelopment & refurbishment
  - Central Library/Churchill Theatre – replacement of chillers and control

## 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 per annum for new capital schemes and service developments from 2019/20 onwards.

<b>Non-Applicable Sections:</b>	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 30/11/16). List of potential capital receipts from Valuation & Estates as at 17/01/17. Disposal of Small Halls Site, York Rise, Orpington (Executive 11/01/17) Highway Investment (Executive 29/09/16) Growth Fund Acquisition of Properties (Executive 01/11/16)

## CAPITAL PROGRAMME MONITORING - FEB 2017 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of Portfolio meeting	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL 2016/17 to 2020/21 £000	Comments/reason for variation
<b>Current Approved Capital Programme</b>								
Programme approved in Qtr2 monitoring	Exec 30/11/16	64,046	56,537	13,606	4,516	0	138,705	
Highway Investment	Council 12/12/16	500	6,000	5,300	0	0	11,800	See paragraph 3.2.1
<b>Approved Programme prior to 3rd Quarter's Monitoring</b>		<b>64,546</b>	<b>62,537</b>	<b>18,906</b>	<b>4,516</b>	<b>0</b>	<b>150,505</b>	
<b>Variations in the estimated cost of approved schemes</b>								
<i>(i) Variations requiring the approval of the Executive/Council</i>								
Reduction in TFL funding for Highways & Traffic schemes		-3	0	0	0	0	-3	See paragraph 3.3.1
Reduction in Formula Devolved Capital		-134	-104	-104	-104	0	-446	See paragraph 3.3.2
Property Acquisitions	Exec 01/11/16	14,539	0	0	0	0	14,539	See paragraph 3.3.3
Basic Need Programme		0	0	6,896	0	0	6,896	See paragraph 3.3.4
<b>(ii) Variations not requiring approval</b>								
Net repatching from 2016/17 into future years		14,402	-104	6,792	-104	0	20,986	
<b>TOTAL AMENDMENT TO CAPITAL PROGRAMME</b>		<b>-10,877</b>	<b>24,425</b>	<b>6,792</b>	<b>646</b>	<b>0</b>	<b>20,986</b>	
<b>Add: Proposed new schemes (see Appendix C)</b>								
		0	0	0	0	4,040	4,040	See section 3.5
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,040</b>	<b>4,040</b>	
<b>TOTAL REVISED CAPITAL PROGRAMME</b>		<b>53,669</b>	<b>86,962</b>	<b>25,698</b>	<b>5,162</b>	<b>4,040</b>	<b>175,531</b>	
Less: Further slippage projection		-3,500	-10,000	5,000	5,000	3,500	0	
Add: Estimate for further new schemes					2,500	2,500	5,000	
<b>TOTAL TO BE FINANCED</b>		<b>50,169</b>	<b>76,962</b>	<b>30,698</b>	<b>12,662</b>	<b>10,040</b>	<b>180,531</b>	
NB. ROUNDED		50,170	76,960	30,700	12,660	10,040	180,530	

## CAPITAL PROGRAMME MONITORING - FEB 2017 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000	Comments/reason for variation
<b>Rephasing of schemes</b>						
Primary Capital Programme 2.7	-117	117	0	0	0	Scheme completed. Awaiting outstanding final payment for consultancy cost, and other legal issues. 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. The remaining balance of £117k has been rephased into FY17/18.
Seed Challenge Fund	-400	400	0	0	0	£100k additional allocation from DfE as reported in Executive 18/05/16. 16/17 Seed programme was rephased to 17/18 in Qtr 1 monitoring as works have not been allocated yet and it will be subject to approval of Education PDS. Works are managed by Schools and it is anticipated to be spent in FY17/18. £400k has been rephased into 17/18.
Schools Access Initiative	-25	25	0	0	0	Officers are exploring options for expanding number of places of hygiene room in schools. Works at Charles Darwin and Valley schools have completed. Works at Tubbenden and Crofton will be carried out in the next FY. As part of the savings required to balance the 16/17 Schools Budget (DSG), the Direct Revenue Financing for Schools Access Initiative has been ceased. (Executive 20/07/16). £25k has been rephased into FY17/18.
Security Works	-130	130	0	0	0	Ad hoc security works for schools. Works at Burwood (Fencing & Maglock), Oakland and Worsley Bridge are completed. Works at Churchfield are currently in planning permission stage, and £12k expenditure is expected around Feb 17. £130k has been rephased into 17/18.
Children and Family Centres	-50	50	0	0	0	Works are managed by Operational Property. It is anticipated that the works will be completed soon. Retention cost are expected. £50k has been rephased into 17/18.
Suitability / Modernisation issues in schools - general 2.2	-400	400	0	0	0	£350k additional allocation from DfE as report in Executive 18/05/16. The funding will be used to Health and Safety works at school (in discussion with the Commissioning Board). Works are anticipated to be carried out in FY17/18. £400k has been rephased into 17/18.
Capital maintenance in schools	-265	265	0	0	0	£458k additional allocation from DfE as reported to Executive 18/05/16. Works are managed by Operational Property (Amey). One project, Bromley Road Primary School has not been completed, although an order has been placed and the work will be carried out in April. The amount is approximately £115k and this has been rephased 2017/18. Health & Safety works (including kitchen shutters) were completed last summer. The remaining balance relates to retention and service contract (2 years) for which £150k has been rephased into 2017/18.
Basic Need	-600	600	0	0	0	It is estimated that a total of £6.5m works will be completed by 16/17. A full detailed report on the various projects within the Basic Need Programme was reported to Executive on 23rd March 16. This includes works at Trinity (started in Oct 16), Castlecomb (work to start around Feb 17), Bishop Justus (to be completed by Easter), Edgebury (to be completed in Feb 16), Poverest (to start in Easter), Stewart Fleming (1st phase has started in Dec 16), and Leasons (to start in Easter), St George (started in Dec 16). It is anticipated that around £2.3m expenditure will be incurred between Jan 17 and Mar 17 which includes, approximately £350k for work on Bishop Justus in March, £150k remainder of work at Trinity, also temporary classrooms at Castlecomb. £600k has been rephased into 17/18.
Universal free school meals	-15	15	0	0	0	It is anticipated that the works will be completed soon. £15k has been rephased into FY17/18.
Early Education for Two Year Olds	-361	361	0	0	0	Further additions £558k in the Early Education for Two Year Olds scheme; £150k contribution from revenue (DSG), and £186k for the London Childcare Grant (Approved in Executive 26/11/14). Works in development at, Poverest, Leasons School now have planning permission, Southborough pre-school completed and now in defect process. Works completed at Blenheim Nursery and Community Vision nursery. The proposed work at Poverest and Leasons are both now coming to the end of the tender process. It is now expected that the works at both sites will start in April 2017. £361k has been rephased into the next financial year. The Poverest project is a large one and it is expected to come in around £400k. It is expected that all works will be completed by September 2017.
Beacon House Refurbishment	-30	30	0	0	0	£3m of DSG and remaining balance £0.577m from Basic Need. Details of expenditure were reported to Executive on 09/09/15. Additional allocation from Basic Need. Project currently on time and within budget. Scheme completed and Defects Liability Period to run for 12 months to Sep 17, so £30k has been rephased to 17/18.
Phoenix Centre	-40	40	0	0	0	Re-instated - approved by Executive 2/12/15. A payment of £160k was made to NHS. Remaining balance is not anticipated to be spent in FY16/17 and has been rephased to 17/18.
PCT Learning Disability reposition programme - Walpole Road	-200	200	0	0	0	The Department for Health capital is for uses associated with the reposition of NHS Campus clients to the community, and projects relating to the closure of the Bassetts site. Approximately £850k has been identified for alternative day service provision following the closure of the Bassetts Day Centre. LD Day activities have been market tested and have now been transferred to an external provider tasked with the running and modernisation of services. The new provider is now progressing service modernisation which may require an element of capital investment. Proposals are now being drawn up with any resulting capital expenditure potentially starting in 17/18. Officers still await the final invoice for the retained snagging amount at 118 Widmore Road which will be approximately £20k. The NHS are entitled to request the return of the remaining capital sum. £200k has been rephased to 17/18.
Mental health grant	-100	100	0	0	0	This funding is made available to support reform of adult social care services. To date, these have been funded by the Council. As the new legislation for adult social care becomes clearer it is likely that this funding will be used to support the changes required. It is unlikely that spend would occur in FY16/17, so £100k has been rephased to 17/18.
Supporting Independence - Extra Care Housing	-13	13	0	0	0	This funding is available for specialist equipment/adaptations in extra care housing to enable schemes to support people with dementia or severe physical disabilities. Consideration is being given to the potential for additional telecare in ECH. It is unlikely that spend would occur in FY16/17 and £13k has been rephased to 17/18.
Transforming Social care	-11	11	0	0	0	The remaining balance is to undertake work supporting mobile working in Adult Social Care. It is anticipated that the remaining work totalling £11k will be carried out in FY17/18 and has therefore been rephased.

Gateway Review of Housing I.T System	-183	183	0	0	0	Evaluation is currently under way of the bids received. This will be concluded to appoint a new provider by year end in line with the project plan. Implementation will commence from April 2017, and £183k has been rephased to 17/18.
Payment in Lieu Fund - Properties Acquisitions	-94	94	0	0	0	The remaining funds relate to work required post lettings during the term of the tenancies. There may be a small spend this year of £5k but it is anticipated that the rest is unlikely to be spent until next financial year and £94k has been rephased.
Payment in Lieu Fund - Site K	-67	67	0	0	0	Further delays have been incurred with the build and final completion is now due in March 2018. £67k has been rephased to 17/18.
London private sector renewal schemes	-70	70	0	0	0	Officers anticipate spend of approximately £130k in FY16/17; the remaining £70k has been rephased to 17/18.
Empty Homes Programme	-113	113	0	0	0	Spending is being targeted on long term empty property as per the funders criteria; take up is slow, but consistent. Revised correspondence drawn up and being given to every owner of empty property with their Council Tax revised bill to increase awareness of the assistance available. It is anticipated that spend will fall in next financial year, so £113k has been rephased into 17/18.
Renovation Grants - Disabled Facilities	-180	180	0	0	0	In line with previous years, it was estimated that total value of £820k would be spent in this FY. Spend on mandatory DFGs has been substantially reduced since a significant reorganisation of the OT service in 2012. This has impacted on the major adaptations team ability to progress all cases and resulted in waiting lists for assessment. Last financial year a private OT agency was employed to process 50 cases from the waiting list, which resulted in numbers and spend in line with pre 2012 levels. A paper proposing major changes to assisting disabled clients with financial assistance will be considered by the portfolio holder shortly to improve throughput, and £180k has been rephased into 17/18.
Star Lane Traveller Site	-192	192	0	0	0	The property division have now commenced this project and they anticipate work will be completed in 16/17. The work is to replace much of the water supply to meet minimum regulatory standards. Officers are due to discuss when these works will be undertaken following the handover to Amey, and this has been raised as a priority. Given work has not yet started, and discussions with property are ongoing, it is unlikely that budget will be spent this financial year, so £192k has been rephased into 17/18.
CC/TV Control room - refurbishment	-33	33	0	0	0	There were minor delays due to slight changes on the specification. One of the lower cost options was adopted by Parking, and Vemoticon costs was slightly lower than expected. The Parking scheme has not yet received authorisation from the Secretary of State for the TCF (Technical Content File), and the system will not go live until this has been agreed. Officers are not prepared to complete and accept hand over until problems have been rectified. 90%+ of project is complete. The remainder of the funds will not be released until after the live transfer. It is anticipated that the total cost of project will be £307k and once all the outstanding works have been completed, the remaining residual balance will be removed from the programme. This will be reviewed in first quarter of next financial year. £33k has been rephased to 17/18.
Relocation of Exhibitions - Bromley Museum	-40	40	0	0	0	Approved by Executive 10/06/15 - £395k allocation from capital receipts for the relocation of exhibitions from Priory, Orpington to Central Library. The exhibitions were installed in August 2016 (local studies space) and September 2016 (library space). £40k has been rephased to 17/18.
Biggin Hill Memorial Museum	-85	85	0	0	0	Approved 02/12/15. We anticipate £418k of works to be complete in 16/17. This includes £44k salary costs which will be recharged at year end. £85k has been rephased into 17/18.
Emergency Works on Surplus Sites	-68	68	0	0	0	(Block Capital) Essential to maximise capital receipts. £8k was carried forward from 15/16 to 16/17 as agreed by Executive 15/06/16 to prepare surplus sites for disposal and to cover any emergency works. The Priory/Orpington Library (listed building) is likely to require some works to maintain/secure it prior to disposal. £68k has been rephased to 17/18.
Review of Corporate Customer Services I.T Systems	-100	100	0	0	0	£100k Approved by Executive 10/02/16, further £176k approved by Executive 14/09/16. Officers have now secured technical resources to implement the work and upgrade of the systems. It is anticipated the project will conclude Summer/Autumn 2017; £100k has been rephased into next financial year.
Upgrade of Core Network Hardware	-112	112	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 complete in this financial year, as several other projects will have to be completed first. It is taking longer than anticipated to migrate; £112k has been rephased into 17/18.
Replacement of Storage Area Networks	-291	291	0	0	0	The major SAN replacement project was previously postponed due to conflicts with other major projects. Various work streams are now working parallel in together (undertaken by BT), and the data migration stage is currently underway. It is anticipated approximately £118k of works will be completed in this FY, and £291k has been rephased into 17/18.
Rollout of Windows 7 and Office 2000	-100	100	0	0	0	Executive 15/07/15 approved £43k viement between Financial system upgrade and Window & rollout - 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. The 'core' project finished however there are few minor outstanding works such as application package which will not be completed until data migration is completed. Improvement and enhancement work is anticipated to be carried out next FY; £100k has therefore been rephased into 17/18.
Replacement of MD110 telephone switch	-190	190	0	0	0	The bulk of the works (including MD110, Lync and call recording) are completed. Minor outstanding works include finalising the move to the new provider. £190k has been rephased.
SharePoint Productivity Platform upgrade/replacement	-800	800	0	0	0	The project is slowly progressing. The workshop has taken longer than anticipated. Officers are working closely with the contractors in resolving these issues. There were also delays on the specification. A clear picture of the anticipated spend will be available once the tender exercise has been completed. However, it is unlikely that all the works will be completed in this FY, so £800k has been rephased into 17/18.
Windows Server 2003 replacement program	-300	300	0	0	0	Approved by Executive 11/02/15. This scheme is linked with various other schemes including Replacement of Storage Area Networks and Upgrade of Core Network Hardware. We are in the process of updating / replacing around 230 servers with approximately 70 remaining. We anticipate the works to be completed by late spring 17, in compliance with the PSN (Public Service Network) and PCI (Payment Card Industry) requirement.
Mobile technology to support children's social workers	-32	32	0	0	0	Officers are unable to progress the mobile working plans and expenditure until data protection issues are resolved. Evaluation of the laptop pilot in CSC will enable officers to plan and spend the remainder of this grant in 2017/18; so £32k has been rephased.

Performance Management/Children's Services - information technology	-164	164	0	0	0	The Care First upgrade to Eclipse is in progress. All capital funding will be needed for identified expenditure. It is estimated a maximum of £155k will be spent for remainder of 16/17; £164k has been repensed into 17/18.
Penge Town Centre	-681	681	0	0	0	The New Homes Bonus funded project consisting of public realm improvements, Shopfront improvements, Business Support, and Wayfinding. The scheme is to be implemented alongside planned TfL bus route and carriageway improvements. It would not be practical to implement the public realm scheme until these improvements are finalised. The bulk of the capital spend will take place early 17/18 once the TfL works have commenced. The New Homes Bonus Funding agreement concludes in Mar 18.
Orpington Town Centre - Walnut Centre & New Market infrastructure	-355	355	0	0	0	High Street Fund and New Homes Bonus funded project to enhance the pedestrian experience of the prime shopping areas to increase footfall. This includes paving, lighting, treatment for trees, new street furniture, and new market infrastructure. Approximately £200k will be spent in 16/17 as part of the High Street Fund and the remaining £355k scheduled to be spent in 17/18. The New Homes Bonus Funding agreement concludes in Mar 18.
Beckenham Town Centre improvements	-643	643	0	0	0	Design and Development for TfL Major Improvement Initiative. Final design and implementation costs funded by TfL. The repensing of capital is required because TfL delayed confirmation of award and as a result the implementation of the programme is subject to slippage. Adjusted 16/17 budget to match TfL portal funding.
Property Investment Fund	-15,163	15,163	0	0	0	An additional £15m funding from capital receipts was approved by Executive on 11/02/15 for future acquisitions. No further purchases are expected for the remainder of FY16/17, and £163k commitments from previous purchases are outstanding, so the balance of £15,163k has been repensed into 17/18.
Civic Centre Development Strategy	-750	0	0	750	0	Approved by Council 04/07/16. The project will be delivered through the TFM Contract which commences on 1 October 2016. LBB Client team and Amey Community Ltd are agreeing delivery team arrangements.
Maintenance	-215	215	0	0	0	100% TfL funding, based on Borough Spending Plan submission to TfL and will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received.
LIP Formula Funding	-1,024	1,024	0	0	0	100% TfL funding, based on Borough Spending Plan submission to TfL and will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received.
Bus Stop Improvement works	-94	94	0	0	0	100% TfL funding, based on Borough Spending Plan submission to TfL and will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received.
Carbon Management Programme	-383	383	0	0	0	Remaining projects which repayment are being made includes SON SL project and MSCP LED project. Officers are currently reviewing potential projects which includes lighting in Stockwell Blocks and other Street Lighting projects. It is not anticipated that £383k will be spent within FY16/17 and has been repensed to 17/18.
<b>TOTAL REPENSING ADJUSTMENTS</b>	<b>-25,279</b>	<b>24,529</b>	<b>0</b>	<b>750</b>	<b>0</b>	

## CAPITAL PROGRAMME REVIEW 2016 - RECOMMENDED TO EXECUTIVE 08/02/17

Capital Scheme/Project	Priority	TOTAL £000's	17/18 £000's	18/19 £000's	19/20 £000's	20/21 £000's	Revenue effect		Comments
							Running £000's	Financing £000's	
Transport for London (Highways and Traffic Schemes)	HIGH	4,000			4,000		0	0	0 Further Highways and Traffic schemes to be fully funded by TfL on the basis of the bid in the Borough Spending Plan (BSP). The Capital Programme currently includes estimates for 2016/17 to 2019/20 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.
Feasibility studies - block provisions	HIGH	40			40		0		1 Provision for 16/17 - 19/20 already in Capital Programme to fund feasibility works in respect of potential new schemes.
<b>GRAND TOTAL NEW CAPITAL BIDS</b>		<b>4,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,040</b>	<b>0</b>	<b>1</b>	

COST TO THE COUNCIL (LBB RESOURCES)							TOTAL
	17/18 £000's	18/19 £000's	19/20 £000's	20/21 £000's			£000's
Grand total new bids above	0	0	0	4,040			4,040
<u>External funding for new bids</u>							
Transport for London (Highway Schemes)	0	0	0	-4,000			-4,000
<b>Funding from Council's resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>			<b>40</b>

100% TFL funding

**CAPITAL FINANCING STATEMENT - EXECUTIVE 08/02/17 - ALL RECEIPTS**

(NB. Assumes all capital receipts - see below)

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<u>Summary Financing Statement</u>	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's
Capital Grants	8,935	36,578	7,058	162	0	0	0	0
Other external contributions	14,921	13,142	4,000	4,000	4,000	4,000	4,000	4,000
Usable Capital Receipts	16,271	7,370	19,542	8,398	5,940	2,900	2,900	2,900
Revenue Contributions	10,043	19,870	100	100	100	100	100	100
General Fund	0	0	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0	0	0
<b>Total expenditure</b>	<b>50,170</b>	<b>76,960</b>	<b>30,700</b>	<b>12,660</b>	<b>10,040</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>
<u>Usable Capital Receipts</u>								
Balance brought forward	29,583	21,510	25,635	7,173	17,355	12,415	10,515	10,615
New usable receipts	8,198	11,495	1,080	18,580	1,000	1,000	3,000	1,000
Capital Financing	37,781	33,005	26,715	25,753	18,355	13,415	13,515	11,615
	-16,271	-7,370	-19,542	-8,398	-5,940	-2,900	-2,900	-2,900
<b>Balance carried forward</b>	<b>21,510</b>	<b>25,635</b>	<b>7,173</b>	<b>17,355</b>	<b>12,415</b>	<b>10,515</b>	<b>10,615</b>	<b>8,715</b>
<u>General Fund</u>								
Balance brought forward	20,000	14,631	14,631	14,631	14,631	14,631	14,631	14,631
Less: Capital Financing	0	0	0	0	0	0	0	0
Less: Use for Revenue Budget	-5,369	0	0	0	0	0	0	0
Balance carried forward	14,631	14,631	14,631	14,631	14,631	14,631	14,631	14,631
<b>TOTAL AVAILABLE RESERVES</b>	<b>36,141</b>	<b>40,266</b>	<b>21,804</b>	<b>31,986</b>	<b>27,046</b>	<b>25,146</b>	<b>25,246</b>	<b>23,346</b>
<p><u>Assumptions:</u>            GF contribution to support capital programme not required in any year.            New capital schemes - £2.5m p.a. from 2019/20 for future new schemes.            Capital receipts - includes figures reported by Property Division as at 17/01/17 (including Tweedy Road &amp; Town Hall) and £1m pa from 2017/18.            Current approved programme - as recommended to Executive 08/02/17</p>								



# APPENDIX E - INVESTMENT FUND & GROWTH FUND

## INVESTMENT FUND & GROWTH FUND - 23rd JAN 2017

<b>Investment Fund</b>	£'000
<b>Revenue Funding:</b>	
Approved by Executive 7th September 2011	10,000
Approved by Council 27th February 2013	16,320
Approved by Council 1st July 2013	20,978
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)	Cr 10,000
New Home Bonus (2014/15)	5,040
Approved by Executive 11th February 2015 (New Homes Bonus)	4,400
Approved by Executive 10th June 2015	10,165
Approved by Executive 2nd December 2015 (New Homes Bonus)	141
Approved by Executive 10th Feb 2016 (New Homes Bonus)	7,482
	<b>78,408</b>
<b>Capital Funding*:</b>	
Approved by Executive 11th February 2015 (general capital receipts)	15,000
Approved by Executive 10th February 2016 (sale of Egerton Lodge)	1,216
	<b>16,216</b>
<b>Total Funding Approved:</b>	<b>94,624</b>
<b>Total spend to 23rd January 2017</b>	<b>Cr 72,671</b>
<b>Schemes Approved and Committed</b>	
Approved by Executive 20th November 2013 (Queens's Garden)	Cr 990
Approved by Executive 15th January 2014 (Bromley BID Project)	Cr 110
Approved by Executive 26th November 2014 (BCT Development Strategy)	Cr 135
Approved by Executive 2nd December 2015 (Bromley Centre Town)	Cr 270
Approved by Executive 15th June 2016 (Glades Shopping Centre)	Cr 1,800
Approved by Executive 11th January 2017 (Disposal of Small Halls site, York Rise)	Cr 46
Valuation for 1 Westmoreland Rd	Cr 5
Valuation for Biggin Hill - West Camp	Cr 10
Growth Fund Study	Cr 170
Crystal Park Development work	Cr 200
Civic Centre for the future	Cr 50
Strategic Property cost	Cr 258
<b>Total further spending approvals</b>	<b>Cr 4,044</b>
<b>Uncommitted Balance on Investment Fund</b>	<b>17,909</b>
*Executive have approved the use of specific and general capital receipts to supplement the Investment Fund	
<b>Growth Fund:</b>	£'000
<b>Funding:</b>	
Approved by Executive 26th November 2014 (Transfer from Investment Fund)	10,000
Approved by Executive 2nd December 2015	6,500
Approved by Executive 23rd March 2016	6,000
Approved by Executive 15th June 2016	7,024
<b>Total funding approved</b>	<b>29,524</b>
<b>Total spend to 23rd January 2017</b>	<b>Cr 3,829</b>
<b>Schemes Approved and Committed</b>	
Approved by Executive 24th March 2015 (Housing Zone Bid (Site G))	Cr 2,700
Approved by Executive 24th March 2015 ((Site G) - Specialist)	Cr 200
Approved by Executive 18th May 2016 (Feasibility Studies and Strategic Employment Review)	Cr 180
Approved by Executive 18th May 2016 (Broadband Infrastructure Investment)	Cr 50
Approved by Executive 20th Jul 2016 (BID - Penge & Beckenham)	Cr 110
Approved by Executive 1st Nov 2016 (see para 3.3.3)	Cr 10,705
Approved by Executive 1st Nov 2016 (63 The Walnuts)	Cr 46
Renewal Team Cost	Cr 269
<b>Total further spending approvals</b>	<b>Cr 14,260</b>
<b>Schemes Approved, but not committed</b>	
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr 6,790
<b>Uncommitted Balance on Growth Fund</b>	<b>4,645</b>

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Report No.  
CSD17019

London Borough of Bromley

## PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Wednesday 1<sup>st</sup> March 2017

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

**Title:** TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2017/18

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

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** N/A

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1. Reason for report

- 1.1 Under the requirements of the CIPFA Code of Practice on Treasury management, the Council is required to approve an annual treasury management strategy in advance of each financial year. At its meeting on 1<sup>st</sup> February 2017 the Executive and Resources PDS Committee received the attached report addressed to the Resources Portfolio Holder for pre decision scrutiny. The Committee and the Portfolio Holder supported the recommendations

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2. **RECOMMENDATION**

Council is recommended to note the report and agree and adopt the Treasury Management Strategy and the Annual Investment Strategy for 2017/18 (Appendix 1 to the attached report), including the prudential indicators (summarised on page 34) and the Minimum Revenue Provision (MRP) policy statement (Page 11).

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

## 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: £3,491k (net) in 2016/17 - £450k surplus currently projected; draft budget for 2017/18 - £2,891k.
  5. Source of funding: Net Investment Income
- 

## Personnel

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

## Legal

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

## Procurement

1. Summary of Procurement Implications: Not Applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
- 

## Ward Councillor Views

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

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

**Decision Maker:** Resources Portfolio Holder  
Council

**Date:** For Pre-Decision Scrutiny by the Executive and Resources PDS  
Committee on 1<sup>st</sup> February 2017  
Council 20<sup>th</sup> February 2017

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

**Title:** TREASURY MANAGEMENT - ANNUAL INVESTMENT  
STRATEGY 2017/18

**Contact Officer:** James Mullender, Principal Accountant  
Tel: 020 8313 4292 E-mail: james.mullender@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** All

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**1. Reason for report**

- 1.1.** This report presents the Treasury Management Strategy and the Annual Investment Strategy for 2017/18, 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 the Council's 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 2016/17 strategy, agreed by Council in February 2016, was updated in September 2016 as detailed in para 3.2.5, and no further changes are proposed at this time.

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**2. RECOMMENDATION(S)**

- 2.1. The Executive and Resources PDS Committee, the Resources Portfolio Holder and Council are asked to:**
- a) Note the report, and
  - b) Agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2017/18 (Appendix 1 on pages 7-34 of this report), including the prudential indicators (summarised on page 34) and the Minimum Revenue Provision (MRP) policy statement (page 11).

### 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: £3,491k (net) in 2016/17; £450k surplus currently projected, draft budget for 2017/18 £2,891k
  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: 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. General

- 3.1.1. Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year comparing actual activity to the strategy. In practice, the Director of Finance has reported quarterly on treasury management activity for many years, as well as reporting the annual strategy before the year and the annual report after the year-end.
- 3.1.2. The part-year review for 2016/17 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 11) and prudential indicators (summarised on page 34) for 2017/18 to 2019/20. Details of treasury management activity during the quarter ended 31<sup>st</sup> December 2016 are included in a report elsewhere on the agenda.

#### 3.2. Treasury Management Strategy Statement and Annual Investment Strategy 2017/18

- 3.2.1. Appendix 1 sets out the Treasury Management Strategy Statement and Annual Investment Strategy for 2017/18. 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 34) 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.
- 3.2.2. 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.
- 3.2.3. 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.
- 3.2.4. 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 the Council's 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 the Council's 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.

3.2.5. The treasury management strategy is kept under constant review and, at its meeting on 26<sup>th</sup> September 2016, Council approved the following changes:

- A reduction to the sovereign rating criteria to AA-;
- A reduction to the individual counterparty rating criteria to BBB+;
- An increase to the maximum investment period with Banks 1C category from 6 months to 1 year;
- The inclusion of investments with Housing Associations; and
- The inclusion of Variable Net Asset (VNAV) Money Market Funds.

No investments have been made to date in these categories (other than continued investments with UK banks following the UK's sovereign rating downgrade to AA), and officers are continuing to explore investment opportunities in these areas. No further changes are proposed in this report.

3.2.6. Details of eligible types of investment and counterparties are set out in the Annual Investment Strategy (Annex 2 of Appendix 1, pages 30 to 33).

### **3.3. Regulatory Framework, Risk and Performance**

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

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

3.3.2. 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 that its capital expenditure is prudent, affordable and sustainable and its treasury practices demonstrate a low risk approach.

#### 4. POLICY IMPLICATIONS

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

#### 5. FINANCIAL IMPLICATIONS

- 5.1 At the time of setting the 2016/17 budget, there was still no sign of interest rates improving, so an average rate of 1% was again been prudently assumed for interest on new fixed term deposits, in line with the estimates provided by the Council's external treasury advisers, Capita, earlier in the year and with officers' views. There have been no improvements to counterparty credit ratings, as a result of which 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 enabled the 2016/17 budget to be increased to £3,491k, after allowing for foregone interest earnings as a result of further property acquisitions.
- 5.2 Following the Bank of England base rate cut in August 2016, the Council has seen a significant reduction in the rates offered for new fixed-term deposits as well as overnight money market funds. Despite this, a surplus of £450k is currently projected for the year, mainly due to the increased balances available for investment.
- 5.3 With regard to 2017/18, the draft budget has been reduced to £2,891k, a reduction of £600k to reflect reduced interest earnings as maturing investments are re-invested (an average rate of 0.9% for new investments has been assumed), as well as an expected reduction in balances available for investment as a result of further investment property acquisitions and other capital expenditure.

<b>Non-Applicable Sections:</b>	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
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 2017/18

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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 2016) – 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 2017/18**

The proposed strategy for 2017/18 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 2016/17 to 2019/20

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 8<sup>th</sup> February 2017):

Capital Expenditure	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£m	£m	£m	£m	£m
Education	29.7	16.0	32.9	7.1	0.2
Care Services	3.1	4.4	11.2	0.0	0.0
Environment	6.5	9.1	15.0	9.4	4.0
Renewal & Recreation	1.5	2.1	4.6	0.0	0.0
Resources	35.2	22.0	23.3	9.2	1.0
Public Protection & Safety	0.2	0.1	0.0	0.0	0.0
<b>Sub-Total</b>	<b>76.2</b>	<b>53.7</b>	<b>87.0</b>	<b>25.7</b>	<b>5.2</b>
Add: Future new schemes	0.0	0.0	0.0	0.0	2.5
Less: Estimated slippage	0.0	-3.5	-10.0	5.0	5.0
<b>Grand Total</b>	<b>76.2</b>	<b>50.2</b>	<b>77.0</b>	<b>30.7</b>	<b>12.7</b>

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	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£m	£m	£m	£m	£m
<b>Total Expenditure</b>	<b>76.2</b>	<b>50.2</b>	<b>77.0</b>	<b>30.7</b>	<b>12.7</b>
<b>Financed by:</b>					
Capital receipts	3.4	16.3	7.4	19.5	8.4
Capital grants/contributions	34.2	23.9	49.7	11.1	4.2
General Fund	-	-	-	-	-
Revenue contributions *	38.6	10.0	19.9	0.1	0.1
<b>Net financing need</b>	<b>76.2</b>	<b>50.2</b>	<b>77.0</b>	<b>30.7</b>	<b>12.7</b>

\* 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	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£m	£m	£m	£m	£m
<b>Total CFR</b>	<b>3.8</b>	<b>2.8</b>	<b>2.2</b>	<b>1.6</b>	<b>1.0</b>
<b>Movement in CFR</b>	<b>-0.5</b>	<b>-1.0</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	0.0	0.0	0.0	0.0	0.0
Less MRP/VRP and other financing movements	-0.5	-1.0	-0.6	-0.6	-0.6
<b>Movement in CFR</b>	<b>-0.5</b>	<b>-1.0</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>

### 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	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£m	£m	£m	£m	£m
General Fund balance	20.0	14.6	14.6	14.6	14.6
Capital receipts	29.6	21.5	25.6	7.2	17.4
Capital grants	18.7	43.1	35.3	25.2	15.1
Provisions	12.9	12.9	12.9	12.9	12.9
Other (earmarked reserves)	101.7	85.7	74.9	63.9	64.8
<b>Total core funds</b>	<b>182.9</b>	<b>177.8</b>	<b>163.3</b>	<b>123.8</b>	<b>124.8</b>
Working capital*	78.2	80.0	80.0	80.0	80.0
Under/over borrowing**	24.4	0.0	0.0	0.0	0.0
<b>Investments</b>	<b>285.5</b>	<b>257.8</b>	<b>243.3</b>	<b>203.8</b>	<b>204.8</b>

\*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.

%	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 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.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 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 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 2016 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.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£m	£m	£m	£m	£m
<b>External borrowing</b>					
Borrowing at 1 April	-	24.4	-	-	-
Expected change in borrowing	24.4	-24.4	-	-	-
Other long-term liabilities (OLTL)	3.8	2.8	2.2	1.6	1.0
Expected change in OLTL	-0.5	-1.0	-0.6	-0.6	-0.6
<b>Actual borrowing at 31 March</b>	<b>24.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CFR – the borrowing need</b>	<b>3.8</b>	<b>2.8</b>	<b>2.2</b>	<b>1.6</b>	<b>1.0</b>
<b>Under / (over) borrowing</b>	<b>28.2</b>	<b>2.8</b>	<b>2.2</b>	<b>1.6</b>	<b>1.0</b>
<b>Investments</b>	<b>285.5</b>	<b>257.8</b>	<b>243.3</b>	<b>203.8</b>	<b>204.8</b>
<b>Net investments</b>	<b>257.3</b>	<b>255.0</b>	<b>241.1</b>	<b>202.2</b>	<b>203.8</b>
Change in Net investments	+8.9	-2.3	-13.9	-38.9	+1.6

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 2017/18 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	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 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	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 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 (23/01/17)	0.25	0.23	0.65	1.57	2.85	2.65
Mar 2017	0.25	0.30	0.70	1.60	2.90	2.70
Jun 2017	0.25	0.30	0.70	1.60	2.90	2.70
Sep 2017	0.25	0.30	0.70	1.60	2.90	2.70
Dec 2017	0.25	0.30	0.70	1.60	3.00	2.80
Mar 2018	0.25	0.30	0.70	1.70	3.00	2.80
Jun 2018	0.25	0.30	0.80	1.70	3.00	2.80
Sep 2018	0.25	0.30	0.80	1.70	3.10	2.90
Dec 2018	0.25	0.40	0.90	1.80	3.10	2.90
Mar 2019	0.25	0.50	1.00	1.80	3.20	3.00
Jun 2019	0.50	0.60	1.10	1.90	3.20	3.00
Sep 2019	0.50	0.70	1.20	1.90	3.30	3.10
Dec 2019	0.75	0.80	1.30	2.00	3.30	3.10

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g.

from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Fed. rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, **downside risks to current forecasts** for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Major national polls:
  - Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.
  - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
  - Dutch general election 15.3.17;
  - French presidential election April/May 2017;

- French National Assembly election June 2017;
- German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
- Weak capitalisation of some European banks, especially Italian.
- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in 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.

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

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- 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.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

### **Investment and borrowing rates**

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4<sup>th</sup> August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

## **3.4 Borrowing Strategy**

The Council currently does not borrow to finance capital expenditure and finances all expenditure from external grants and contributions, capital receipts or internal balances. The Council does, however, have a Capital Financing Requirement (CFR) of £3.8m (as at 31<sup>st</sup> March 2016), 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	2016/17	2017/18	2018/19
<b>Interest rate Exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	100%	100%	100%
<b>Limits on variable interest rates based on net debt</b>	20%	20%	20%
<b>Maturity Structure of fixed interest rate borrowing 2016/17</b>			
	<b>Lower</b>	<b>Upper</b>	
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 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.

### 4.2 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 F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+
- **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.

### **4.3 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.

### **4.4 Investment Strategy**

**In-house funds:** The Council's core portfolio is around £275m 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 £335m. 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 is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

Capita's suggested budgeted investment earnings rates for returns on investments placed for periods up to 3 months during each financial year for the next eight years are as follows:

2016/17 0.25%  
 2017/18 0.25%  
 2018/19 0.25%  
 2019/20 0.50%  
 2020/21 0.75%  
 2021/22 1.00%



2022/23 1.50%  
2023/24 1.75%  
Later years 2.75%

The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

**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	2016/17	2017/18	2018/19	2019/20
	£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.

#### **4.5 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.

#### **4.6 External fund managers**

Up to £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, and the last of their investments mature in March 2017.

#### **4.7 Policy on the use of external service providers**

From 2017/18, 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.

#### **4.8 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.

**4.9 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. GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.

The latest MPC decision included a forward view that **Bank Rate** could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015 and were again strong in November. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, in November it fell to -8 indicating a return to pessimism about future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.

**Bank of England GDP forecasts** in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

**Capital Economics' GDP forecasts** are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

**The Chancellor** has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.

The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16). This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.2% in November. However, prices paid by factories for inputs rose to 13.2% though producer output prices were still lagging behind at 2.3% and core inflation was 1.4%, confirming the likely future upwards path.

**Gilt yields, and consequently PwLB rates**, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

**Employment** had been growing steadily during 2016 but encountered a first fall in over a year, of 6,000, over the three months to October. The latest employment data in December, (for November), was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and

of 13,300 in October. **House prices** have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

**USA.** The American economy had a patchy 2015 with sharp swings in the quarterly **growth rate** leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene, and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came, as expected, in December 2016 to a range of 0.50% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed. therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.

The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

Trump's election has had a profound effect on the **bond market and bond yields** rose sharply in the week after his election. Time will tell if this is a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

In the first week since the US election, there was a major shift in **investor sentiment** away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which could be reversed. Other commentators take the view that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

**EZ.** In the Eurozone, **the ECB** commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became

inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.

**EZ GDP growth** in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.7% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant specific political and other risks within the EZ: -

- **Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.
- **Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.
- **4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.
- **Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.
- **French presidential election**; first round 13 April; second round 7 May 2017.
- **French National Assembly election June 2017.**

- **German Federal election August – 22 October 2017.** This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU, (note, not just the Eurozone currency area), principle of **free movement of people** within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

**Asia.** Economic growth in **China** has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in **Japan** is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

**Emerging countries.** There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that \$340bn of emerging market corporate debt will fall due for repayment in the final two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

### **Brexit timetable and process**

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.



- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.
- It is possible that some sort of agreement could be reached for a transitional time period for actually implementing Brexit after March 2019 so as to help exporters to adjust in both the EU and in the UK.

## 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).
7. Housing Associations with no more than 1 year's duration

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.	<b>Bank Deposits</b> 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.	<b>Building Society Deposits</b> 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.	<b>Deposits with other local authorities</b> 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.	<b>Gilt edged securities</b> 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.	<b>Non-rated subsidiary</b> 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.	<b>Corporate Bonds</b> 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.	<b>Collective (pooled) investment schemes</b> 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.	<b>Certificates of Deposit, Commercial Paper and Floating Rate Notes</b> 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.
i.	<b>Housing Associations</b> with a duration of between 1 and 2 years, subject to satisfaction of credit ratings criteria as set out below.	£25m in total; maximum duration 2 years.

## 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 F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+
- **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 1 year 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	F3	BBB+
Moody's	P-3	Baa3
S & P	A-3	BBB+

- **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, including Variable Net Asset Value (VNAV) funds. The total invested in each of these Funds must not exceed £15m at any time (£10m for VNAV funds). This includes the Payden Sterling Reserve Fund for which a limit of £15m is also applied. No more than £25m in total may be invested in VNAV funds at any time.
- **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.
- **Housing Associations** – The Council may invest with Housing Associations with a minimum credit rating of AA-, for a maximum duration of 2 years, and with a maximum deposit of £10m with any one Housing Association and £25m in total.
- **Sovereign Ratings** – The Council may only use counterparties in countries with sovereign ratings (all 3 agencies) of AA- or higher.

These currently include:

#### AAA

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

#### AA+

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

#### AA

- Abu Dhabi (UAE)
- France
- Qatar
- U.K.

#### AA-

- Belgium

# 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 15<sup>th</sup> February 2010 and has subsequently been re-adopted each year in February.

PRUDENTIAL INDICATORS	2015/16	2016/17	2017/18	2018/19	2019/20
	actual	estimate	estimate	estimate	estimate
Total Capital Expenditure	£76.2m	£50.2m	£77.0m	£30.7m	£12.7m
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	£253.4m	£257.3m	£255.0m	£244.3m	£203.8m
carried forward 31 March	£257.3m	£255.0m	£241.1m	£202.2m	£203.8m
in year borrowing requirement (movement in net investments for Bromley)	+£8.9m	-£2.3m	-£13.9m	-£38.9m	+£1.6m
Capital Financing Requirement as at 31 March	£3.8m	£2.8m	£2.2m	£1.6m	£1.0m
Annual change in Cap. Financing Requirement	-£0.5m	-£1.0m	-£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	2015/16	2016/17	2017/18	2018/19	2019/20
	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	£170.0m	£170.0m	£170.0m	£170.0m	£170.0m

Report No.  
CSD17016

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Wednesday 1 March 2017

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

**Title:** 2017/18 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 6<sup>th</sup> February 2017, the General Purposes and Licensing Committee considered the attached report on the annual staff pay review for 2017/18 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 negotiating process), with an additional £300 (fte) paid to members of staff currently earning less than £18k per annum and an increase in standby allowances as set out in paragraph 3.7 of the report.
  - to reject the claim of the Trade Unions for a 4% increase and additional annual leave.
- 1.2 The Committee noted that the proposed increase was again higher than the 2 year pay settlement (averaging 1%) agreed previously for local government staff negotiated at national/regional level, and that Bromley staff would receive the increase in their April pay, as they had in the previous five years since the Council had left the national pay negotiating framework.
- 

#### 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 who are covered by a separate statutory pay negotiating process) with an additional £300 (full time equivalent) paid to those members of staff currently earning less than £18k per annum.**
- (2) Approve an increase in standby allowances as set out in paragraph 3.7 of the report.**
- (3) Reject the Trade Union's claims including the 4% pay claim and the additional annual leave for staff.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Estimated Cost: Approximately £833k
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Not Applicable
  4. Total current budget for this head: Not Applicable
  5. Source of funding: Not Applicable
- 

## Personnel

1. Number of staff (current and additional): All Council staff (except teachers)
  2. If from existing staff resources, number of staff hours: Not Applicable
- 

## Legal

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

## Procurement

1. Summary of Procurement Implications: Not Applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
- 

## Ward Councillor Views

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

<b>Non-Applicable Sections:</b>	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.:

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**Decision Maker:** General Purposes & Licensing

**Date:** 6<sup>th</sup> February 2017

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

**TITLE:** 2017/18 PAY AWARD

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

**Chief Officer:** Director of Human Resources

**Ward:** N/A

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### 1. REASON FOR REPORT

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

### 2. RECOMMENDATION(S)

#### 2.1 Members are asked to recommend that Full Council approve the following:

- A flat 1.2% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process) with an additional £300 (full time equivalent) paid to those members of staff currently earning less than £18k per annum.
- An increase in standby allowances as set out in para 3.7 of this report
- That the Trade Union's claims including the 4% pay claim and the additional annual leave for staff be rejected (see para 2.4 below)

#### 2.2 Pursuant to 2.1 above, Members note that the pay increase is again higher than the 2 year pay settlement (averaging 1%) agreed previously for local government staff negotiated at the national/regional levels between the Unions

and Local Government employers of a 1% pay increase for 1 April 2016 and a 1% pay increase for 1 April 2017.

**2.3 Members also note that, as in the last five years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2017/18 pay increase in time for the April pay.**

**2.4 Members note the Unions' summary pay claim for:**

- **A 4% across the board increase on all salary points and allowances**
- **An additional 3 days paid annual leave for all employees of the Council**
- **A review of any other allowances which are currently paid with specific claims i.e. Xmas Cover**

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost – Approximately £833K
  2. On-going costs: Within existing budget
  3. Budget Head/Performance Centre:
  4. Total current budget for this Head:
  5. Source of Funding:
- 

Staff

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

Legal

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

## Customer Impact

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

## Ward Councillor Views

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

## **3. COMMENTARY**

- 3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12<sup>th</sup> November 2012. The key elements of the localised arrangements are as follows:

- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
- Merited reward (non-consolidated/non-pensionable) for exceptional performers;
- Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.

- 3.2 The Council continues to face a significant budget gap over the next four years (£23.6m by 2020/21). The Council's approach to this pressure and the challenges and opportunities it faces to balance the budget is comprehensively addressed in the report "Draft 2017/18 Budget and Update on Council's Financial Strategy 2018/19 to 2020/21" to Executive on 11<sup>th</sup> January 2017:

<http://cds.bromley.gov.uk/documents/s50045035/Exec%20110117%20Draft%20Budget%20Report.pdf>

- 3.3 Against this background, the Council proposed for staff and Trade Union consultation purposes a flat 1.2% pay award increase for all staff, except teachers, with an additional £300 (full time equivalent) paid to those members of staff currently earning less than £18,000 per annum. The proposal was communicated by the Chief Executive to all staff on 12 January 2017 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 the 28<sup>th</sup> October 2016. The Unions' claim stated, *inter alia*, as follows:

- i) Appropriate reward for the major and constant changes our members have experienced in recent years, including numerous restructures, changes to the way services are delivered to residents, and ongoing out-sourcing programmes
- ii) Reward for the increasing stress, resulting from this instability, faced by front line workers

- iii) A substantial, above inflation, pay rise to help restore and maintain employees living standards
- iv) A settlement weighted towards the, often female, lower paid members of the workforce who have done least well in monetary terms out of recent pay

**In summary:**

- **A 4% across the board increase on all salary points and allowances**
- **An additional 3 days paid annual leave for all employees of the Council**
- **A review of any other allowances which are currently paid, with specific claims i.e. Xmas Cover**

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 or/and written summarised update to be provided at the meeting. Given the challenges affecting every service, including frontline and community based services in the borough; staff would understand the difficult 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. Suffice it to say that the Unions' 4% pay claim is out of kilter with (a) the pay settlement (circa 1%) agreed nationally by the same Unions for Local Government Staff for 16/17 and 17/18 and (b) the public sector pay restraint. The average settlement elsewhere in the public sectors is no more than 1%.

3.7 The Unions' claim would cost the Council circa £2.8m compared to circa £833K for the Council's 1.2% pay award increase and additional £300 (FTE) payment to staff earning less than £18k per annum. With regards to the element of the pay claim relating to an increase in standby payments the proposed increase as detailed in the table below would cost the Council an additional £15k.

**Standby Payments**

<b>Period – per session</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Monday to Friday	£6	£8.50
Weekends	£12	£15.00
Bank Holidays	£16.14	£17.50

Following discussion with the Trade Unions they amended their original claim for 3 days annual leave for all staff to a claim proposing a harmonisation and increase of leave levels across all grades however even with the amended claim this would represent an additional £75k cost to the Council.

3.8 How does the Council's 2017/18 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 2 year pay settlement (averaging 1%) for local government of a 1% pay increase for 1 April 2016 and a 1% pay increase for 1 April 2017
- ii) It also means that, for the fifth 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.
- iii) The UK inflation rate, as measured by the Consumer Prices Index (CPI), is 0.6% (September 2016).

Whilst pay awards for 17/18 are in the process of being negotiated elsewhere in both the Public and Private Sector, other pay data gathered from Council's outside of London show increases in 16/17 between 1% and 2% with the majority of increases around 1%. This is broadly consistent with the 2 year pay deal agreed in 2016 for those Council's still operating national terms and conditions.

This trend looks set to continue across the public sector with the Education Secretary calling for pay increases in 17/18 to be capped at 1% for Teaching staff and the context for the 17/18 NHS pay round is the continuation of public sector pay policy which caps pay for public sector staff at an average of 1% annually until 19/20.

3.9 The Council is 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 as the United Kingdom leaves the European Union.

3.10 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. Staff employed by the Council are also able to access the "Real Benefits" Scheme. Through the scheme the Council has negotiated favourable discounts with a range of retailers in Bromley. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.

- 3.11 Additionally, the Leader, the Portfolio Holder for Resources and their Cabinet colleagues and the Chairman of General Purposes and Licensing Committee are still committed to the Merited Pay Reward scheme for exceptional performers. £200k is allocated in the base budget to support the scheme. To date a total of 522 merited rewards have been made including 166 rewards in 2016/2017. In addition this year 217 “mini” merited rewards have been given.

#### **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 4% increase to all staff would cost the Council around £2.8million 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. The increases to pay as set out in para 2.1 therefore represent a reasonable pay award in the current financial climate.

#### **6. LEGAL IMPLICATIONS**

- 6.1 As set out in the report, there are no specific implications, including equal pay arising from the proposed pay award recommendations as detailed in para 2.1 above.

#### **7. PERSONNEL IMPLICATIONS**

- 7.1 As set out in the report.

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

Report No.  
CSD17017

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** **COUNCIL**

**Date:** **Wednesday 1 March 2017**

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

**Title:** **PAY POLICY STATEMENT 2017/18**

**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:** Not Applicable

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1. Reason for report

- 1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by full Council each year. The attached report and statement were considered by the General Purposes and Licensing Committee on 6<sup>th</sup> February 2017; the Committee recommended that Council approves the Statement for 2017/18.

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2. **RECOMMENDATION(S)**

**General Purposes and Licensing Committee recommends that Council approves the 2017/18 Pay Policy Statement.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

### 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: Not Applicable
  4. Total current budget for this head: Not Applicable
  5. Source of funding: Not Applicable
- 

### Personnel

1. Number of staff (current and additional): All staff
  2. If from existing staff resources, number of staff hours: Not Applicable
- 

### Legal

1. Legal Requirement: Statutory Requirement: Localism Act 2011
  2. Call-in: Not Applicable: Full Council decisions are not subject to call-in
- 

### Procurement

1. Summary of Procurement Implications: Not Applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
- 

### Ward Councillor Views

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

<b>Non-Applicable Sections:</b>	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.:

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

**Date:** 6th February 2017

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

**TITLE:** PAY POLICY STATEMENT 2017/18

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

**Chief Officer:** Director of Human Resources

**Ward:** N/A

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### 1. REASON FOR REPORT

- 1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by Full Council every year. The 2017/18 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 2017/18 Pay Policy Statement attached to this report.

### 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 2017/18 is not materially different to the last years statement with the exception of the proposed increases to the Standby Allowance rates. 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 2017/18 pay award proposal of 1.2% is agreed by Full Council on 20 February 2017 it means, for the fifth year running, Bromley pay award is higher than the national pay settlement for local government staff. As before, Bromley pay award will also be paid on time in April.

3.3 Another key aspect of the localised pay framework is the emphasis on individual pay and performance. There is no automatic pay uplift or increment or pay award without satisfactory individual performance. To further localise its terms and conditions of employment, the Council has with effect from 1<sup>st</sup> 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 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. £200k is allocated in the base budget to support the scheme. To date a total of 522 merited rewards have been made including 166 rewards in 2016/2017. In addition this year 217 "mini" merited rewards have been given.

3.5 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 2017/18 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.

- 3.6 As reported previously the Council has explored the feasibility of approaching performance appraisal differently and following a successful Leadership Training Programme a new appraisal process "Discuss" will be implemented from the 1<sup>st</sup> April 2017 replacing the current PADS appraisal process. The new process uses a "structured conversation" delivered in a coaching style with a view to improving employee engagement and empowerment whilst supporting managers to undertake a more proactive approach to managing performance and developing potential of staff.

#### **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. In addition however it should be noted that the Government is planning to introduce some reforms around exit payments in the Public Sector including an Exit Pay Cap and Recovery Regulations in relation to those re-joining the Public Sector having received an exit payment previously.
- 7.2 The Exit Pay Cap is currently being consulted upon and the Recovery regulations are expected to come into force sometime in spring 2017. A summary of the key issues being considered is as follows:
- a maximum tariff for calculating exit payments of three weeks' pay per year of service
  - a ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment
  - a maximum salary of £80,000 on which an exit payment can be based
  - a taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension retirement age
  - action to limit or end employer-funded early access to pension as an exit term
- 7.3 Dependent on the outcome of consultation these proposals are likely to impact on the Council's redundancy and retirement policies which will need to be reviewed in due course.

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

## London Borough of Bromley

### 1. Introduction

1.1 The Localism Act 2011 introduces a requirement for public authorities to publish annual pay policy statements. It states, in the main, that a relevant authority must prepare a pay policy statement for the Financial Year 2012/13 and each subsequent year.

1.2 Pursuant to the Act and the associated guidance and other supplementary documents, this pay policy statement sufficiently summarises Bromley Council's approach to the pay of its workforce and, in particular, its "Chief Officers". In summation, the statement covers the Council's policies for the 2017/18 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/2661/lb>

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 2017/18

- 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 2017/18	
POLICY AREA UNDER THE ACT	POLICY STATEMENT
	<i>For the purposes of this policy statement the term “Chief Officer” includes the Chief Executive, Statutory and non-statutory Chief Officers and Deputy Chief Officers within the meaning of the Local Government and Housing Act 1989.</i>
Level and elements of remuneration of Chief Officers and relationship with the remuneration of employees who are not Chief Officers	<p>The authority implemented a localised pay and conditions of service framework for all staff except teachers, with effect from 1 April 2013. Under the local framework the Council:</p> <ol style="list-style-type: none"> <li>Introduced an annual local pay review mechanism aligned with the budget setting process for all staff except teachers to replace the national and regional collective bargaining arrangements and the existing local arrangements for Lecturers in Adult Education;</li> <li>Introduced a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff except teachers;</li> <li>Will reinforce the link between individual performance and pay by making any annual pay increase and increments (where appropriate) subject to satisfactory performance for all staff; not automatic.</li> <li>Agreed to make no change to existing terms and conditions of service before April 2015.</li> </ol> <p>The move to fully localised terms and conditions is on the back of the Bromley Single Status agreement reached with the relevant recognised trade unions in 2009 affecting the BR grade staff. Under the localised terms and conditions of service framework the Council retains its existing terms and conditions including the grading and job evaluation schemes for BR staff and MG staff, except for the annual pay review and PRP process. Under the localised terms and conditions framework the Council will not be bound by the national or/and regional pay settlements. Instead, by means of the process of the localised annual pay review the Council aims to:</p> <ul style="list-style-type: none"> <li>ensure that staff are appropriately rewarded for the job that they do</li> <li>enhance the Council’s ability to compete by maintaining a simple, fair, transparent and affordable pay and</li> </ul>

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

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

The Council has agreed the process of job evaluation as a way of ensuring a fair system of remuneration relative to job weight thereby managing any risk of equal pay claims. MG and PT jobs are graded using the James job evaluation system, and BR jobs are graded using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. The BR grades are based around “anchor” salary points and consist of incremental scales. However, with effect from 1<sup>st</sup> 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 £3,566 and £2,460 per annum subject to this not exceeding 70% of the car's current benchmark value plus

	<p>insurance.</p> <p>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. The current 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Also, the Council operates a Salary Sacrifice scheme for all staff. This covers childcare vouchers, parking plus, and the cycle to work scheme.</p>
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

	<p>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.</p>
Use of bonuses for Chief Officers	Not applicable.
Remuneration of lowest-paid employees	<p>The Council's grading structure for BR graded staff starts at £15,573 per annum as at 31 March 2015 and the Council therefore defines its lowest paid employee as anyone earning £15,573 (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 1:14, and between the Chief Executive and the median salary is £30,756 (ratio of 1:7).</p>
Increases and additions to remuneration of Chief Officers	<p>Where it is in the interests of the Council to do so the Chief Executive may review the salaries of Chief Officers and Senior Staff from time to time within the (<a href="#">MG and MB salary scales</a>). Such circumstances include for example but are not limited to the impact of market forces and staff undertaking significant additional responsibilities on a time-limited or permanent basis. This is also the case for any other officer of the Council, including BR staff. Being outside of the nationally/regionally negotiated terms and conditions allows greater flexibility and discretionary payments in support of business priorities and recruitment and retention challenges. The Council has agreed a separate recruitment and retention package for children social workers.</p>

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 2017/18 to an existing or new post. All Chief Officer and Senior staff appointments will be made in accordance with the Council's agreed Constitution and Scheme of Delegation which can be found at <a href="http://www.bromley.gov.uk/councilconstitution">www.bromley.gov.uk/councilconstitution</a>
Any discretionary increase in or enhancement of a Chief Officer's pension entitlement	<p>Chief Officers are eligible to join the Local Government Pension Scheme. The Council will not normally agree to any discretionary increase in or enhancement of a Chief Officer's pension entitlement. However each case will be considered on its merits and the Council recognises that exceptionally it may be in the Council's interests to consider this to achieve the desired business objective. Members' agreement will be required in all cases taking into account legal, financial and HR advice appropriate to the facts and circumstances.</p> <p>A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement without enhancement. The Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds.</p> <p>The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision and can be found at <a href="#">Flexible Retirement Policy</a></p> <p><i>Please also note the information contained at * below.</i></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>
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**\* Please Note:** The Government is planning to introduce some reforms around exit payments in the Public Sector including an Exit Pay Cap and Recovery Regulations in relation to those re-joining the Public Sector having received an exit payment previously.

The Exit Pay Cap is currently being consulted upon and the Recovery regulations are expected to come into force sometime in spring 2017. A summary of the key issues being considered is as follows:

- a maximum tariff for calculating exit payments of three weeks' pay per year of service
- a ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment
- a maximum salary of £80,000 on which an exit payment can be based
- a taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension retirement age
- action to limit or end employer-funded early access to pension as an exit term

Dependent on the outcome of consultation these proposals are likely to impact on the Council's redundancy retirement and pay policies which will need to be reviewed and updated in due course.

Publication of and access to information relating to this Policy and to the remuneration of Chief Officers

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.

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 release 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.  
CSD17018

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** 1<sup>ST</sup> MARCH 2017

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

**Title:** MEMBERS ALLOWANCES SCHEME 2017/18

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

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** N/A

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1. Reason for report

- 1.1 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year. The General Purposes and Licensing Committee at its meeting on 6<sup>th</sup> February 2017 considered the attached report and agreed to recommend to Council that allowances remain at the current level for 2017/18. The Committee agreed to recommend one small change to the scheme, to reduce the allowance for Members of the Licensing Sub-Committee to £335 pa to reflect the reduced number of meetings. This is explained in paragraph 3.4 of the attached report, and the proposed scheme has been updated accordingly at Appendix 2 to the report.
- 1.2 The Mayoral and Deputy Mayoral Allowances are not part of the scheme, but are usually considered in conjunction with it.
- 

2. RECOMMENDATIONS

- (1) The 2017/18 Members Allowances Scheme be approved as set out in Appendix 2 to the attached report, with allowances remaining at the current level, except that the allowance for members of the Licensing Sub-Committee shall be reduced to £335 pa as outlined in paragraph 3.4 of the report.
- (2) The Mayoral Allowance remains at £15,698 and the Deputy Mayoral Allowance remains at £3,575 for 2017/18.

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

## Corporate Policy

1. Policy Status: Existing Policy: The proposed scheme for 2017/18 is based on the existing scheme for 2016/17
  2. BBB Priority: Excellent Council:
- 

## Financial

1. Cost of proposal: Estimated Cost: Potential saving of £5k if the allowance for the Licensing Committee is reduced by half
  2. Ongoing costs: Recurring Cost: Potential saving of £5k
  3. Budget head/performance centre: Democratic Representation – Members Allowances  
Mayoral and Civic Hospitality – Mayoral Allowance
  4. Total current budget for this head: £1.051m/£23k
  5. Source of funding: 2017/18 draft Revenue Budget
- 

## Personnel

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: The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021)
  2. Call-in: Not Applicable: Making and varying the Members allowances Scheme is reserved to full Council and is not an executive decision.
- 

## Procurement

1. Summary of Procurement Implications: Not applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 Members of the Council receive at least the basic allowance.
- 

## Ward Councillor Views

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

<b>Non-Applicable Sections</b>	See attached report
Background documents (Access via contact officer)	See attached report

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

**Date:** Monday 6 February 2017

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

**Title:** MEMBERS ALLOWANCES SCHEME 2017/18

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

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** N/A

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1. Reason for report

- 1.1 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year and this report details the proposed allowances for 2017/18. The allowances have remained frozen since 2009 due to the economic circumstances and the pressure on the Council's budgets, and this is what is set out in the proposed scheme at Appendix 2. However, 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. RECOMMENDATIONS

- (1) The Committee is requested to consider the proposed Members Allowances Scheme 2017/18 and in particular to consider (i) whether to retain allowances at the current level or authorise an increase and (ii) whether to halve the allowance for members of the Licensing Sub-Committee as outlined in paragraph 3.4.
- (2) The Committee is recommended to agree that the Members' Allowances Scheme 2017/18 (appendix 2) and the Mayoral and Deputy Mayoral allowances for 2017/18 (paragraph 3.6) be submitted to Council for approval.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

### Corporate Policy

1. Policy Status: Existing Policy: The proposed scheme for 2017/187 is based on the existing scheme for 2016/17
  2. BBB Priority: Excellent Council:
- 

### Financial

1. Cost of proposal: Estimated Cost: Potential saving of £5k if the allowance for the Licensing Committee is reduced by half
  2. Ongoing costs: Recurring Cost: Potential saving of £5k
  3. Budget head/performance centre: Democratic Representation – Members Allowances  
Mayoral and Civic Hospitality – Mayoral Allowance
  4. Total current budget for this head: £1.051m/£23k
  5. Source of funding: 2017/18 draft Revenue Budget
- 

### Personnel

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: The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021)
  2. Call-in: Not Applicable: Making and varying the Members allowances Scheme is reserved to full Council and is not an executive decision.
- 

### Procurement

1. Summary of Procurement Implications: Not applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 Members of the Council receive at least the basic allowance.
- 

### Ward Councillor Views

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

### 3. COMMENTARY

- 3.1 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. In addition, allowances can be paid to reflect particular posts (Special Responsibility Allowances) or membership of particular committees that meet frequently to determine applications (Quasi-Judicial Allowances).
- 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, until in 2016 a Member Working Group suggested some minor changes within the existing budget which were implemented for the 2016/17 Scheme -
- (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 were equalised at £8,670;
  - (b) the allowance for the Leader of the largest opposition group was aligned with the allowance for PDS Chairmen (£7,140), with the allowance for the Leader of the second opposition group being half of this amount (£3,570).
  - (c) The allowance for the Deputy Mayor was increased to the level of the Executive Assistants (£3,575);
  - (d) All amounts in the scheme were rounded up or down as appropriate to the nearest £5.
- 3.4 The Working Group also 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. The major issue of concern was the level of allowance payable to Members serving on Licensing Sub-Committees in view of the reduced level of meetings. In 2016/17, to the end of January 2017, the Licensing Sub-Committee will have met on 9 occasions, meaning that the average attendance for each Member of General Purposes and Licensing Committee is less than two meetings (with three months of the year to go). This allowance currently costs £10,050 pa overall, so a small saving of £5,025 pa could be achieved by halving the payment to £335 pa so that it is in line with Members of one Plans Sub-Committee.
- 3.5 The regulations provide that before the Council makes or amends a scheme it shall have regard to the recommendations made by an independent remuneration panel report, although 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**.

- 3.6 **Appendix 2** shows the scheme and the proposed allowances for 2017/18 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 2017/18. If approved by Council, the Mayoral Allowance would remain at £15,698 and the Deputy Mayoral Allowance at £3,575.

#### 4. FINANCIAL IMPLICATIONS

- 4.1 Provision has been made for the allowances in the draft revenue budget for 2017/18 to be approved by Council of £1.051m for the Members' Allowances Scheme and £23k for the Mayoral and Deputy Mayoral allowances.
- 4.2 Should the allowance for the Licensing Sub-Committee be reduced by half as suggested in 3.4, there will be an annual saving of £5k.

#### 5. LEGAL IMPLICATIONS

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

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children/Policy/Personnel/Procurement
Background Documents: (Access via Contact Officer)	Report from the Independent Panel on Remuneration of Councillors in London (2014) - <a href="http://www.londoncouncils.gov.uk/London%20Councils/Remunerationreport2014.pdf">http://www.londoncouncils.gov.uk/London%20Councils/Remunerationreport2014.pdf</a>  Report to General Purposes and Licensing Committee, 10 <sup>th</sup> February 2016 – Members' Allowances Scheme 2016/17



**London Councils Remuneration Panel Report 2014 - Summary**

<b>London Councils Band</b>	<b>Example posts</b>	<b>2014 London Councils Panel Recommendation</b>	<b>Current LBB Equivalent (2016/17)</b>
<b>Basic Allowance</b>	All Members	£10,703	£10,870
<b>Band 1</b>	Executive Assistant Sub-Cttee Chairman Leader of 2 <sup>nd</sup> Minority Group Members of Sub-Committees meeting frequently – EG Plans/Licensing/Adoption	£2,392 - £8,941	£3,575 £1,970 £3,570 £335/£670
<b>Band 2</b>	Civic Mayor Chairman of Regulatory Cttee Chairman of Scrutiny Panel Leader of principal Opposition Group	£15,876 - £28,581	£15,698 £8,670 £7,140 £7,140
<b>Band 3</b>	Portfolio Holder Chairman of Health & Wellbeing Board Chairman of main Overview and Scrutiny Committee	£35,128 - £41,675	£20,400 £8,670 £8,670
<b>Band 4</b>	Leader	£54,769	£30,600
<b>Band 5</b>	Directly elected Mayor	£81,839	-



## London Borough of Bromley

### Members' Allowances Scheme

From 1<sup>st</sup> April 2017, in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 (2003 No. 1021) [as amended by SI 2003 No. 1692], the London Borough of Bromley will operate the following Members' Allowances Scheme.

1. This Scheme is known as the London Borough of Bromley Members' Allowances Scheme and will operate from 1<sup>st</sup> April 2017 until amended.

2. In this Scheme:

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

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

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

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

#### Basic Allowance

4. A basic annual allowance of £10,870 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 Licensing Sub-Committee and Plans Sub-Committees shall be paid a quasi-judicial allowance at a rate of £335 per annum. Members of two Plans Sub-Committees, Adoption Panel and Fostering Panel will be paid a quasi-judicial allowance at an annual rate £670 per annum.

### **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 uprated 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 2018

	£
<b>Basic Allowance</b>	10,870.00
<b>Special Responsibility Allowances</b>	
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
<b>Quasi-Judicial Allowances</b>	
Members of Licensing Sub-Committee	335.00
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

Report No.  
CSD16173

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** 1<sup>st</sup> March 2017

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

**Title:** UPDATES TO THE SCHEME OF DELEGATION TO OFFICERS

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

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** N/A

---

1. Reason for report

- 1.1 At the annual Council meeting in May each year a Scheme of Delegation to Officers is approved by Council in respect of non-executive functions, and by the Leader in respect of executive functions. Following recent changes to portfolios and officer structures, an updated scheme was considered by General Purposes and Licensing Committee on 6<sup>th</sup> February 2017 and referred to Council for noting of executive delegations and approval of non-executive delegations.
- 

2. RECOMMENDATIONS

- (1) That Council approves the updated Scheme of Delegation to Officers in respect of non-executive functions.
- (2) That Council notes the updated Scheme of Delegation to Officers in respect of executive functions received from the Leader of the Council.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

### Corporate Policy

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

### Financial

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

### Personnel

1. Number of staff (current and additional): Not Applicable
  2. If from existing staff resources, number of staff hours: Not Applicable
- 

### Legal

1. Legal Requirement: Statutory Requirement: Local Government Act 1972 and successive legislation.
  2. Call-in: Not Applicable:
- 

### Procurement

1. Summary of Procurement Implications: Not Applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
- 

### Ward Councillor Views

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



### 3. BACKGROUND

- 3.1 At the annual Council meeting in May each year a Scheme of Delegation to Officers is approved by Council in respect of non-executive functions, and by the Leader in respect of executive functions. This reflects the requirement under the Local Government and Public Involvement in Health Act 2007 that any executive powers delegated to officers have to be delegated not by Council, but by the Leader of the Council. The executive or non-executive origin of each delegation is reflected in the Scheme in a column which indicates whether the delegation is executive, non-executive, or both.
- 3.2 The Scheme has been updated so that it matches the recent changes to portfolios announced by the Leader and current officer structures following the appointment of the Executive Director of Education, Care and Health Services and Deputy Chief Executive, and to ensure in general that it remains up to date. No additional delegations are proposed, other than to add a paragraph in Part 1 of the Scheme (paragraph 13) confirming that where legislation or officer titles change the scheme is presumed to remain in effect until it can be formally updated.

<b>Non-Applicable Sections:</b>	Impact on vulnerable adults and children/Policy/Financial/Personnel/Legal/Procurement
Background Documents: (Access via Contact Officer)	Scheme of Delegation approved May 2016

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**LONDON BOROUGH OF BROMLEY  
CONSTITUTION – APPENDIX 10**

**SCHEME OF EXECUTIVE AND NON-EXECUTIVE  
DELEGATION TO OFFICERS**

\* \* \* \*

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(March 2017)

\* \* \*

## PROPER OFFICERS

The Local Government Act 1972 introduced a requirement that the officer required to perform specified duties should be the 'proper officer' appointed by the Council for that purpose.

(1) Subject to any appointment for a specific purpose, the 'proper officer' for the purpose of the Local Government Act 1972 shall be as set out below:-

<u>Section</u>	<u>Purpose</u>	<u>Proper Officer</u>
39	Registration Officers	}
41(2) & (3)	Returning Officers at Local Government Elections	}
83(1)	Declaration of Acceptance of Office	} Chief Executive
		The Director of Corporate Services shall act as proper officer where the Chief Executive is unable to act
84	Resignation of Members	}
88(2)	Filling of casual vacancies for Chairman	}
89(1)	Notice of casual vacancies	}
212	Local Land Charges	} Director of Environment and Community Services
Schedule 12, Pt. 1	Notice of Meetings – for the issue of	}
4(2)(b) & 4(3)	(i) summonses calling meetings of the Council	} Chief Executive
	(ii) agenda for meetings of Committees, Sub-Committees etc.	}
		} Director of Corporate Services
96(1) & (2)	Notice of pecuniary interest	}
225(1)	Deposit of Documents	}
Schedule 14, Pt. 2	Certification of Resolutions	}
Para. 25(7)		}
229(5)	Photographic copies of documents	}
238	Evidence of Byelaws	}
115(2)	Accountability of Officers	}

<u>Section</u>	<u>Purpose</u>	<u>Proper Officer</u>
146	Transfer of securities on alteration of area	} Director of Finance
151	Financial administration	} Director of Finance
	Notifiable diseases and food poisoning	} Director of Public Health
Schedule 22, Para.17	Authentication of orders and notices, etc under the Housing Act	For such matters as he is authorised to deal with by the Council's Scheme of Delegation to Officers the Executive Director of Education, Care and Health Services , otherwise the Director of Corporate Services
Sections 28 and 29	Regulation of Investigatory Powers Act 2000	Director of Corporate Services
Section 29(b)	- ditto -	Director of Corporate Services to have general oversight of the use made of the source in respect of covert human intelligence sources.
Sections 29 (a), (c), (d) and (e)	- ditto -	Chief Planner, Executive Director of Education, Care and Health Services and Deputy Chief Executive, Executive Director of Environment and Community Services, Director of Finance and Head of Audit to have day-to-day responsibility for Sources and responsibility for the security and welfare of Sources.

(2) For all other functions the 'proper officer' shall be the Officer authorised in accordance with the Council's Scheme of Delegation to Officers or, where none is specified, the Chief Executive.

(3) Where written evidence of any such appointment as aforesaid is required the Chief Executive is hereby authorised to issue it, save for evidence of the appointment of the Chief Executive which will be issued by the Director of Corporate Services.

## PART I

### GENERAL CONDITIONS GOVERNING DELEGATION OF FUNCTIONS TO CHIEF OFFICERS

	Responsibility Delegated from
1. These General Conditions and any amendment of or addition to made by the Council, shall apply to the delegation of functions specified in Part II of this document, and to any amendment of or addition to made by the Council or the Leader or the Monitoring Officer under paragraph 12 of this Part.	-
2. Powers delegated shall be exercised in conformity with the Constitution, Standing Orders, Financial Regulations and other directives of the Council in force from time to time, and in accordance with the expressed policies and objectives of the Council, the Executive or Committees relevant to the matter upon which action is to be taken.	-
3. The delegation of authority to deal with any matter shall not derogate from the power of the Council, the Executive, or Committee, Sub-Committee or Panel to call for a report on any decision or action taken, or to require any such matter under consideration to be referred to the Council or to the appropriate Executive body or Committee Sub-Committee or Panel for determination so far as this accords with the law.	Council/Leader
4. A Chief Officer may refer a matter to the Executive, the appropriate Executive Portfolio Holder or to the Chairman of an appropriate Committee and will, in any event, ensure that care is taken to identify any case within his delegated authority where unusual circumstances or other reasons suggest the desirability of Member consideration.	Council/Leader
5. If a matter involves considerations not within the purview of the Chief Officer primarily concerned, he shall consider whether it is necessary to consult any other Chief Officer concerned before authorising action, shall do so if he concludes it is necessary and shall take due account of any views that are expressed.	Council/Leader
6. When the implementation of a decision taken under the delegated authority by a Chief Officer requires the preparation of formal documents, legal proceedings or other legal process or advice, the Chief Officer concerned shall refer the matter to the Director of Corporate Services for appropriate action.	Council

<p>7. Authority to take decisions and other action including but not limited to the signing of documents and the requirement to arrange consultations shall be exercised and undertaken on behalf of the Council in the name of the Chief Officer to whom the authority to act is given, but not necessarily personally by him.<sup>1</sup> Therefore, under this condition each Chief Officer has power to authorise others to exercise any power conferred on him provided that any such authorisation shall be subject to these General Conditions and be commensurate with the nature of the matters to be dealt with. Further, the Chief Executive may authorise any other Chief Officer to exercise any power delegated to him in this scheme which in his judgement is consistent with that other officer's responsibility. Authorisations given by Chief Officers to others to exercise powers delegated under this scheme should be recorded in writing in a list maintained by each Chief Officer. This shall be taken to mean that, provided a Chief Officer has authorised the person making a decision on his behalf to act, that person may sign in his own name or in his Chief Officer's name when he makes that decision.</p>	Council/Leader
<p>8. The Chief Executive may, after consultation with any Chief Officer, refer to the Executive, the appropriate Executive Portfolio Holder, or appropriate Committee for decision any matter which has been brought to his notice and which, in his opinion, because of special difficulty or otherwise, warrants such reference.</p>	Council/Leader
<p>9. For the purposes of these General Conditions and the general and specific authorities to act to which they apply, the expression 'Chief Officer' shall mean:- The Chief Executive, , the Executive Director of Education, Care and Health Services and Deputy Chief Executive, the Executive Director of Environment and Community Services, the Director of Corporate Services , the Director of Human Resources, the Director of Finance, the Director of Commissioning, the Director of Public Health and the Chief Planner.</p>	Council
<p>10. Reference to an enactment in a grant of delegation shall be deemed to extend to and include reference to any subsequent enactment having like or similar effect as though the delegation had been granted under the subsequent enactment.</p>	Council/Leader
<p>11. An officer exercising any power under this scheme of delegation shall ensure that some written or other permanent record is made of his decision and, in cases where a range of alternative decisions presented themselves, shall record why he made the particular decision.</p>	Council/Leader

<sup>1</sup> This shall be taken to mean that, provided a Chief Officer has authorised the person making a decision on his behalf to act, that person may sign in his own name or in his Chief Officer's name when he makes that decision.

<sup>2</sup> Under the provisions of the Local Government Act 2000 as amended, the Council undertakes executive and non-executive functions. The Leader is responsible for delegated executive functions. The Council delegates non-executive functions. Save where a contrary intention is stated, the Leader and the Council have delegated the necessary general functions as is stated in Part 1 of this scheme above.

12. For the avoidance of doubt, the Council and the Leader hereby declare that any exercise of a power by a Chief Officer, or an officer authorised by him and which, if expressly provided for by this Scheme of Delegation, could have been lawfully exercised by an officer under powers delegated to him by the Council or a Committee, shall be deemed to be authorised by this Scheme notwithstanding such express provision may not have been made in it; PROVIDED THAT, where an officer relies on this paragraph, the Monitoring Officer shall be informed by the officer of this action and the Monitoring Officer shall make a report on the matter to the next ordinary meeting of the Council.	Council/Leader
13. For the avoidance of doubt, the Scheme will be reviewed as quickly as possible to take account of any changes to operational practice, legislative requirements or officer structures, but any responsibilities delegated shall be presumed to remain in place until the Scheme is updated.	Council/Leader



## PART II

Subject to the foregoing, and without derogation from the powers or duties now or hereafter conferred or imposed upon officers of the Council, by statute or by any statutory instrument or regulation, authority to act for and on behalf of the Council without reference to the Council or Executive body or any Committee shall be delegated as follows:-

A. GENERAL AUTHORITIES	Responsibility Delegated from
<p>1. To each Chief Officer, authority to:-</p> <p>(i) Take all necessary action for the effective day-to-day management, administration and supervision of their Department and of the services for which they are responsible, and for the efficient discharge of the professional responsibilities of their office.</p> <p>(ii) Within budgetary provision, take all necessary action for the effective day-to-day management, administration and supervision of the land and buildings for which they are responsible, such action to include for each property concerned and as far as practicable</p> <ul style="list-style-type: none"> <li>(a) proper documentation;</li> <li>(b) appropriate occupation;</li> <li>(c) maintenance to retain value;</li> <li>(d) security and satisfactory appearance;</li> <li>(e) an annual review to ensure property is still required; and</li> <li>(f) prompt release if surplus to requirements.</li> </ul> <p>(iii) That all powers delegated to Chief Officers include authority to take action in respect of any London Residuary Body matter transferred to Bromley by virtue of the London Residuary Body (Transfer of Property etc) Order 1990 in the same way and to the same extent that they have delegated powers in respect of any equivalent Bromley matters.</p> <p>(iv) Incur expenditure and accept tenders for items provided for in the approved revenue estimates or approved capital programme, in accordance with the Council's Contract Procedure Rules.</p> <p>(v) Select quotations and tenders for works, services and/or goods within approved budgetary provision on all contracts in accordance with the Council's Contract Procedure Rules.</p> <p>(vi) On the best terms obtainable, dispose of stores, plant, vehicles, equipment, furniture or other such items which are obsolete, or are unusable for or surplus to the Council's requirements, subject to the Director of Finance's prior agreement to</p>	<p>Council/Leader</p> <p>Council/Leader</p> <p>Leader</p> <p>Council/Leader</p> <p>Council/Leader</p> <p>Leader</p>

any consequential writing off of balances of book value.	
(vii) Make adjustments of stock ledgers and accounts following stocktaking, subject to the Director of Finance's prior agreement.	Leader
(viii) Authorise officers under their control to attend conferences, courses and similar events appropriate to their personal, official responsibilities and to the work of the particular Department, in accordance with an approved list or agreed code of practice.	Council/Leader
(ix) Vary annually fees and charges (except car parking) within policy established by an Executive body or Committee.	Council/Leader
(x) Deal with applications for re-grading in accordance with the Council's agreed procedures.	Council
(xi) Sign authorisation documents, with the exception of the Chief Officer's own personal authorisation, which shall be signed by the Director of Corporate Services.	Council
(xii) Where a complaint has been made through the Council's complaints system, decide whether there is a justifiable case for which the Council should apologise and pay compensation, up to a limit of £5,000 in any one case (or, in the case of the Chief Executive, £10,000).	Council/Leader
(xiii) Approve trips to EU countries made on Council business subject; in each case, to a subsequent report to the appropriate Executive body or Committee on the action taken.	Leader
(xiv) Enter into contracts with any voluntary sector organisation (VSO) for the provision of services by way of a service level agreement (SLA) without the necessity of competition, provided that: <ul style="list-style-type: none"> <li>(1) the Chief Officer is satisfied that the VSO is able to provide a satisfactory quality of service and that the sums payable under the SLA represent best value;</li> <li>(2) the relevant Portfolio Holder is notified of any new SLAs being entered into;</li> <li>(3) any approval, extensions or renewals of such SLAs comply with the provisions of rule 13.1 of the Contract Procedure Rules;</li> </ul>	Council/Leader
(xv) Authorise expenditure of money received through Section 106 agreements, subject to any restrictions set out in the Council's Financial Regulations.	Council/Leader

<p>2. To the Chief Executive, authority to:-</p> <p>(i) undertake all duties and responsibilities of the Council's Head of Paid Service as defined in the Local Government and Housing Act 1989;</p> <p>(ii) take all action necessary for the efficient management and execution of the Council's policies, services and functions;</p> <p>(iii) determine in conjunction with the Director of Human Resources, starting salaries of staff on Management Grades 1 and 2;</p> <p>(iv) authority to make detailed arrangements, in consultation with the Leader of the Council, for consultation with residents on service priorities and Council Tax implications.</p> <p>In exercising such authority the Chief Executive shall have full regard to the position where:-</p> <p>(a) Chief Officers are exercising responsibilities directly imposed on them by statute; or</p> <p>(b) the professional discretion or judgement of Chief Officers is involved subject to any difference of opinion between the Chief Executive and the Chief Officer being referred to the next available appropriate meeting of the Executive Portfolio Holder, Executive or committee for determination;</p> <p>(v) settle any points requiring interpretation or clarification in the practical application of this code of delegated authorities to Chief Officers.</p> <p>(vi) Parliamentary Matters - Take urgent action to protect the Council's interest (through Members of Parliament and/or by petition or otherwise) in consultation with the Leader of the Council.</p> <p>(vii) Electoral Fees - To approve the annual revision of the scale of fees within the approved estimate provision, payable to canvassers, checkers and coders.</p> <p>(viii) Discharge (insofar as it is necessary) the functions granted to the Executive Director of Education, Care and Health Services.</p>	<p>Council</p> <p>Council/Leader</p> <p>Council</p> <p>Leader</p> <p>Council/Leader</p> <p>Council/Leader</p> <p>Council/Leader</p> <p>Council</p> <p>Leader</p>
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<p>3. To the Director of Corporate Services, authority to:-</p> <p>(i) authorise proceedings before any Court of Summary jurisdiction in respect of any offence for which the Council by virtue of any Act of Parliament; , regulation, order or bye-law, is now or may hereafter be empowered to prosecute or to authorise the institution of such proceedings; except in cases where some other officer is specifically authorised to act;</p> <p>(ii) authorise proceedings for the recovery of debts of all kinds due to the Council (other than rates) and for the recovery of possession of premises;</p> <p>(iii) authorise the institution or defence of proceedings in the Courts to safeguard the Council's interest;</p> <p>(iv) obtain Counsel's Opinion to ensure adequate advice to the Council or Committees;</p> <p>(v) in accordance with instructions given, institute or defend any legal proceedings authorised to be taken or defended on behalf of the Council, or serve notices, including directions under section 77 of the Criminal Justice and Public Order Act 1994;</p> <p>(vi) take any action urgently required to settle legal proceedings during the course of a trial or other hearing;</p> <p>(vii) authorise permanent or temporary members of staff to represent the Council under Section 223 of the Local Government Act 1972 in proceedings before a Magistrates' Court or a Juvenile Court or Family Proceedings Court and under Section 60(2) of the County Courts Act 1984 to represent the Council in the County Court;</p> <p>(viii) issue written authorities to individual officers to act as the Council's authorised officers in the performance of their statutory or other duties (as evidence of their bona fides); provided that any written authority to enter upon land or premises is in pursuance of a statutory power of entry or inspection;</p> <p>(ix) sign and serve on behalf of the Council notices authorised by statute to ascertain ownership and other interest in land;</p> <p>(x) sign and approve service of Notices to Treat in pursuance of confirmed compulsory purchase orders and, where possession is required without waiting for settlement of terms of acquisition, sign and approve the service of Notices of Entry;</p> <p>(xi) approve the assignment of contracts;</p>	<p>Council/Leader</p> <p>Council/Leader</p> <p>Council/Leader</p> <p>Council/Leader</p> <p>Council/Leader</p> <p>Council</p> <p>Council/Leader</p> <p>Council</p> <p>Leader</p> <p>Council/Leader</p>
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<p>(xii) take appropriate action in individual cases to enable him to effect registration as a registered charge of any local land charge arising by virtue of the statutory provisions set out below, or as amended in subsequent legislation:</p> <p>(1) the Housing Act 2004;</p> <p>(2) Public Health Act 1936, Section 291;</p> <p>(3) Building Act 1984, Section 107;</p> <p>(4) Greater London Council (General Powers) Act 1972, Section 19; and</p> <p>(5) Highways Act 1980, Section 212;</p>	Leader
<p>(xiii) deal with applications for the use of the Borough Arms in accordance with arrangements as approved by the Committee;</p>	Council
<p>(xiv) to act as Monitoring Officer;</p>	Council
<p>(xv) to maintain a Register of Members' Interests under Section 81 of the Local Government Act 2000;</p>	Council
<p>(xvi) to sign Chief Officer's authorisation documents;</p>	Council
<p>(xvii) determine, in consultation with the relevant Chief Officer, where a complaint has been made to the Ombudsman whether there is a justifiable case for which the Council should apologise and pay compensation as part of a local settlement – up to a limit of £5,000 in consultation with the Director or £10,000 in consultation with the Director and Chief Executive;</p>	Council
<p>(xviii) take any action urgently required to settle legal proceedings prior to a court hearing or to enter into a Compromise Agreement in potential Employment Tribunal cases where it is considered appropriate so to do;</p>	Council/Leader
<p>(xix) to be the proper officer for, and issue any notice, permission, authorisation or other document under, the Data Protection Act 1998, the Freedom of Information Act 2000 and the Regulation of Investigatory Powers Act 2000;</p>	Leader
<p>(xx) to maintain a list of politically restricted posts under Section 2 of the Local Government &amp; Housing Act 1989 and consider and grant exemptions under Section 3 of the Act;</p>	Council
<p>(xxi) to authorise payments in respect of maladministration under Section 92 of the Local Government Act 2000.</p>	Council/Leader
<p>(xxii) where written applications are received from Members of the Council, to grant dispensations to Members to take part in the business of the Authority if the Member has a disclosable pecuniary interest in that business, subject to consultation with Members of the Urgency Committee.</p>	Council

<p>4. To the Executive Director of Education, Care and Health Services and Deputy Chief Executive, authority to:-</p> <p>Negotiate schedules of rates and other contractual provisions with registered residential and nursing home providers and/or care service providers to facilitate client choice within community care legislation. Clients should be directed to providers on such Approved Lists although the Director may agree to placement with a non approved provider provided that</p> <ul style="list-style-type: none"> <li>(i) the clients' choice is appropriate to their needs and</li> <li>(ii) the client meets the relevant eligibility criteria</li> <li>(iii) the costs fall within the rates accepted by the Council for accommodation and/or care for clients with their specific eligibility or a third party has entered into a binding contract with the provider and Council to meet any difference</li> <li>(iv) as far as possible inflationary increases in such rates should be negotiated at the outset.</li> </ul>	<p>Leader</p>
<p>5. To the Director of Public Health, authority to:-</p> <p>Undertake functions relating to Public Health, save where these are delegated to any other body or person.</p>	<p>Leader</p>
<p>6. To the Executive Director of Environment and Community Services, authority to:-</p> <ul style="list-style-type: none"> <li>(i) allocate the use of the Committee Suite subject to new applications for use by outside bodies being decided in consultation with the Leader of the Council.</li> <li>(ii) allocate and re-allocate existing offices, subject to reference to the Leader of the Council or the Committee in cases of significant changes involving transfer of a department or service from one part of the Council to another.</li> <li>(iii) authorise expenditure from the office improvements budget.</li> </ul>	<p>Leader</p>

**B. AUTHORITIES RELATED TO THE FUNCTIONS OF INDIVIDUAL  
PORTFOLIO HOLDERS AND COMMITTEES**

**KEY REFERENCES TO OFFICERS**

All	-	Chief Officers
CE	-	Chief Executive
DECH	-	Executive Director of Education, Care and Health Services and Deputy Chief Executive
DECS	-	Executive Director of Environment and Community Services
DCS	-	Director of Corporate Services
DC	-	Director of Commissioning
DHR	-	Director of Human Resources
DF	-	Director of Finance
DPH	-	Director of Public Health
CP	-	Chief Planner

## DEVELOPMENT CONTROL COMMITTEE

<b>Officer(s) Authorised</b>		<b>Authority to:</b>	<b>Responsibility Delegated from</b>
<b>Building Regulations</b>			
CP	(1)	Give consents where applications conform with Regulations.	Leader
CP	(2)	Refuse applications which do not conform with Regulations.	Leader
CP	(3)	Decide applications for relaxation where the Council have the power of decision.	Leader
CP	(4)	Decide upon the observations to be made to the appropriate Minister with applications for relaxation of the Regulations.	Leader
DCS/CP	(5)	Authorise and serve notices under Section 36 of the Building Act 1984 and the current Building Regulations.	Leader
DECS	(6)	The Executive Director of Environment and Community Services be authorised to amend the building control fees as required with the aim of ensuring the service is provided on a cost recovery basis in line with the 2010 Building (Local Authority Charges) Regulations and to change staffing levels to reflect changes to activity volume as required.	Leader
CP	(7)	To be designated as "Appointing Officer" under Section 10 (8) of the Party Wall etc Act 1996 and have delegated power to act in that capacity.	Leader
<b>Dangerous Structures</b>			
CP	(8)	Take appropriate action in respect of dangerous structures as set out in sections 60-70, 125, 126, and 142 of the London Building Acts (Amendments) Act 1939 Part VII including the removal of any danger where immediate action is required.	Leader



CP	(9)	To make appropriate charges regulations for dangerous structures as provided for within the relevant sections of the following Acts –  London Building Acts (Amendment) Act 1939: Part VII. London County Council (General Powers) Act, 1955: Part II (including section 9 (power of entry with respect to dangerous and neglected structures). London County Council (General Powers) Act, 1958: Part III. London Local Authorities Act 1994.	Leader
CP	(10)	To operate the new scale of fees for dangerous structure activities and to waive the fees in case of extreme hardship.	Leader
CP	(11)	Authorise and serve notices under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976 to obtain particulars of persons interest in land and where there is default in compliance with any such notice refer the matter to the Director of Corporate Services to consider taking legal proceedings.	Council

#### Operation of Tree Preservation Orders

CP	(12)	Consent with or without conditions, or refuse consent to the pruning, cutting down, topping, lopping or destruction of trees which are the subject of Tree Preservation Orders in accordance with the provisions of such orders.	Council
CP	(13)	Consent with or without conditions to the pruning, cutting down, topping, lopping or destruction of trees within designated Conservation Areas.	Council
CP	(14)	The making of Tree Preservation Orders and provisional TPOs Section 198 and 201 of the Town & Country Planning Act 1990, including the making of TPOs in Conservation Areas.	Council

CP	(15)	Confirm opposed or unopposed TPOs.	Council
CP	(16)	Agree to the revocation of TPOs.	Council
CP	(17)	Issue tree planting notices.	Council
CP	(18)	Enter into management agreements under Section 39 of the Wildlife and Countryside Act 1981.	Council
CP/DECS	(19)	Authorise legal proceedings to be taken in respect of breaches of TPOs and the legislation relating to trees in Conservation Areas, subject to the Director of Corporate Services being satisfied as to the evidence.	Council
Determination			
CP (Subject to consultation with DCS)	(20)	Determine applications for certificates of lawfulness of proposed use or development under Section 192 of the Town and Country Planning Act 1990.	Council
CP (Subject to consultation with DCS)	(21)	Determine applications for certificates of lawfulness of existing use or development under Section 191 of the Town and Country Planning Act 1990.	Council
CP	(22)	Determine applications for prior approval under any part of the Town and Country Planning (General Permitted Development) Order 2015 including determination of whether prior approval is required and the granting or refusing of prior approval	Council
CP	(23)	Determine applications for hazardous substances consent.	Council
CP	(24)	The power to grant outline or full planning permission, approve reserved matters, approve details pursuant to or vary conditions, give advertisement and listed building consent, with or without conditions to planning applications or proposals excluding those in the following categories:	Council
	(i)	Applications submitted by or on behalf of the Council or on land substantially owned by the Council where the Council has a financial interest (but	Council

not details pursuant, reserved matters revised plans and proposals to renew deemed permissions).

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| (ii)  | Permission to applications involving ten or more purpose-built new dwellings (but not other associated buildings, conversions, extensions and changes of use, reserved matters, details pursuant, revised plans and renewal permission applications.        | Council |
| (iii) | Permissions to applications for new commercial development such as industry, offices and shops (but not other associated buildings, conversions, extensions and change of use, reserved matters, details pursuant, revised plans and renewal applications). | Council |
| (iv)  | Applications submitted by members of staff in the Planning Division, or other Chief Officers, or submitted by or on behalf of Bromley Councillors or Members of Parliament.   | Council |
| (v)   | Applications and other matters which one or more Members formally request in writing are put before a Committee or Sub-Committee of Members.  | Council |

CP

(25)

The power to:

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| (i)   | refuse planning permission;  | Council |
| (ii)  | refuse express consent for advertisements;   | Council |
| (iii) | refuse Listed Building Consent;  | Council |
| (iv)  | not approve details submitted pursuant to a condition of a permission or consent;  | Council |
| (v)   | refuse revisions and amendments to plans and to specify reasons for so doing whatever representations are received for or against the application; | Council |

	(vi)	determine whether or not to contest an appeal against non-determination and where relevant provide grounds of appeal and contest all appeals, including all action necessary to prevent or reduce the likelihood of an award of costs against the Council;	Council
	(vii)	observations on proposals for development by Government departments or in adjoining authority areas which would otherwise fall within the delegated categories.	Council
CP/DCS	(26)	Power to authorise the issue of the following (the signing and actual issue of the notices to be dealt with by the Director of Corporate Services):	
	(i)	Enforcement Notices under Section 172 of the Town & Country Planning Act 1990.	Council
	(ii)	Stop Notices under Section 183 of the Town & Country Planning Act 1990.	Council
	(iii)	Completion Notices under Section 94 of the Town & Country Planning Act 1990.	Council
	(iv)	Unopposed revocations under Section 97 of the Town & Country Planning Act 1990 and Section 239 of Planning (Listed Building & Conservation Areas) Act 1990.	Council
(with DECS)	(v)	Section 106 Agreements (Town & Country Planning Act 1990) and similar agreements concerning related legislation including modification and discharge.	Council
	(vi)	Orders under Section 102 Town & Country Planning Act 1990 requiring discontinuance of use, or alteration, or removal of buildings and works.	Council
	(vii)	Unopposed revocations of Listed Buildings Consent under Section 23 of Planning (Listed Building & Conservation Areas) Act 1990.	Council

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| (viii) | Notices under Section 54 and 55 of the Planning (Listed Building & Conservation Areas) Act 1990 concerning urgent works and recovery of expenses.   | Council |
| (ix)   | Making and recovery of grants under Section 57 and 58 of Planning (Listed Building & Conservation Areas) Act 1990.  | Council |
| (x)    | Listed Building Enforcement Notices under Section 38 of the Planning (Listed Building & Conservation Areas) Act 1990.   | Council |
| (xi)   | The enforcement of Advertisement Control.   | Council |
| (xii)  | The authorisation of Rights of Entry to premises and any land for all the purposes of the Town & Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990 and the Building Act 1984 (all these Acts as amended) and any Orders or Regulations made there under. | Council |
| (xiii) | The power to require information as to interests in land under Section 330 of the Town & Country Planning Act 1990.   | Council |

and to give reasons in the Notice or Order for taking such action;

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| (xiv) | Planning Contravention Notices under Section 171C of the Town & Country Planning Act 1990 | Council |
| (xv)  | Breach of Condition Notices under Section 187A of the Town & Country Planning Act 1990    | Council |

CP

(27) The power to:

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| (i) | give directions and notifications under | Council |
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Regulation 4 of the Town & Country Planning (Applications) Regulations 1988 and Article 7 of the Town & Country Planning General Development Order 1988 to require applicants to submit further information to enable the Council to deal with an application or to verify any particulars;

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| (ii)  | make determinations as to whether planning applications are departures from the development plan;  | Council |
| (iii) | make determinations as to whether development would affect the character or appearance of a conservation area or the setting of a listed building to enable such applications to be advertised;  | Council |
| (iv)  | make determinations under Section 73 of the Planning (Listed Building & Conservation Areas) Act 1990 as to whether a proposal should be advertised as affecting the character or appearance of the Listed Building or Conservation Area; | Council |
| (v)   | determine applications for non-material amendment to planning permission, minor material amendments to planning permission and extensions to time limits of existing planning permissions.   | Council |

Notes:

- (i) No decision will normally be issued within 3 weeks of the date of the weekly lists supplied to Members.
- (ii) In relation to paragraph 19(ii) above the definition of “dwelling” includes bungalows, flats, maisonettes and multi-occupied premises.
- (iii) “Details” as mentioned herein include siting, design, external appearance, materials, car parking, landscaping, site lines, access, levels and drainage.

- (iv) The Chief Planner will continue long established practice to deal administratively with very minor revisions, details, without formal registration, circular consultations or consultations from adjoining boroughs.

#### Means of Escape in Case of Fire

CP	(28)	Decide what means of escape in the case of fire are necessary at premises to which the Housing Acts 1985 and 2004 and Sections 24 and 71 of the Building Act 1984 apply; and serve a notice under those sections where these means are not provided.	Leader
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#### Buildings of Special Architectural or Historic Interest

CP	(29)	Approach Historic England to spot list properties on the list of buildings of special architectural interest if they are threatened.	Leader
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#### Repeat Planning Applications

CP	(30)	Authority to decline to determine repeat applications in accordance with the provisions of Section 70A of the Town & Country Planning Act 1990.	Council
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#### Control of Unauthorised Advertisements

CP	(31)	Authority to take action under Sections 10-12 of the London Local Authorities Act 1995 relating to the control of unauthorised advertisements.	Council
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#### Untidy Site Notices

CP	(32)	Authority to issue Untidy Site Notices under Section 215 of the Town & Country Planning Act 1990, with such decisions being reported to the next available meeting of Plans Sub-Committee for information.	Council
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**EDUCATION AND CHILDREN'S SERVICES PORTFOLIO/  
RELEVANT REGULATORY COMMITTEE(S)**

<b>Officer(s) Authorised</b>	<b>Authority to:-</b>	<b>Responsibility Delegated from</b>
DECH	(1) Direct the Authority's functions in its capacity as a local education authority, including all education duties as defined in s. 18 (2) of the Children's Act 2004 and all relevant Education Acts and supporting guidance and regulations, as updated from time to time, with specific reference to the School Staffing (England) Regulations 2009, the Academies Act 2010, the Education Act 2002, the Education Act 1996, the Education and Inspections Act 2006 and the Children and Families Act 2014.	Leader
DECH	(2) Interpret conditions of service and all related matters for all teaching staff and non-teaching staff in schools in consultation with the Director of Human Resources where these concern matters which remain to be set by the LEA.	Council
DECH	(3) Implement payment of teachers' pay awards and secure the LEA's responsibilities as the Relevant Body under the School Teachers' Pay and Conditions.	Council
DECH	(4) Subject to any existing right of appeal to an Appeals Panel, to suspend, relegate or dismiss school based employees on all grades under the Education Act 2002 and any Regulations made there under.	Council
DECH	(5) Review and fix, subject to provision of the approved estimates, the establishment of employees at all maintained educational services not covered by a scheme of local management.	Council
DECH	(6) Exercise all of the statutory functions of the LEA as regards staffing matters in LEA maintained schools as provided for under the Education Act 2002 and any Regulations made there under with the exception of any exercise of discretion concerning the funding of discretionary	Council



early retirement with added years or redundancy costs which fall to be determined by the Executive Portfolio Holder.

DECH	(7)	Manage the provision of training and support to the Education Service. (The element of training relating to an individual's terms and conditions is a non-executive matter. However, the Executive may recommend appropriate training within this framework.)	Council/Leader
DECH	(8)	Approve requests from employees in all maintained educational institutions for special leave in accordance with the Council's policy.	Council
DECH	(9)	Approve the payment of relocation and removal expenses to employees in all maintained educational institutions in accordance with the scheme agreed by the Executive Portfolio Holder.	Council
DECH	(10)	Approve payment of grants to individuals and organisations in accordance with the Executive's policy.	Leader
DECH	(11)	Agree annually increases in charges for service within the remit of the Executive Portfolio Holder.	Leader
DECH	(12)	Manage the admissions procedure in accordance with the Executive's policy.	Leader
DECH	(13)	Approve the placing of children with special educational needs in suitable schools as specified in a statement and including day, residential, independent and non-maintained special schools and special schools maintained by other authorities.	Leader
DECH	(14)	Arrange for home or hospital tuition in appropriate cases.	Leader
DECH	(15)	Fix school terms and holiday dates in consultation with teachers' organisations.	Leader
DECH	(16)	Make arrangements for transport of pupils.	Leader

DECH	(17)	Provide support services as requested by establishments.	Leader
DECH	(18)	Approve the provision of free meals, essential clothing and school uniform in accordance with approved scales.	Leader
DECH	(19)	Approve applications for children to be employed in work or in entertainment, in conformity with relevant bye-laws and statutory obligations.	Leader
DECH	(20)	Take all action including services of notices, consultation, making and service of school attendance orders and to authorised institute and conduct legal proceedings under Sections 437, 438, 439, 440, 441, 443 and 444 of the Education Act 1996 and to make decisions relating to applications for Education Supervision Orders under Section 447 of the Education Act 1996	Leader
DECH	(21)	Approve the making of parenting contracts, parenting orders and the issue of penalty notices under Sections 18 and 23 of the Anti-Social Behaviour Act 2003.	Leader
DECH	(22)	Approve the issue of mini bus passes under Section 19 of the Transport Act 1985.	Leader
DECH	(23)	Undertake the duty of the local education authority with regard to exclusions as specified by Section 51A of the Education Act 2002.	Leader
DECH	(24)	Initiate renewals of temporary planning permissions.	Leader
DECH	(25)	Authorise a fee remission policy for instrumental music tuition provided by Bromley Youth Music Trust in consultation with the Trustees.	Leader
DECH	(26)	Authorise work by the Standards and Effectiveness Services on behalf of other Local Authorities, foundation schools (both within and outside the Borough), academies and independent schools in	Leader

accordance with the principles and procedures set out by the Council.

DECH	(27)	In cases of urgency seek planning permission for mobile accommodation at primary and secondary schools in accordance with Regulation 3 of the Town & Country Planning General Regulations Act 1992 on the understanding that a full explanation for the need will accompany each application.	Leader
DECH	(28)	To act in support of the Borough's Major Incident Controller in respect of emergency accommodation, provisions and staffing.	Leader
DECH	(29)	Approve, after consultation with the Director of Corporate Services and the Head of Strategic Property, leasing arrangements in respect of educational premises where the terms of the lease or agreement do not exceed five years without a break clause.	Leader
DECH	(30)	In consultation with the Director of Corporate Services and Director of Human Resources, interpret and apply the provisions of the Teachers' Pension Scheme Regulation in respect of current and ex employees where the LEA is deemed to be the employer for pension purposes.	Council
DECH	(31)	Agree teachers' applications for early retirement without enhancement by way of added years.	Council
DECH	(32)	Approve the appropriate use of the Priority Schools Budget, Schools Budget Central Contingency as approved by the School's Forum subject to their use being monitored by the budget review process and the relevant consultation with the School's Forum.	Leader
DECH	(33)	Approve the arrangements for teachers who are to be awarded qualified teacher status after 7 <sup>th</sup> May 1999 to undertake an induction period in accordance with the	Council

provision of any regulations laid down by the Secretary of State and subsequent amendments; to grant extensions of the induction period as specified in the regulations and determine whether or not an induction period has been completed satisfactorily.

DECH	(34)	Decide on action in response to individuals OFSTED reports and, when the circumstances of the report are exceptional, submit the report to the Portfolio Holder for detailed consideration.	Leader
DECH	(35)	To ensure the provision of Adult Education Services under Section 85 of the Further and Higher Education Act 1992 in accordance with Committee policy.	Leader
DECH	(36)	Authority to approve AMHP warrants.	Leader
DECH	(37)	Ensure that the powers and duties to provide for the welfare and protection of children and young people are carried out in accordance with statutory requirements and Council policy.	Leader
DECH	(38)	Provide preventative services and support for the care of mothers and young children.	Leader
DECH	(39)	As Head of the Adoption Agency set up by the Local authority, ensure that the agency and the Adoption Panel functions in accordance with statutory requirements, save that this does not include a power to increase fostering allowances which exceed inflation.	Leader
DECH	(40)	Direct the Authority's social services functions within the meaning of the Local Authorities Social Services Act 1970, insofar as they relate to children and the Local Authority's functions for children and young people leaving care.	Leader
DECH	(41)	Direct any health-related functions exercised on behalf of an NHS body under Section 31 of the Health Act 1999, insofar as they relate to children.	Leader

DECH	(42)	Direct the new functions of the Children's Services Authority set out in the Children Act 2004, in particular building and leading the arrangements for inter-agency co-operation.	Council/Leader
DECH	(43)	Make and sustain arrangements to promote co-operation between the Authority and its partner organisations to improve the well-being of children in the Authority's area.	Leader
DECH	(44)	Maintain the database of basic information on all children in the Authority	Leader
DECH	(45)	Maintain the Local Safeguarding Children Board (LSCB) to co-ordinate and ensure the effectiveness of board members' activities for the purpose of safeguarding and promoting the welfare of children in the Authority's area.	Leader
DECH	(46)	Prepare and publish a Children and Young People's Plan (CYPP) to set out the Authority's strategy for discharging their functions in relation to children and young people,	Leader
DECH	(47)	Co-ordinate statements of proposed action in light of a Joint Area Review report, in consultation with partners. The DECH will also exercise a key role in monitoring and evaluating implementation of the proposed action.	Leader
DECH	(48)	Second at least one children's social worker and at least one education professional to the Youth Offending Team.	Leader
DECH	(49)	Promote the educational achievement of looked after children.	Leader
DECH	(50)	Provide the Secretary of State, if he so directs the authority, with information on individual children.	Leader

**PUBLIC PROTECTION & SAFETY PORTFOLIO/  
RELEVANT REGULATORY COMMITTEE(S)**

<b>Officer(s) Authorised</b>	<b>Authority to:</b>	<b>Responsibility delegated from</b>
DCS	(1) In consultation with the Executive Director of Environment and Community Services, prosecution of offences for the selling of spray paint and graffiti implements to children under 16 under the Anti-Social Behaviour Act Section 54 and Environmental Protection Act 1990 Section 59.	Leader
DECS	(2) The issue of fixed penalty notices to abate noise under the London Local Authorities' Act 2004 Sections 15-17 and Schedule 2.	Council
DECS	(3) Enforcement of by-law breaches under the London Local Authorities' Act 2004.	Council
DCS	(4) In consultation with the Executive Director of Environment and Community Services, make parenting contracts and parenting orders in respect of criminal conduct and anti-social behaviour under sections 25 and 26 of the Anti-Social Behaviour Act 2003.	Leader
Fireworks		
DECS	(5) The grant of new applications and the renewal of a licence to retail fireworks outside prescribed periods in cases where (in the latter case) the applicant has not committed any offence prescribed in the Fireworks Regulations 2004 during the licence period.	Leader
Environmental Health/Weights and Measures/Consumer Protection		
DECS	(6) Carry out the Council's functions with regard to weights and measures and other relevant trading standards and consumer protection legislation.	Leader
DECS	(7) Administer the legislation listed in Part I of Appendix C of the report of the Director of Environmental Services to Environmental Services Committee on 7 <sup>th</sup> June 2000, ( <i>as updated at appendix A to this scheme</i> ) with the exception of any provision delegated exclusively by statute to another person or body, or any provisions the administration of which have already been delegated within this	Council/Leader

Authority.

DECS	(8)	Carry out the Council's functions with regard to public health, environmental protection control of pollution, food safety and quality, health and safety at work, pest control, communicable disease control, animal welfare, water supply and water quality, young persons and tobacco and other relevant environmental health legislation.	Council/Leader
DECS	(9)	Institute enforcement action and, subject to the Director of Corporate Services being satisfied with the evidence in each case, legal proceedings, in respect of (6) and (7) above.	Council/Leader
DECS	(10)	Authorise employees and, where appropriate, inspectors to carry out functions in relation to (6) and (7) above.	Council/Leader
DECS	(11)	Authorise employees to sign statutory notices in respect of functions relating to (6) and (7) above.	
DECS	(12)	Authorise persons other than employees of the Council for the purposes of providing specialist advice and support in relation to (6) and (7) above.	Council/Leader
DECS	(13)	Grant, renew or transfer (but not refuse or revoke) licences, registrations and authorisations relating to food safety, animal welfare, special treatments, public entertainment, late night refreshment, nurses agencies, caravan sites, environmental protection and Houses in Multiple Occupation.	Council
DECS	(14)	Refuse an occasional public entertainment licence (excluding pop concerts) under the London Government Act 1963.	Council
DECS	(15)	Manage caravan sites owned by the Council.	Leader
DECS	(16)	Carry out the Council's functions under S.16 of the Local Government (Miscellaneous Provisions) Act 1976 and authorise officers to serve notices under S.16 of the Act.	Council
DECS	(17)	Discharge functions relating to the detainment, examination and seizure of food under the Food Safety Act 1990 both within the Borough and in all local authorities in England and Wales where reciprocal arrangements exist. (In addition all local authorities in England and Wales are authorised to discharge the above functions within Bromley	Council/Leader

Borough.)

DECS	(18)	Take action under the Fire Safety and Safety at Places of Sport Act 1987 to approve but not refuse applications for certificates or licences under the Act.	Council
DECS	(19)	Employ veterinary surgeons in conjunction with the Council's functions under diseases of animals, animal welfare and other related legislation.	Leader
DECS	(20)	Authorise persons as competent engineers under Section 31 of the GLC (General Powers) Act 1973.	Council
DECS	(21)	Carry out the Council's functions under Sections 27 and 29 to 32 of the Local Government (Miscellaneous Provisions) Act 1982 in respect of blocked and defective drains and securing of buildings.	Leader
DECS	(22)	Waive the standard fees in respect of occasional licences for music, dancing or plays where the organisations which will provide such entertainment are doing so for: <ul style="list-style-type: none"> <li>(a) educational purposes</li> <li>(b) in support of a registered charity; or</li> <li>(c) non profit making fund raising or similar activity except in the case of pop concerts and open air discos.</li> </ul>	Council
DECS	(23)	Approve payment of compensation under the Public Health (Control of Diseases) Act 1984.	
DECS	(24)	Administer the registration system pursuant to Part V of the London Local Authorities Act 1995 (registration of door supervisors), including refusal of registration of a door supervisor.	Council
DECS	(25)	Authorise competent Council officers to act under the provisions of the Health Act 2006, Schedule 2 (powers of entry) and Section 9 (fixed penalty notices).	Leader
DECS	(26)	Act as the "Proper Officer" under the Public Health (Control of Disease) Act 1984 as amended by the Health and Social Care Act 2008 and appoint officers from the Council, Health Protection Agency or other organisations as necessary to exercise specific functions and powers as given to them (as set out in Appendix B to this scheme.)	Leader



## Regulation of Investigatory Powers

DECS	(27)	Authorise action under Sections 28 and 29 of the Regulation of Investigatory Powers Act 2000.	Leader
DECS	(28)	Exercise functions and powers under the Scrap Metal Dealers Act 2013 including – (i) determining applications where refusal is being considered; 2. granting licences where there is no prospect of refusal; 3. imposing conditions as set out in section 4(9) where the site manager has relevant convictions; 4. revoking licences under specific conditions; 5. exercising the rights of entry and inspection; 6. applying to a Magistrates Court for warrants of entry; and 7. closing unlicensed sites.	Leader
CEX, DECS and DCS	(29)	Exercise functions related to the Anti-social Behaviour, Crime and Policing Act 2014 as set out in appendix 2 to the report of the Executive Director of Environment and Community Services to the Executive on 26 <sup>th</sup> November 2014.	Leader

**ENVIRONMENT PORTFOLIO/  
RELEVANT REGULATORY COMMITTEE(S)**

<b>Officer(s) authorised</b>	<b>Authority to:</b>	<b>Responsibility delegated from</b>
<b>New Streets</b>		
DECS	(1) Decide the question of liability or exemption under the Advance Payments Code, including decision on the amount of the payment to be made other than determinations under Section 219(4)(h) of the Highways Act 1980.	Leader
DECS	(2) Agree requirements in relation to new street construction in planning applications.	Leader
DCS	(3) On recommendation of the Executive Director of Environment and Community Services negotiate and complete agreements under Section 38 of the Highways Act 1980 for the construction of new streets.	Leader
<b>Private Street Works</b>		
DECS	(4) Provide street trees where appropriate under Section 2 of the Local Government Act 2000.	Council/Leader
DF	(5) Sign and serve demands for payment under Sections 204-206 of the Highways Act 1980.	Leader
DCS	(6) Enter into agreements permitting frontagers to pay by instalments.	Leader
DCS	(7) Refer objections to Magistrates Court for determination.	Leader
DCS	(8) Arrange for the implementation of ministerial decisions on appeals by frontagers.	Leader
DECS	(9) Designate the “proper officer” for the purposes of Sections 205, 210 and 211 of the Highways Act 1980.	Leader
<b>Private Streets</b>		
DECS	(10) Within the limits of approved estimates determine priority and execute urgent repairs under Section 230 of the Highways Act 1980.	Leader

## Street Naming and Numbering

- |    |      |   |         |
|----|------|---|---------|
| CP | (11) | Decide action on applications for approval of intended names of streets.  | Leader  |
| CP | (12) | Make and sign orders under the London Buildings Acts to give effect to decisions on naming and numbering, including renaming and renumbering. | Council |

## Private Direction Signs

- |      |      |  |                |
|------|------|--|----------------|
| DECS | (13) | In appropriate circumstances, approve applications, subject to suitable indemnity and on condition that signs are fixed by the Environment and Community Services Department at the applicant's expense. | Council/leader |
| DECS | (14) | In appropriate circumstances, approve applications received from the Automobile Association or the Royal Automobile Club for the erection of temporary signs.  | Council/Leader |

## Erection of hoardings and scaffolding during building operations and the temporary deposit of materials and excavation

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|------|------|--|---------|
| DECS | (15) | Operate the provision of Sections 169, 171 and 172 of the Highways Act 1980. | Council |
|------|------|--|---------|

## Grass Verges

- |      |      |  |        |
|------|------|--|--------|
| DECS | (16) | Authorise and erect notices against parking of vehicles. | Leader |
| DECS | (17) | Construct pedestrian access over.                        | Leader |

## Overhanging Trees and Hedges

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|--------------|--|---|--------|
| DECS<br>(18) |  | Authorise and serve notices and take action under the Highways Act 1980, Section 154. | Leader |
|--------------|--|---|--------|

## Dangerous Trees

- |      |      |   |        |
|------|------|---|--------|
| DECS | (19) | Authorise and serve notices under Section 154 of the Highways Act 1980 requiring owners or occupiers to cut or fell trees that are dead, diseased or insecure and are likely to cause damage by falling on a highway or footpath. On default to carry out the work and recover the cost from the owner or occupier. | Leader |
|------|------|---|--------|

DECS	(20)	Take appropriate action in respect of dangerous trees under section 23 and section 24 of the Local Government (Miscellaneous Provisions) Act 1976, including such steps as necessary to recover the costs incurred from the occupier.	Leader
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Refuse Disposal (Amenity) Act 1978 (Removal of abandoned motor cars and removal and disposal of other refuse abandoned in open air or on land forming part of highway)

DECS	(21)	Authorise and serve notices, and take action under Sections 3 and 6 of the Refuse Disposal (Amenity) Act 1978.	Leader
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DECS	(22)	Remove forthwith from the highway and dispose of any vehicle obviously abandoned and ownership unidentifiable.	Leader
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#### Car Parks

DECS	(23)	Allow refunds on car park season tickets.	Leader
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DCS	(24)	Make supplementary orders to apply the Off-Street Parking Places Order to further parking places provided by the Council.	Leader
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DECS	(25)	Accept commuted payments in lieu of car parking within a scheme approved by the Council.	Leader
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DECS	(26)	Approve and provide means of access to any premises under Section 340, Highways Act 1980.	Leader
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DCS	(27)	On the recommendation of the Executive Director of Environment and Community Services and on terms negotiated, complete agreements with owners and occupiers concerned.	Leader
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#### Off-Street Car Parking

DECS	(28)	Authority to institute proceedings for contraventions of parking orders relating to the use of off-street car parks.	Leader
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#### Parking Enforcement

DECS	(29)	Sign, on behalf of the Council, requests for information as to the identity of the driver of a vehicle alleged to be guilty of	Leader
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an offence to which Section 85 of the Road Traffic Regulations Act 1967 applies, and sign notices under Sections 2 and 3 of the Road Traffic Act 1974 relating to excess parking charges.

DECS	(30)	Authority to determine applications for exemption from the footway parking ban.	Leader
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#### Special Parking Areas

DECS	(31)	Authority to institute or contest any action or administrative proceedings arising out of contraventions of traffic management orders relating to the Special Parking Area designated pursuant of the Road Traffic Act 1991.	Leader
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#### Private Sewers and Drains – Overflow Prevention

DECS	(32)	Install and maintain anti-flood ball valves.	Leader
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#### Temporary Direction Signs, Street Banners etc

DECS	(33)	Deal with all applications for temporary direction signs, street banners, etc, including seasonal and occasional decorations.	Council/leader
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#### Sight-Lines

DCS	(34)	Authorise and serve notices and act under Highways Act 1980, Section 79, to secure sight-lines recommended by the Director of Environment and Community Services.	Leader
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#### Temporary Closure of Highways

DCS	(35)	Make orders for temporary closures recommended by the Executive Director of Environment and Community Services	Leader
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#### Minor Improvements of Highways and Sewers

DECS	(36)	Approve and execute minor schemes of improvement of all categories of highways and sewers maintainable at public expense, subject to all necessary consents, etc, being obtained and statutory action taken.	Leader
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## Prescription of Building Lines

DCS	(37)	Prescribe building lines under Highways Act 1980, Section 74 recommended by the Executive Director of Environment and Community Services.	Leader
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## Highway Adoptions

DECS	(38)	After construction to his satisfaction declare streets to be highways maintainable at the public expense, and declare the associated drainage to be vested in the Council.	Leader
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## Public Footpaths

DECS	(39)	Approve the making of orders for the diversion of public footpaths where no objections are made following prior consultations with relevant owners and occupiers of land and with local and other interested organisations or statutory undertakers.	Council
DCS	(40)	Make orders for diversion of public footpaths approved by the Executive Director of Environment and Community Services and confirm such orders where no statutory objections are made.	Council
DCS	(41)	The Director of Corporate Services, in consultation with the Executive Director of Environment and Community Services, to confirm:	Council
	(a)	all unopposed Orders for the creation, extinguishment, stopping-up or diversion of any footpaths, bridleways and byways; and	Council
	(b)	all unopposed modification Orders made under the Wildlife and Countryside Act 1981 relating to footpaths, bridleways and byways.	Council
DECS	(42)	Make comments, on behalf of the Highway Authority, on the diversion of footpaths or bridleways necessitated to enable development for which planning consent has been given, to take place	Leader
DECS/DCS	(43)	Make Definitive Map Modification Orders and amendments to the Definitive Map and	Council

## Statement of Public Rights of Way

### Markets

DECS	(43)	Deal with the day-to-day supervision and management of markets.	Council
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### Walkways in Buildings

DCS	(44)	On terms recommended by the Executive Director of Environment and Community Services complete agreements for the provision of dedication of footways or walkways under the provisions of Section 35, Highways Act 1980.	Leader
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### Drainage of Highways

DECS	(45)	Take all action necessary for the drainage or prevention of flooding of highways under the provisions of Sections 100, 299 and 339 of the Highways Act 1980.	Leader
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### Control of Builders' Skips

DECS	(46)	Operate the provisions of Section 139 and 140, Highways Act 1980 in respect of skips deposited on highways.	Council
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### Retaining Walls near Streets

DECS	(47)	Operate the provisions of Section 167 of the Highways Act 1980 in respect of the erection and condition of retaining walls.	Leader
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### Construction of Buildings over Highways

DECS	(48)	Issue licences for construction of buildings over any part of a publicly maintained highways under the provisions of Section 177 of the Highways Act 1980.	Leader
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### Vehicle Crossings over Footways

DECS	(49)	Operate the provisions of Section 184 of the Highways Act 1980 relating to the construction of vehicle crossings over footways and verges.	Leader
DECS	(50)	Authorise, the waiver of charges in respect of the provision of crossovers in association with other adaptations to disabled persons' properties, and in accordance with the recommendations of the	Leader

Executive Director of Education, Care and Health  
Services (Occupational Therapy Service).

Trees and Shrubs in a Highway

DECS	(51)	Grant licences for the planting and maintenance of trees and shrubs under the provisions of Section 142 Highways Act 1980.	Council
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Powers of entry for Survey

DECS	(52)	Authorise entry on to land for surveys in connection with highway functions under the provisions of Sections 289 and 290, Highways Act 1980.	Council
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Powers of Entry to Maintain Structures and Works

DECS	(53)	Authorise entry on to land for the purpose of maintaining, altering etc, works or structures owned by the Highway Authority under the provisions of Section 291 of the Highways Act 1980.	Leader
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Provision of Dustbins

DECS	(54)	Authorise and serve notices under Section 46 of the Environmental Protection Act 1990, as amended, requiring owners or occupiers of premises to provide the required number and type of covered dustbins for household refuse.	Leader
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Trade Refuse Disposal Facilities

DECS	(55)	Authorise and serve notices on the owner or occupier of a building under Section 11 of the London County Council (General Powers) Act 1963 as amended requiring the carrying out of works or taking action to secure that the building is provided with trade refuse disposal facilities approved by the Executive Director of Environment and Community Services.	Council
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Offences involving the use of a vehicle

DECS	(56)	Authorise and serve notices under Section 17 of the Greater London Council (General Powers) Act 1972 relating to an offence involving the use of a vehicle on a highway or parking area requiring information as to the identity to the driver or person in charge.	Council
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### Dangerous Land Adjoining Streets

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|------|------|--|--------|
| DECS | (57) | Authorise and serve notices and take action under Section 165, Highways Act 1980 in respect of dangerous land adjoining streets. | Leader |
|------|------|--|--------|

### Footbridges over Highways

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|------|------|--|--------|
| DECS | (58) | Grant licences for the construction of footbridges over highways under provisions of Section 176 of the Highways Act 1980. | Leader |
|------|------|--|--------|

### Restriction on placing rails, beams, etc over highways

- |      |      |   |         |
|------|------|---|---------|
| DECS | (59) | Determine applications and grant consents under Section 178, Highways Act 1980, to place rails, beams, pipes, cables, wires, or other similar apparatus over, along or across highways. | Council |
|------|------|---|---------|

### Cellars under Streets

- |      |      |   |         |
|------|------|---|---------|
| DECS | (60) | Determine applications and grant consents under Section 179, Highways Act 1980 for the construction of cellars, etc under the carriageway of a street and authorise and serve notices for removal, or alteration, of any cellar, etc, constructed in contravention of that section. | Council |
|------|------|---|---------|

### Openings in footways into cellars and pavement lights and ventilation

- |      |      |  |         |
|------|------|--|---------|
| DECS | (61) | Determine applications and grant consents under Section 180, Highways Act 1980, to make an opening in the footway of a street to a cellar, or vaults; or to carry out works in a street to provide means for the admission of air or light to premises situated under or abutting onto the street and authorise and serve notices where default arises in complying with statutory requirements as to repairs. | Council |
|------|------|--|---------|

### Minor Improvement Budget Schemes

- |      |      |  |        |
|------|------|--|--------|
| DECS | (62) | Approve expenditure on schemes from within the minor improvement budget. | Leader |
|------|------|--|--------|

### Traffic Management Schemes – Civil Engineering Costs

- |      |      |  |        |
|------|------|--|--------|
| DECS | (63) | Following agreement in principle to traffic management schemes by the Council, approve the detailed civil engineering element costs. | Leader |
|------|------|--|--------|

## Land Drainage and Watercourses

DECS	(64)	(i)	Issue approvals under Section 11 (Restrictions as to buildings etc, in or over streams) and Section 13 (Restrictions on new connections with streams) of the River Ravensbourne etc (Improvements and Flood Prevention Act 1961.	Council
		(ii)	In accordance with the Land Drainage Acts 1991 and 1992 implement the Council's National Rivers Authority policies on:	Leader
		(a)	building over, adjacent to or in the flood plain of any watercourse;	Leader
		(b)	the use and maintenance of any watercourse;	
		(c)	the prevention of pollution to, and protection of the water environment;	
		(d)	in accordance with the Land Drainage Act 1991 Section 25, to serve notices on riparian owners for maintenance of watercourses and, if in default, carry out works and recharge the owner all reasonable costs.	

## Bromley Town Centre – Closure of White Hart Slip

DECS	(65)	Approve the issue of permits and determine any conditions that should be imposed thereon in respect of vehicles carrying out infrequent specialised maintenance or building activities and for infrequent delivery or collection of exceptional loads needing to gain access to White Hart Slip.	Leader
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## Bromley Town Centre – Parades etc in High Street

DECS	(66)	Determine applications for exemptions for parades and other similar events in the pedestrianised area of the High Street.	Council
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## Disposal of small surplus highway sites

DECS	(67)	Authority to declare as surplus to the requirements land held for highways purposes, being small areas of highway land not exceeding 500 square metres and to take such action as is necessary to extinguish highway rights associated with the land, subject to the receipt of planning consent for the change of use and the views of the local Ward Councillors being sought before any application is determined.	Leader
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## Licences – use of highway land

DCS	(68)	On the recommendation of the Executive Director of Environment and Community Services prepare licences under the provisions of the Highways Act 1980 to enable the owners of properties fronting public highways to use adjoining highway land as part of their gardens.	<i>Leader</i>
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## Neighbourhood Watch Signs

DECS	(69)	Authorise and/or refuse consent for the erection of Neighbourhood Watch signs on Council street furniture.	Council/Leader
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## Street Trading

DECS	(70)	To recommend legal proceedings subject to the Director of Corporate Services being satisfied as to the sufficiency of evidence.	Council
DECS	(71)	To grant unopposed applications for full and temporary licences and applications for renewals of such licences where the terms and conditions are unchanged.	Council
DECS	(72)	To refuse applications for street trading licences in circumstances where Section 25(4)(a) and (b) apply.	Council
DECS	(73)	To grant unopposed applications by licence holders for variation of conditions attached to their licence.	Council
DECS	(74)	To waive fees for temporary licences in	Council

respect of national charity events.

DECS	(75)	To remit or refund fees or charges associated with street trading licences on production of a medical certificate or where because of road works etc a trader is unable to trade or for any other approved reason.	Council
DECS	(76)	To accept applications for renewal of licences later than two months before expiry date (submitted before the expiry date).	Council
DECS	(77)	To accept the surrender of a street trading licence.	Council
DECS	(78)	To refuse the granting of a temporary licence for a street trader.	Council
DECS	(79)	Confirm all experimental traffic regulation orders after an operational period of 12 months subject to: <ul style="list-style-type: none"> <li>(i) the Ward Members concerned, the police and the public where appropriate being consulted;</li> <li>(ii) no objections being forthcoming;</li> <li>(iii) a report being made to the Executive Portfolio Holder in respect of those locations where objections have been received.</li> </ul>	Leader
DECS	(80)	Powers to control unlicensed street trading under the London Local Authorities' Act 2004 Section 20 and Schedule 4.	Council

#### School Keep Clear Markings

DECS	(81)	Introduce mandatory school Keep Clear markings when the need is apparent and, the cost of each Traffic Order be funded from the block revenue provision for minor traffic management schemes.	Leader
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#### Central Islands/Refuges

DECS	(82)	Approve the installation and removal of central islands/refuges subject to consultation with ward members.	Leader
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## Environment Bromley – Grant

DECS	(83)	Approve annual requests from Environment Bromley for grant funding.	Leader
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## Graffiti Removal

DECS	(84)	The Power to require the removal of graffiti from shops, commercial properties, apparatus and plant under the London Local Authorities' Act 2004.	Council
DECS	(85)	Approve action to secure the removal of graffiti in consultation with the Director of Corporate Services.	Council/Leader

## Waiting and Loading Restrictions

DECS	(86)	Authority to:	
	(i)	suggest the sites for the introduction or amendment of waiting and loading restrictions.	Leader
	(ii)	consult the Executive Portfolio Holder, Ward Members concerned, the Police and the public on the proposals.	Leader
	(iii)	subject to no objections being forthcoming, or where the scheme is less than £5,000 to introduce the restrictions; and	Leader
	(iv)	report to the Executive Portfolio Holder in respect of schemes costing over £5,000 where objections have been received but it is still considered that the restrictions should be implemented.	Leader

## Disabled Persons Parking Bays

DECS	(87)	Approve applications which meet all the following criteria and where no objections are received during consultation with the Ward Members, Police and local residents.	Leader
	(i)	only disabled drivers will be considered, except in exceptional circumstances;	Leader

- |       |   |        |
|-------|---|--------|
| (ii)  | only applicants with no suitable off-street parking available to them will be considered;   | Leader |
| (iii) | serious and frequent problems must be experienced in parking near the applicant's residence;  | Leader |
| (iv)  | applicants must undergo a medical assessment by the Council-appointed doctor;   | Leader |
| (v)   | applicants under 65 years of age should be receiving the higher mobility component of disability living allowance whilst applicants over 65 years of age would be assessed by the Council-appointed doctor only as in (iv) above. | Leader |
| (vi)  | the exceptional circumstances referred to in (i) above be:  | Leader |
|       | (a) the application is on behalf of a minor; and  |        |
|       | (b) the refusal of the application would cause hardship to the carers or the disabled person.   |        |

#### Street Works etc

- |      |      |  |         |
|------|------|--|---------|
| DECS | (88) | Operate the provisions of Section 50 of the New Roads and Street Works Act 1991, for the granting of street works licences.  | Council |
| DECS | (89) | Operate the provisions of Section 56 of the New Roads and Street works Act 1991, for giving the undertaker such directions as to the times when works may or may not be carried out. | Leader  |

#### Unauthorised Signs on the Highways

- |      |      |  |        |
|------|------|--|--------|
| DECS | (90) | Operate the provisions of Section 132 of the Highways Act 1980 to remove unauthorised signs placed on the highway in roads which are on the Council's statutory list of maintained highways and rights of way in the Definitive Map. | Leader |
|------|------|--|--------|

## Wilful Obstruction of the Highway

DECS	(91)	Operate the provisions of Section 148 of the Highways Act 1980 for the removal of unauthorised things on the highway which are on the Council's statutory list of highways and rights of way in the Definitive Map.	Leader
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## Removal of Projections from Buildings

DECS	(92)	Serve notice under Section 152 of the Highways Act 1980 in respect of any projection from a building which may endanger the public.	Leader
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## White Bar Carriageway Markings

DECS	(93)	Decide whether white bar markings should be laid to reduce the incidence of car parking obstruction in the following cases: <ul style="list-style-type: none"><li>(a) access to public places such as churches, halls and libraries;</li><li>(b) accesses to groups of garages or similar situations where obstruction causes for delivery or loading including refuse collection.</li><li>(c) access for individual disabled drivers who park off-street; and</li><li>(d) to assist pedestrian access where vehicle parking obstruction takes place at crossing sites, excluding formal pedestrian crossings.</li></ul>	Leader
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## Consultation Documents

DECS	(94)	Consider and submit comments in respect of consultation documents received seeking the Council's views on all matters within the portfolio's purview subject to there being no policy issues or substantial expenditure, involved. In those instances, where the Executive Director of Environment and	Leader
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Community Services considers it appropriate prior consultation should be undertaken with the Executive Portfolio Holder before observations are submitted.

#### Signing to Places of Worship

DECS	(95)	Approve or refuse application for signing to places of worship, based on the criteria approved by the Executive Portfolio Holder – any complex or sensitive issues to be referred to the Executive Portfolio Holder for determination.	Leader
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#### Environmental Improvements

CP	(96)	Select environmental improvement schemes for implementation, following consultation with the Ward Members concerned (the CP also to report annually on the Committee on the action taken).	Leader
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#### Blue Badge Scheme

DECS	(97)	The issue and administration of the Blue Badge Scheme as provided for under the Chronically Sick and Disabled Persons Act 1970.	Leader
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#### Lease of Council Facility

DECS	(98)	Let or lease a Council facility or part to a Council contractor to assist with the performance of their contract with the Council.	Leader
DECS	(99)	Authority to approve highways and transport planning schemes for signs and disabled parking bays, including consultation and implementation stages, provided costs are within current budgets.	Council/Leader
DECS	(100)	Authority, in consultation with the Director of Corporate Services, to make Orders in respect of waiting restrictions and loading bays.	Leader
DECS	(101)	Decide on action in response to petitions related to environmental operational matters.	Council/Leader

#### Allotments

DECS	(102)	Manage and let allotment plots (in conjunction	Leader
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with allotment society or association where management agreement exists between Council and the society or association).

DECS	(103)	Waive all or part of the rent due in the initial year of a tenancy where in his opinion a plot requires additional work to put it into a satisfactory state for cultivation.	Leader
DECS	(104)	Deal with applications for permission to erect buildings and structures, subject to consultation with local allotment society or association in the case of those exceeding two feet in height and not being the replacement of an existing building or structure.	Leader
DECS	(105)	Authorise the signature of tenancy agreements on behalf of the Council.	Leader
DECS	(106)	Authorise and service notices to quit or notices or re-entry on allotment tenants:-  (a) where the Council determine alternative use of the land, and  (b) for arrears of rent or other breach of tenancy agreement.	Leader
DECS	(107)	In consultation with the Director of Corporate Services, approve changes of trustees appointed for the purposes of a management agreement between the Council and an allotment society or association.	Leader

#### Parks, recreation grounds, open spaces

DECS	(108)	Approve occasional, general or individual variations of dates and opening hours.	Leader
DECS	(109)	Allocate seasonal reservations in accordance with priorities approved.	Leader
DECS	(110)	Restrict public use to accommodate lettings, reservations and other special occasions.	Leader
DECS	(111)	Let all premises in accordance with policy and permitted uses approved by the Executive or Executive Portfolio Holder.	Leader

DECS	(112)	Let catering rights in all premises, on the best available terms, in respect of arrangements of up to one year's duration only and where arrangements for a longer period have not previously been made, subject to consultation where necessary with the Director of Corporate Services and the signing by the Chief Executive of any consequent licence.	Leader
DECS	(113)	Deal with applications for commercial purposes at a charge to be negotiated in each case.	Leader
DECS	(114)	Let sports pitches and facilities.	Leader
DECS	(115)	Set the dates of commencement and completion of sports seasons, including occasional, general or individual extension or contraction.	Leader
DECS	(116)	Grant temporary use and letting of parks, open spaces and premises to outside organisations including temporary closure to the public so that admission charges may be levied.	Leader
DECS	(117)	Accept gifts of memorial and other seats.	Leader
DECS	(118)	(a) Decide conditions for suitable applicants to be allowed to use the Council's parks and open spaces for filming and commercial photography on payment of prescribed fees, but with power to waive the fee for filming or photography by an education authority, or in such a case, to charge a nominal fee of £1, at his discretion.	Leader
		(b) Refuse an application where the films or photographs are likely to be detrimental to the Council's interests.	Leader
DECS	(119)	Deal with applications for use by circuses and small family fun fairs of areas within the Council's control which have been approved as suitable for such use.	Leader (Licensing decision Council)
DCS	(120)	Approve the use of the forecourt at the Churchill Theatre/Central Library for events.	Leader (Licensing decision Council)

## Commons

DECS	(121)	Deal with applications for fetes and other special activities on commons.	Leader (Licensing decision Council)
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## Cemeteries

DECS	(122)	Manage the Council's cemeteries including the allocation of burial space and the authorisation and execution of grave grants.	Leader
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## Anti Social Behaviour

DECS	(123)	In consultation with the Director of Corporate Services issue of fixed penalty notices in respect of graffiti and fly posting under the Anti-Social Behaviour Act 2003 Section 43.	Leader
DECS	(124)	Issue of graffiti removal notices under the Anti-Social Behaviour Act 2003 Section 48.	Leader
DECS	(125)	Powers to deal with the clearance of works and litter under the Anti-Social Behaviour Act 2003 Sections 55 and 56.	Leader
CP	(126)	Control of high hedges under the Anti-Social Behaviour Act 2003 Sections 68, 69 and 70.	Council
DECS	(127)	Propose the making of a Gating Order under the Clean Neighbourhoods and Environment Act 2005.	Leader

## Miscellaneous

DECS	(128)	Deal with dangerous trees pursuant to Sections 23 and 24 of the Local Government (Miscellaneous Provisions) Act 1976.	Leader
DECS	(129)	Approve the purchase of selected horticultural stock, without recourse to competitive quotations.	Leader
DECS	(130)	Refer to the Director of Corporate Services for consideration with a view to prosecutions, cases under the Council's byelaws or other statutes.	Council
DECS	(131)	Manage the staff canteens and catering service without prejudice to the Director of Finance's financial responsibilities referred to	Council/Leader

in Minute 1/356 (General Purposes Committee – 8.6.65) and subject to consultation as appropriate with and by the Director of Human Resources on staff welfare aspects.

DECS	(132)	Issue of fixed penalty notices for fly posting under the London Local Authorities' Act 2004 Sections 15-17 and Schedule 2	Council
DECS	(133)	Destruction of vehicles which are unlicensed, without a valid registration plate, or which have no registered keeper and associated powers under the London Local Authorities' Act 2004 Sections 3, 4, 6 and 7.	Council
DECS	(134)	The control of car repairs on the street under the London Local Authorities' Act 2004 Section 11.	Council
DECS	(135)	Pigeon proofing of bridges under the London Local Authorities' Act 2004 Section 9.	Council

## RESOURCES PORTFOLIO/ RELEVANT REGULATORY COMMITTEE(S)

Where marked \* exercise of an authority to act is conditional upon the authorised officer consulting with the Chief Executive.

<b>Officer(s) authorised</b>	<b>Authority to:</b>	<b>Responsibility delegated from</b>
<b>Staff Appointments</b>		
All	(1) With the exception of the post of Chief Planning Officer, appoint staff in authorised posts of "Deputy Chief Officer" as defined by the Local Government Act 2002. A procedure for notifying the Executive will apply before a formal offer can be made.	Council
<b>Suspension, relegation and dismissal of officers</b>		
All	* (2) Subject to any existing right of appeal to an Appeals Panel to suspend, relegate or dismiss Deputy Chief Officers as defined by the Local Government Act 2002.	Council
	Consider appeals from employees against their dismissal, except where the Council's procedures provide for these to be heard by a Members' Appeal Panel	Council
DHR	(3) Authorise the release of statutory minimum redundancy payment and basic pension to eligible staff as provided for under redundancy payments legislation and the LGPS Regulations.	Council
<b>Departmental Structures and Job Grade Reviews</b>		
All	(4) (i) Authorise departmental restructurings and grading reviews in consultation with the Director of Human Resources, provided that these are in line with the overall strategic direction of the Council and do not involve redundancies or early retirement and are self financing.	Council/Leader
Chief Executive	(ii) Authorise reorganisations and restructurings involving redundancies and /or early retirement after consultation with the Leader, relevant Director(s) and Portfolio Holder(s) on the service and financial implications where there is funding available to meet the associated costs.	Leader

## Conditions of Service

All	(5)	Approve payment of, in accordance with procedures laid down from time to time:-  Leased cars; Car allowances; Car purchase loans; Removal expenses for new staff; Telephone installation and rental charges; Travelling and subsistence expenses; Excess travelling expenses for transferred staff for up to 4 years; Interest free loans for annual season tickets.	Council
All	(6)	Permit, as appropriate, staff to undertake activities such as the giving of lectures or instruction associated with professional or analogous training which may fall partly within office hours.	Council/Leader
DHR	(7)	Determine variations to local conditions of service in exceptional individual employee cases in consultation with the departmental Chief Officer and with the Director of Finance when direct costs are incurred.	Council
Early Retirement			
All and DHR	(8)	Authority to agree applications for early retirement outside the redundancy policy where this will lead to compensatory staff savings, and act as a member of the Chief Officer Early Retirement Panel to determine applications for early/flexible retirement under the Local Government Pension Scheme Regulations.	Council
DHR	(9)	Make all necessary arrangements for implementation of the Council's long service awards.	Council
Leave			
All	(10)	Grant annual and special leave in accordance with the Council's policy.	Council
Superannuation etc			
DF	(11)	Determine and apply the provisions of the Local Government Pension Scheme Regulations excluding matters relating to ill-health, as applicable to employees, pensioners, dependents and estates. Determine and apply the provisions of the Social Security Acts and Occupational Pension Scheme Regulations to leavers,	Council

pensioners, dependants and transfer values.

DHR	(12)	The determination and application of all matters relating to ill-health retirement under the Local Government Pension Scheme Regulations.	Council
DF and DHR	(13)	Authority to determine future applications for early payment of deferred benefits under the Local Government Pension Scheme Regulations.	Council
DCS, DHR and DF	(14)	To undertake the role of “nominated person” under the Internal Dispute Resolution Procedures of the Local Government Pension Scheme and the Teacher’s Pension Scheme	Council
DF and DHR	(15)	To implement the Council’s schemes for gratuities and severance payments.	Council
DF and DHR	(16)	With regard to automatic enrolment under the Pensions Act 2008 authority to - <ul style="list-style-type: none"> <li>(i) use postponement for workers on short-term contracts and in circumstances where it aids administrative processes; and</li> <li>(ii) take all necessary action to ensure that the Council’s responsibilities under the requirements of automatic enrolment are met.</li> </ul>	Council

#### Implementation of Awards etc

DF	(17)	Implement payment of salary and wage awards by the Council.	Council
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#### Ex Gratia Payments

All	(18)	Authorise, in consultation with the Director of Finance,, ex gratia payments not exceeding £500 in any one case to persons in the employment of the Council in respect of loss of or damage to personal property sustained during the course of duty when reimbursement for such loss or damage is not recoverable from any other source.	Council
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#### Industrial Injuries Scheme

DHR	(19)	Determine, in consultation with the Executive Director of Education, Care and Health Services so far as teachers are concerned, all applications under Paragraph 8 of the Greater London Whitley Council Industrial Injuries Scheme as at 31 March 2013.	Council
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## Honoraria

All	(20)	Authorise the payment of honoraria to employees in accordance with conditions of service and the Council's scheme.	Council
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DHR	(21)	Determine any individual variations to the Council's scheme for the payment of honoraria to management grade staff. Review periodically the basis of the honoraria in the light of pay awards and any other relevant factors and revise the honoraria amounts accordingly.	Council
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Essential Car users – Car Loan			Council
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DF/DHR	(22)	Authority to carry out an annual review of the maximum sum the Authority is prepared to make available in the form of a loan to "essential car users" for the purpose of purchasing a car and to agree an increase in the maximum loan as necessary to reflect any increase in the cost of new cars, subject to an individual not being permitted to borrow more than 50% of their annual salary.	Council
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DCS	(23)	Determine the area over which rights alone should be acquired in respect of the Bromley Town Centre redevelopment.	Leader
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## Benchmark Lease Cars

DECS/DF	(24)	The Executive Director of Environment and Community Services, in consultation with the Director of Finance, be authorised to revise benchmark lease car contributions as and when manufacturers vary prices during the course of the year.	Council
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DHR/DF	(25)	The Director of Human Resources, in consultation with the Director of Finance, be authorised to vary the mileage rates payable to leased car users.	Council
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## Mortgages

DCS	(26)	Seal:  (a) vacating receipts and discharges of mortgages; (b) mortgages where the advances are made by instalments; (c) mortgages to secure the external borrowing of money.	Council
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CE/DCS	(27)	Sign receipt on mortgages and discharges of registered charges where the Council's seal is not required.	Council
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DCS	(28)	Approve advances for the connection of houses to public sewers.	
DCS	(29)	Approve applications for the consent of the Council as mortgagee to: <ul style="list-style-type: none"> <li>(i) the grant of rights of way and other easements, and licences;</li> <li>(ii) the carrying out of alterations and/or improvements to the mortgaged properties;</li> </ul> subject in each case to being satisfied that the Council's security will not be adversely affected.	Leader
DCS	(30)	Authorise and institute proceedings for the recovery of arrears and/or possession of the property where mortgagors under the Council's Housing Act Advance Scheme have made default in payment of sums secured by the mortgage.	Leader
DCS	(31)	Authorise and give permission for short-term lettings of mortgaged property by mortgagors.	Leader
DECHS	(32)	Approve Housing Act advances in accordance with the scheme and criteria approved by the Executive.	Leader
DF	(33)	Approve increases or reductions in mortgage periods.	Leader
DCS/DF	(34)	Approve applications for the transfer of mortgages from the husband and/or wife to husband and/or wife subject to normal income limits.	Leader
DCS	(35)	Endorse extensions of mortgages executed by the Council in connection with external loans.	Leader
Private Street Works Charges, etc.			
DCS/DF	(36)	Approve the suspension of repayment of the principal element of private street works charges and loans for house connections to sewers for such period as the applicant is in receipt of Social Security income support	Leader
Loans			
DF	(37)	To make all necessary arrangements for efficient debt and cash management in accordance with any statutory requirements and the Treasury Policy Statement approved by the Council. In particular to:	Council/Leader

		<ul style="list-style-type: none"> <li>(i) arrange loans, as required, on terms appropriate to market conditions in order to finance new capital expenditure or refinance maturing loans;</li> <li>(ii) raise temporary loans and invest surplus cash;</li> <li>(iii) arrange leasing finance as appropriate.</li> </ul>	
DECH	(38)	Authority to approve maturity loans applications.	Leader
Rates of Interest			
DCS	(39)	Determine rates of interest of (a) local bonds and mortgages and (b) Housing Act mortgage advances, subject to referral to Committee of any proposal to vary existing practice in the relative treatment of pre- and post-1980 Act mortgages.	Council/Leader
Local Taxes			
DF	(40)	Authority to act on behalf of the Council in all matters concerning the administration, collection, recovery or community charges, Council Tax and non-domestic rates (including authority to authorise bailiffs to levy distress on behalf of the Council) and the administration of community charge and Council Tax benefits (including, for the avoidance of doubt, the consideration of any complaint or appeal by a Council tax payer).	Council/Leader
Value Added Tax			
DF	(41)	To take any necessary action to “opt to tax” exempt supplies where the third party is VAT registered.	Leader
Contractors Bonds			
All	(42)	Allow contractors to obtain their own bonds for due performance of any proposed contract, subject to the nominated bondsman being acceptable to the Director of Finance and to any additional cost being met by the contractor.	Leader
Carry Forward of Budgets			
DF	(43)	Authorise spending officers to carry forward from one financial year to the next any unspent General Fund or Housing Revenue Account budget provision, provided that the goods were ordered or the work was started in the expectation that the order would be completed by 31 <sup>st</sup> March.	Council/Leader

DF	(44)	The Director of Finance shall be the Chief Finance Officer for the purposes of Section 114 of the Local Government Finance Act 1988.	Council
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DF	(45)	In respect of benefit fraud, impose or request administration penalties as appropriate.	Leader
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#### Management of The Glades

DECS	(46)	Following, where appropriate, consultations with the Director of Corporate Services to take decisions concerning the management of The Glades shopping centre so as to maintain the Council's overall interests.	Leader
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#### Property

DCS/DECS	(47)	Authority to:-	
	(i)	approve purchases of properties in pursuance of confirmed compulsory purchase orders, on terms recommended and endorsed, when necessary, by the District Valuer;	Leader
	(ii)	To approve the terms of any property transaction where there has been a decision of the Council, Executive, Executive Portfolio Holder, Committee or Sub-Committee, to acquire or dispose subject to a capital value less than £500,000 or rental value less than £50,000;	Leader
	(iii)	To sell land not required for operational purposes with an area less than 500 sq. meters and value less than £10,000;	Leader
	(iv)	To sell property or purchase it by private treaty when such action was included in the Asset Management Plan, subject to the financial limits set out in (ii) above;	Leader
	(v)	Carry out all functions relating to the leasing and management of property, including landlords' consent, unless they fall outside the financial limits detailed in (ii) above, or the matter is particularly referred by Members to the Executive or Portfolio Holder;	Leader
	(vi)	To take action on all London Residuary Body matters, subject to the financial limits set out in (ii) above.	Leader
			Leader

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|--------|---|----------------|
| (vii)  | authorise the making of a Home Loss Payment in any case in which such a payment is appropriate;   |                |
| (viii) | grant leases to public utility undertakings for land required for the erection of sub-stations or other similar purposes;   | Leader         |
| (ix)   | grant leases of Council land or properties not immediately required for the purposes for which they were originally acquired or are currently held, provided such leases are  | Leader         |
|        | (a) for a period not exceeding seven years; or  |                |
|        | (b) where the premium does not exceed £5,000 or the annual rent £500;   |                |
| (x)    | consent to the assignment of leases and tenancies of Council properties;  | Leader         |
| (xi)   | negotiate and agree terms in respect of easements, wayleaves, consents and licences affecting land and property;  | Leader         |
| (xii)  | approve applications for the consent of the Council, as landlord, for minor alterations or improvements to buildings;   | Leader         |
| (xiii) | determine rent reviews and agree changes in use of commercial properties in Council ownership where the Council is acting as landlord;  | Leader         |
| (xiv)  | on terms determined in accordance with provisions of the Act, approve sales or the extension of leases under the Leasehold Reform Act 1967, as amended by the Housing Act 1980, where appropriate claims have been accepted as being legally valid and without grounds for counter-claim; | Leader         |
| (xv)   | enter into an agreement, or agreements under Section 1 of the Local Authorities (Goods and Services) Act 1975, on such terms as he considers appropriate:   | Council/Leader |
|        | (1) with the London Fire and Emergency Planning Authority, to act on its behalf in respect of the sale of Beckenham Fire Station and any other property owned by  |                |

that body; and

- (2) with any other public body which may request such service.

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| (xvi)   | Agree terms, in consultation with the Leader of the Council, for the disposal of the Council's reversionary interest in small areas of non-housing land and buildings on the former GLC Seaside and Country Home estates, subject to an upper price limit of £200,000. | Leader |
| (xvii)  | Decisions on former London Residuary Board matters which do not involve expenditure by the Council and are not of a controversial or sensitive nature.   | Leader |
| (xviii) | Approve transactions when the name of the purchaser or transferee changes, or the purchaser wishes the transfer to proceed in the name of another company within the same group but all other terms and conditions remain as originally approved;                      | Leader |
| (xix)   | Dispose of small areas of former highway land not exceeding 500 square metres which have been declared surplus to the requirements of the Council and upon which highway rights have been extinguished subject to consultation with Ward Members.                      | Leader |

#### Energy Contracts

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| DF | (48) | In consultation with the DECH and relevant Executive Portfolio Holders, to accept energy tenders for gas and electricity for those schools which have opted into a corporate contract (in accordance with the decision of the Executive on 21 <sup>st</sup> July 2008). | Leader |
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| DF | (49) | To accept energy tenders for gas and electricity for the remainder of the Council (in accordance with the decision of the Executive on 21 <sup>st</sup> July 2008). | Leader |
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#### Registration Service

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| DCS | (50) | Be "Proper Officer" in respect of the Births Deaths and Marriages Registration Service. | Council |
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**CARE SERVICES PORTFOLIO/  
RELEVANT REGULATORY COMMITTEE(S)**

<b>Officer(s) Authorised</b>		<b>Authority to:-</b>	<b>Responsibility delegated from</b>
DECH/ DECS	(1)	Ensure that the powers and duties to provide for the social care of elderly people, people with a disability and/or chronic sicknesses are met in accordance with statutory Care Act requirements and Council policy.	Council/Leader
DECH	(2)	Exercise the statutory functions (including under the Mental Health Acts and Mental Capacity Act 2005) to safeguard the welfare of people suffering from a mental illness.	Leader
DECH	(3)	Arrange burials and cremations in cases where no other suitable arrangements have been made.	Leader
DECH/ DECS	(4)	Consider the conditions and housing needs of the Borough.	Leader
DECH	(5)	Assess and arrange rehousing for homeless applicants in accordance with statutory requirements and Council policy.	Leader
DECH	(6)	Nominate applicants to Housing Associations.	Leader
DECH	(7)	Monitor the performance of Housing Associations and arrange for collection and production of statistical information.	Leader
DECH	(8)	Consult with and provide advice to Housing Associations and other housing organisations on the housing needs of the Borough.	Leader
DECH	(9)	Manage and provide temporary accommodation for homeless people and in cases of emergencies.	Leader
DECH	(10)	Agree the terms and conditions for block booking arrangements for temporary accommodation.	Leader
DECH/ DECS	(11)	Manage the Council funded development programme in line with Council policy.	Leader
DECH	(12)	Undertake the general supervision and management of social work support services	Leader

provided under the Local Authority Social Services Act 1970 (and any other enactment) not generally covered elsewhere in this scheme of delegation.

DECH	(13)	Ensure that reasonable costs are recovered for certain services in line with statutory regulations and Council policy.	Leader
DECH	(14)	Discharge the Council's transport functions in accordance with statutory requirements.	Council/Leader
DECH	(15)	Dispose of small plots of land which are surplus to requirements and which do not exceed 200 square metres in area, subject to consultation with local Ward Members.	Leader
DECH	(16)	Waive or abate charges and to take further action in relation to recovery of charges.	Leader
DECH	(17)	Approve applications for joint financing of less than £50,000.	Leader
DECH	(18)	Authority to allocate Housing Association Programme funds in accordance with the criteria contained in Social Services and Housing Committee Minute 232(g) (21 <sup>st</sup> July 1997).	Leader
DECS	(19)	Determine and pay claims for "well maintained" payments following directions given by the Secretary of State for the Environment.	Leader
DECS	(20)	Negotiate with owners and accept tenancies of properties in compulsory purchase orders awaiting confirmation by the Secretary of State and from which immediate rehousing is considered necessary.	Leader
DECS	(21)	Deal with the day-to-day management of all maisonettes associated with shop premises.	Leader
DF	(22)	Authorise payment of disturbance claims.	
DECS	(23)	Approve all renovation, disabled facilities and other housing grants and loans in accordance with the schemes approved by the Executive Portfolio Holder.	Leader
DECS	(24)	Require and enforce repayment of housing and disabled facilities grants in accordance with the	Leader

practice of the Executive. Approve the waiving of repayments where financial hardship to the owner would arise.

DECS	(25)	Carry out the Council's functions relating to private sector housing in connection with hazard rating, disrepair, provision of amenity, means of escape in the case of fire, overcrowding, energy efficiency, empty property, management and control.	Leader
DECS	(26)	Institute enforcement action and, subject to the Director of Corporate Services being satisfied with the evidence in each case, legal proceedings, and hearings in respect of (25) above.	Leader
DECS	(27)	Authorise the carrying out of work in default in appropriate cases of non-compliance.	Leader
DECS/CP	(28)	Arrange for the demolition of properties for redevelopment purposes.	Leader
DF	(29)	Determine the amounts of rent rebates to be allowed under approved scheme.	Leader
DECH	(30)	Authorise the approval of discretionary disabled facilities grants in exceptional circumstances.	Leader
DECH	(31)	In consultation with the Portfolio Holder and the Director of Corporate Services, approve Section 106 funding under formal grant arrangements for individual health proposals up to £250,000.	Leader



**RENEWAL AND RECREATION PORTFOLIO/  
RELEVANT REGULATORY COMMITTEE(S)**

<b>Officer(s) Authorised</b>	<b>Authority to:</b>	<b>Responsibility delegated from</b>
<b>Libraries</b>		
DECS	(1) Select and purchase books and other library and museum materials and arrange loan exhibitions.	Leader
DECS	(2) Amend list of purchased periodicals, such amendments to be reported to the Portfolio Holder annually.	Leader
DECS	(3) Publish book lists.	Leader
DECS	(4) Decide on the closure of libraries at Christmas, Easter and public holidays.	Leader
DECS	(5) Decide on occasional variation of library opening hours.	Leader
DECS	(6) Deal with the letting of library halls.	Leader
DECS	(7) Carry out the Council's functions and duties under the Public Libraries and Museums Act 1964 and any amendments.	Leader
DECS	(8) Approve the secondment of trainee librarians for training, subject to the following:  (a) such trainees to sign the usual undertaking in respect of staying in the Council's service for two years after completion of their studies; and  (b) financial provision being agreed in the revenue budget annually.	Council
<b>Local Land Charge Searches</b>		
DECS	(9) Deal with local land charge searches.	Leader

**Legislation enforced by Bromley Public Protection Division**  
(Public Protection and Safety Portfolio – Delegations 7 to 12)

**PRIMARY LEGISLATION**

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Accommodation Agencies Act 1953</b>	To perform functions and investigate offences related to the practices of accommodation agencies
<b>Administration of Justice Act 1970</b>	To perform functions and investigate offences related to the harassment of debtors
<b>Animal Welfare Act 2006</b>	Powers relating to the control of animal welfare
<b>Animal Health Act 1981</b>	Provisions for welfare of farm animals in transit, on the farm and at market
<b>Animal Boarding Establishments Act 1963</b>	Provisions relating to the commercial boarding of animals
<b>Agriculture Act 1970</b> <b>Refer to Schedule of secondary legislation (Regulations)</b>	67(1) Duty Of local authority to enforce part IV of the Act in respect of fertilisers and animal feeding stuffs.67(4) Power to grant consent for inspectors of another enforcement authority to exercise powers within the London Borough of Bromley;67(3) Power to appoint agricultural analyst and deputies; to perform functions and investigate offences related to fertilisers and animal feeding stuffs;75(2) Power to require information and documentation; 76 – Power to enter premises and take samples
<b>Anti-social Behaviour, Crime and Policing Act 2014</b>	
<b>Advanced Television Services Regulations 1996</b>	Provisions relating to supply & construction of television equipment.
<b>Aerosol Dispensers (EEC Requirements) Regs 1977</b>	Re marking, inspecting, testing and content of aerosols
<b>Anti-Social Behaviour Act 2003</b>	To perform functions and investigate offences related to the sale of aerosol paint to persons under age.
<b>Architects Act 1997</b>	To perform functions and investigate offences related to unregistered architects
<b>Breeding and sale of dogs (welfare) Act 1999</b>	Provisions to control the activities of commercial dog breeders
<b>Breeding of dogs Act 1973 &amp; 1991</b>	Provisions to control the activities of commercial dog breeders

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Building Act 1984</b>	Provisions relating to adequate water supply, drainage and sanitary ware repair/improvement, in dwellings and emergency abatement of certain statutory nuisances.
<b>Cancer Act 1939</b>	To perform functions and investigate offences connected to advertisements relating to the treatment of cancer
<b>Caravan Sites and Control of Development Act 1960</b>	Provisions for granting licences to caravan sites, attachment of conditions and the provision of caravan sites.
<b>Charities Act 1992</b>	To perform functions and investigate offences connected with information to be provided, and false statements made by, professional fund raisers.
<b>Charities Act 2006</b>	To perform functions and investigate offences connected with unauthorised use of badges certificates and articles and of false statements made, in respect of charitable appeals.
<b>Children and Families Act 2014</b> <b>Refer to schedule of secondary legislation (Regulations)</b>	Duty of weights and measures authority to enforce the Regulations made under this Act around the prohibition of sale of nicotine products to persons under 18, proxy sales and tobacco packaging.
<b>Children &amp; Young Persons Act 1933</b>	To perform functions and investigate offences connected with the sale of tobacco and cigarette papers to persons under age and in respect of tobacco vending machines.
<b>Children &amp; Young Persons (Protection Tobacco) Act 1991</b>	Duty of local authority to consider a programme of enforcement action in respect of the sale of tobacco to persons under age.
<b>Children &amp; Young Persons (Protection Tobacco) Act 1991</b>	To perform functions and investigate offences connected with the sale of single cigarettes [3(1)] and in respect of tobacco warning notices [4(1) & 4(2)]
<b>Cinemas Act 1985</b>	The provisions relating to the regulation of cinemas and film exhibitions
<b>Clean Air Act 1993</b>	Provisions relating to control of smoke from chimneys and the chimney height; smoke grit and fumes from furnaces and the height of the furnace; the control of appliances and fuels in smoke control areas; controls over cable burning and the power to publish information thereof. Duty to enforce regulations concerning the composition and content of motor fuel [30(4)] and the sulphur content of oil fuel [31(4)] To perform functions and investigate offences connected to regulations made under section 30 & 31 related to the composition and content of motor fuel and fuel oil. To exercise powers of entry, inspection, seizure and test purchase in respect of motor fuel and fuel oil
<b>Copyright, Designs &amp; Patents Act 1988</b>	To perform functions and investigate offences related to making or dealing with infringing articles etc Duty of enforcement by local weights and measures authority and powers of authorised officers related to entry, inspection, seizure and test purchase etc To perform functions and

ACT/REGULATION	DESCRIPTION OF DELEGATION
	investigate offences related to making dealing with or using illicit recordings etc Duty of enforcement by local weights and measures authority and powers of authorised officers related to entry, inspection, seizure and test purchase etc
<b>Companies Act 2006</b>	Where relevant to other authorised functions, to perform functions and investigate offences related to the display and disclosure of company names [Part 5], fraudulent trading [part 29], display and disclosure of business names [part 41].
<b>Consumer Credit Act 1974</b>	Duty of enforcement by local weights and measures authority Powers of authorised officers related to entry[including making application for warrants], inspection, seizure etc [162] and test purchase [164]
<b>Consumer Protection Act 1987</b>	Duty of enforcement by local weights and measures authority of safety provisions [part II of Act] Power of authorised officers to issue suspension notices in respect of goods suspected of contravening safety provisions and to give consents in respect of notices issued. Power of authorised officers to apply for forfeiture of goods contravening safety provisions. Powers of authorised officers to make test purchases [28(1)], of entry inspection & seizure etc [29], to apply for warrants of entry [30(2)], to request information & assistance [32(1)], to request information & assistance from Commissioners of Customs & Excise [37(1)].
<b>Consuler Rights Act 2015</b>	Power of officers to purchase products, observe carrying on of business, enter a premises with or without a warrant, inspect products, test equipment, require production of documents, seize and detail goods and documents, decommission or switch off fixed installations, break open containers and require assistance from persons on premises.
<b>Control of Pollution (Amendment) Act 1989</b>	Powers relating to control of waste carriers and power to seize vehicles.
<b>Controlled Waste (Registration of Carriers and Seizure of Vehicles) Regulations 1991</b>	Power to require information in relation to waste carriers.
<b>Control of Pollution Act 1974</b>	Provisions relating to the control of certain paints and treatments; noise and vibration from building sites; noise in the streets; noise abatement zones and the carrying out of certain works by the Council.
<b>Criminal Justice and Public Order Act 1994</b>	Power to remove unauthorised traveller encampments
<b>Criminal Justice and Police Act 2001</b>	Closure of certain classifications of premises

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Criminal Attempts Act 1981</b>	To perform functions and investigate offences connected to attempts to commit an indictable offence, where relevant to other authorised functions.
<b>Criminal Justice Act 1988</b>	To perform functions and investigate offences connected to the supply of offensive weapons [141] and the sale of knives etc. to underage persons [141A]
<b>Criminal Law Act 1977</b>	To perform functions and investigate matters connected to conspiracy to commit offences where relevant to other authorised functions.
<b>Crossbows Act 1987</b>	To perform functions and investigate matters connected to– the supply of crossbows to persons underage.
<b>Dangerous Wild Animals Act 1976</b>	Provisions relating to control of dangerous wild animals and power to seize dangerous wild animals.
<b>Dangerous Dogs Act 1991</b>	Provisions relating to breeding, supply, control and abandonment of dangerous dogs.
<b>Development of Tourism Act 1969 See also schedule of secondary legislation [orders &amp; regulations]</b>	To perform functions and investigate matters connected to the notification of pricing of accommodation.
<b>Deer Act 1991</b>	The provisions relating to control of the sale of deer and associated record keeping
<b>Eggs (Marketing Standards) Regs 1995</b>	Control provisions for quality, marking and grading of eggs
<b>Education Reform Act 1988</b>	To perform functions and investigate offences connected to unrecognised degrees Duty of local weights and measures authority to enforce provisions of section 214 Trading Standards List 2 Powers of authorised officers in respect of premise entry, inspection search & seizure etc [215(2), 215(6)], to apply for warrants of entry [215(4)].
<b>Enterprise Act 2002</b>	Designation and power of local weights and measures authority to act as a general enforcer in respect of certain consumer legislation. Power of authorised officers to seek undertakings in respect of domestic and community infringements. Power of authorised officers to give notice requiring that information be provided Duty of local weights and measures authority to give notice of intended proceedings under specified enactments or legislation. Power to disclose specified information To investigate offences in respect of disclosure of specified information
<b>Energy Act 1976 See also schedule of secondary legislation [orders &amp; regulations]</b>	Enforcement of orders relating to passenger car fuel consumption
<b>Energy Conservation Act 1981</b>	Power of local weights and measures authority to enforce provisions concerning the design, construction and operation of energy consuming appliances. Powers of

ACT/REGULATION	DESCRIPTION OF DELEGATION
	authorised officers in respect of entry, inspection, seizure & detention etc [20(2),20(3),20(7) and warrants of entry [20(5)
<b>Environment Act 1985</b>	Provisions imposing certain requirements and provision of controls relating to the control of air quality in the Borough
<b>Environmental Protection Act 1990</b>	Duty of Local authority to inspect its area for nuisance and to investigate all complaints of statutory nuisance. Power of entry, power to require works, power to carry out works and powers to recover costs in relation to said statutory nuisance.
<b>Estate Agents Act 1979</b>	Duty of local weights and measures authority to enforce the provisions of the Act Powers of authorised officers in respect of entry, inspection, seizure & detention etc and warrants of entry.
<b>European Communities Act 1972</b> Refer to schedule of secondary legislation [orders and regulations].	Enforcement of <i>any</i> orders, regulations or other instruments made there under or relating thereto, or having effect by virtue of the Act, in as far as they relate to consumer protection, fair trading, weights and measures and any other matters considered to be trading standards functions.
<b>Explosives Act 1875 to 1976</b>	To perform functions and investigate offences connected to the sale of gunpowder [30, 32] and the sale of gunpowder to persons under age [31].
<b>Fair Trading Act 1973</b>	Duty of local weights and measures authority to enforce orders made under section 22 of the Act Power to make test purchases [28]. Powers of entry, inspection, seizure & detention etc 7 warrants of entry [29]
<b>Farm &amp; Garden Chemicals Act 1967</b>	To perform functions and investigate offences connected to transactions in unlabelled products
<b>Financial Services &amp; Markets Act 2000</b> Refer to schedule of secondary legislation [orders and regulations].	To exercise the functions of a 'relevant officer' under the Money Laundering Regulations 2007
<b>Fire Safety &amp; Safety of Places of Sport Act 1987</b>	Provisions relating to the safety of sports grounds
<b>Fertilisers Regulations 1991</b>	Provisions for labelling and sampling controls of fertilisers
<b>Fireworks Act 2003</b>	Duty of local weights and measures authority to enforce provisions in respect of firework regulations Powers of entry and inspection etc [by reference to the Consumer Protection Act 1987]
<b>Firearms Act 1968</b>	To perform functions and investigate offences connected to the supply of air weapons to persons under age.
<b>Food Act 1984</b>	

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Food &amp; Environment Protection Act 1985</b>	Duty of local weights and measures authority to enforce regulations relating to the sale, labelling and advertising of pesticides Exercise of enforcement powers by authorised officers
<b>Forgery &amp; Counterfeiting Act 1981</b>	To perform functions and investigate offences connected to forgery and false instruments where relevant to other authorised functions.
<b>Fraud Act 2006</b>	To perform functions and investigate offences where relevant to other authorised functions.
<b>Food Safety Act 1990</b>	To perform functions in relation to food safety
<b>Gaming Act 1968</b>	Provisions for controls over gaming machines
<b>Gambling Act 1985</b>	Provisions for controls over gambling activities
<b>Game Licences Act 1970</b>	Provisions for licensing dealers in game, sale and purchase of game and the keeping of records
<b>Game Acts 1831 &amp; 1970</b>	Provisions for licensing dealers in game, sale and purchase of game and the keeping of records
<b>Greater London (General Powers) 1984</b>	To exercise powers in respect of the registration of premises used for sales by way of competitive bidding Powers of entry and inspection in connection with sales by way of competitive bidding
<b>Greater London (General Powers) 1978</b>	Licensing of places concerned with entertainment
<b>Greater London (General Powers) 1967</b>	Licensing of places concerned with hairdressers and barbers
<b>Greater London (General Powers) 1966</b>	Licensing of places concerned with exhibitions
<b>Guard Dogs Act 1975</b>	Provisions for control of the use of guard dogs on premises.
<b>Hallmarking Act 1973</b>	Duty of local weights and measures authority to enforce the provisions of the Act. Powers of authorised officers in respect of test purchasing, entry and inspection etc
<b>Housing Act 2004</b>	Duty of local weights and measures authority to enforce sections 155 to 159 inclusive and 167(4) [provisions related to home information packs]. Powers of authorised officers to require production of home information packs Powers of authorised officers to issue penalty charge notices in connection with breaches of 155 to 159 inclusive, 167(4), 172(1) Powers to confirm or withdraw a penalty charge notice. Powers to extend the period for complying with a penalty charge notice requirement. Duty

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
	to investigate, obtain information, inspect and take action in relation to housing conditions, houses in multiple occupation and empty property as set out in parts 1-1V and all associated schedules.
<b>Housing Act 1985</b>	Section 17 in relation to compulsory purchase
<b>Housing Grants, Construction and Renovation Act 1996</b>	Whole Act
<b>Health Act 2006</b>	
<b>Health and Safety at Work etc Act 1974</b>	Section 18(4) of Act – duty of local authority to enforce relevant provisions. Appointment of inspectors Authority to exercise power of inspector
<b>Home Energy Conservation Act 1974</b>	The provisions requiring local authorities to adopt a strategy for improving energy efficiency
<b>Insurance Brokers [Registration] Act 1977</b>	To perform functions and investigate offences connected to false registration
<b>Intoxicating Substances [Supply] Act 1985</b>	To perform functions and investigate offences connected to the sale of solvent based products to persons under age.
<b>Knives Act 1997</b>	To perform functions and investigate offences connected to the unlawful marketing of knives and the publication of associated material.
<b>Legal Services Act 2007</b>	To perform functions and investigate offences connected to carrying on restricted legal activities when not entitled [14] or carrying on those activities through persons not entitled [16] Powers of authorised officers to enter premises, powers to require production or take copies of documents, to request information. Power to apply for warrants of entry [198(6)]. To perform functions and investigate offences connected to obstruction and failing to provide information etc
<b>Licensing Act 1964</b>	To comment on applications for licences and permits
<b>Licensing Act 2003</b>	All I Authority Licensing functions including the duty of local weights and measures authority to enforce the provisions of section 146, 147, 147A in respect of the sale of alcohol to persons under age. To issue a closure notice in respect of persistently selling alcohol to persons under age To request a person under age to buy or attempt to buy alcohol To perform functions and investigate offences connected to the sale of liqueur confectionery to persons under age



<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Local Government (Miscellaneous Provisions) Act 1982</b>	Powers relating to the protection of unoccupied buildings
<b>Local Government (Miscellaneous Provisions) Act 1976</b>	Power to require information
<b>London Local Authorities Act 1996</b>	The provisions relating to licensing premises where occasional sales take place
<b>London Local Authorities Act 1995</b>	The provisions relating to licensing of door supervisors
<b>London Local Authorities Act 1991</b>	The provisions relating to licensing premises where special treatments are carried out and provision for the control of burglar alarms
<b>London Local Authorities Act 1990</b>	To enforce provisions in respect of street trading licences including the power to require production of a licence by a licence holder Powers in respect of the removal of receptacles Enforcement of provisions in respect of unlicensed street trading including seizure of relevant articles and things Powers of entry and inspection of authorised officers in connection with occasional sales Power to institute legal proceedings if a relevant person fails to furnish an authorised Officer with a name, provides a false name or false address
<b>London Local Authorities Act 2004 Part 4</b>	Administration of accounts for Fixed Penalty Notices, use of surplus, report to Secretary of State Power to enforce provisions including the Issuing of Fixed Penalty Notices in respect of contraventions of section 34(1 – 4) and 38(1) of Local Authorities Act 1990
<b>Plastic materials &amp; Articles in Contact with Food Regulations 1992</b>	The provisions relating to plastic materials that are to be in contact with food
<b>Magistrates Courts Act 1980</b>	Where relevant to other authorised functions, to perform functions and investigate offences related to the aiding, abetting, counselling or procuring the commission of offences.
<b>Malicious Communications Act 1988</b>	Where relevant to other authorised functions, to perform functions and investigate offences related to sending letters etc. with intent to cause distress or anxiety
<b>Materials &amp; Articles in Contact with Food Regulations 1987</b>	The provisions relating to materials that are to be in contact with food
<b>Medicines Act 1968</b>	Powers of authorised officers related to inspection, premise entry, taking of samples, seizure & detention etc related to medicated animal feed stuffs.
<b>Motor Cycle Noise Act 1987</b>	To perform functions and investigate offences related to the supply of motorcycle silencers and exhaust systems.

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>National Assistance Act 1948</b>	Power of entry to inspect property
<b>Noise &amp; Statutory Nuisance Act 1993</b>	Provisions for powers in relation to noise and nuisance in the street, control of alarms and recovery of costs
<b>Noise Act 1996</b>	Power to issue warning notices and fixed penalty notices for noise and the power to enter premises and seize equipment
<b>Natural Mineral Water, spring water and bottled drinking water Regs 1999</b>	Provisions for the control of the bottling, supply and quality for natural mineral water
<b>National Lottery Act 1993</b>	To perform functions and investigate offences related to the supply of lottery tickets etc to persons under age
<b>Olive Oil (Marketing Standards) Regulations 1987</b>	Provisions for the control of the bottling, supply and quality for olive oils
<b>Olympic Symbol etc (Protection) Act 1995</b>	Power of local weights and measures authority to enforce provisions relating to relevant goods
<b>Olympic Symbol etc (Protection) Act 1995</b>	Powers of test purchase, entry, inspection & seizure of authorised officers
<b>Pet Animals Act 1951 &amp; 1983</b>	Provisions for the control of sale of pet animals
<b>Personal Protective Equipment (EC Directive) Regs 1992</b>	Provisions for the control of the supply and quality of Personal Protective Equipment
<b>Performing Animals (Regulation) Act 1925</b>	Provisions for the control of the training or exhibition of performing animals
<b>Poisons Act 1972</b>	Provisions for the control of the supply and sale of poisons and the registration of sellers of poisons.
<b>Prices Acts 1974 &amp; 1975</b>	Duty of local weights and measures authority to enforce orders made under sections 2, 4 & 5 in respect of the prices of goods. Powers of entry, inspection, seizure etc of authorised officers
<b>Prevention of Damage by Pests Act 1949</b>	Powers to enter premises for the control of rodents, to require treatments and to carry out works.
<b>Protection of Animals Act 1911</b>	Provisions relating to animal welfare
<b>Proceeds of Crime Act 2002</b>	Matters in relation to the investigation and charging of money laundering offences
<b>Property Mis-descriptions Act 1991</b>	Duty of local weights and measures authority to enforce the provisions of the Act Powers of inspection, seizure, to request the production etc of goods and documents Power of authorised officers to enter premises [paragraph 4(1)] and to apply for warrant of entry [paragraph 4(2)]

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Protection From Harassment Act 1997</b>	Where relevant to other authorised functions, to perform functions and investigate offences related to harassment and putting people in fear of violence
<b>Public Health (Control of Diseases ) Act 1984</b>	The obligations placed upon, and provisions empowering local authorities with regard to the control of disease
<b>Public Health Act 1961</b>	The obligations placed upon, and provisions empowering local authorities with regard to the control of public health
<b>Public Health Act 1936</b>	The obligations placed upon, and provisions empowering local authorities with regard to the control of public health
<b>Recreational Craft Regs 1996</b>	The obligations placed upon, and provisions empowering local authorities with regard to the supply of recreational craft
<b>Restriction of Offensive Weapons Act 1959</b>	Where relevant to other authorised functions, to perform functions and investigate offences related to the sale and supply of knives and other dangerous weapons.
<b>Riding Establishments Act 1964 - 1970</b>	Provisions relating to licensing of horse riding establishments
<b>Road Traffic (Foreign vehicles) Act 1972</b>	Provisions relating to the powers of authorised persons to prohibit overloaded vehicles
<b>Road Traffic Act 1988</b>	To perform functions and investigate offences related to the sale of motorcycle helmets To perform functions and investigate offences related to the supply of unroadworthy vehicles [75] and the fitting or supply of defective or unsuitable vehicle parts [76].
<b>Scotch Whiskey Act 1988</b>	Provisions relating to the supply and sale of products described as scotch whiskey.
<b>Safety of Sports Grounds Act 1975</b>	The provisions relating to the safety of sports grounds
<b>Solicitors Act 1974</b>	To perform functions and investigate offences related to pretending to be a solicitor and engaging in various practices when unqualified Powers of inspection, entry, seizure & detention, application for a warrant of entry of authorised officers
<b>Sunday Trading Act 1994</b>	Controls over hours of opening on Sundays and Easter for large shops.
<b>Scrap Metal Dealers Act 1964</b>	The provisions relating to the registration of scrap metal dealers
<b>Solicitors Act 1974</b>	The provisions relating to the preparation of certain instruments by unqualified persons
<b>Telecommunications Act 1984</b>	To perform functions and investigate offences related to the marking and labelling of telecommunications apparatus and information contained in advertisements for telecommunications apparatus.

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Tattooing of minors act 1969</b>	The provisions relating to the tattooing of young persons
<b>Theft Act 1968</b>	Where relevant to other authorised functions, to perform functions and investigate offences related to false accounting [17] and going equipped to cheat [25].
<b>Timeshare Act 1992</b>	Duty of local weights and measures authority to enforce the provisions of the Act. Power of authorised officers to request information and seize documents
<b>Tobacco Advertising and Promotion Act 2002</b> <b>Refer to schedule of secondary legislation (Regulations)</b>	Duty of local weights and measures authority to enforce the provisions of the Act. Powers of authorised officers to enter premises, perform inspections, seize items, apply for warrants of entry etc.
<b>Trade Descriptions Act 1968</b>	Duty of local weights and measures authority to enforce the provisions of the Act Power of authorised officers to make test purchases Power of authorised officers to enter premises, inspect goods, of seizure and detention, to apply for warrants of entry etc.
<b>Trade Marks Act 1994</b>	Duty of local weights and measures authority to enforce provisions of section 92 (unauthorised use of trade mark, etc. in relation to goods). Powers of authorised officers to inspect goods and enter premises etc, of seizure and detention, to apply for warrants of entry etc. Power to apply for forfeiture of goods To perform functions and investigate offences related to the falsification of the trademarks register etc [94] and falsely representing a trade mark as registered [95].
<b>Trading Representations (Disabled Persons) Acts 1958 and 1972</b>	To perform functions and investigate offences related to registration of sellers of goods made by persons with disabilities
<b>Unsolicited Goods and Services Act 1971 &amp; 1975</b>	To perform functions and investigate offences related to unsolicited demand for payment etc
<b>Veterinary Surgeons Act 1966</b>	To perform functions and investigate offences related to the carrying out of veterinary practices by unqualified persons and the use of practitioners titles when unqualified.
<b>Video Recordings Act 1984</b>	Duty of local weights and measures authority to enforce the provisions of the Act Powers of authorised officers to make test purchases, to enter premises, carry out inspections, powers of seizure & detention and to apply for warrants of entry etc To investigate outside of Bromley, offences suspected of being linked to or suspected to have been committed within the borough. To give consent to officers from other local authorities to investigate within Bromley, offences suspected of being linked to that other authority or suspected to have been committed within it.
<b>Water Industry Act 1991</b>	The provisions relating to the control of water to premises, including sufficiency, wholesomeness, and contamination; the control of waste water and duties placed upon the local

ACT/REGULATION	DESCRIPTION OF DELEGATION
	authority.
<b>Weights and Measures Act 1985</b>	Designation of the London Borough of Bromley as a local weights and measures authority. <i>Power to provide consumer advice</i> Delegation of Chief Inspector of weights and measures To authorise an inspector to act as Deputy Chief Inspector of weights and measures To appoint inspectors of weights and measures To act as Deputy Chief Inspector of weights and measures To perform functions related to passing weighing & measuring equipment as fit for use for trade To issue certificates to operate public weighing and measuring equipment Powers of inspector in connection to certain goods [38] and certain documents [39], goods on road vehicles [40] and check weighing of certain road vehicles [41]. <i>Power to make test purchases</i> General powers of inspector to enter, inspect, seize & detain & to apply for warrants of entry etc
<b>Public Protection - General</b>	All other legislation or parts thereof considered to be relevant to the Public Protection Division that may be in force from time to time including amendments and additions to existing legislation.

## SECONDARY LEGISLATION

ACT/REGULATION	DESCRIPTION OF DELEGATION
<b>Secondary legislation made under the European Communities Act 1972</b>	
<b>Aerosol Dispensers (EEC Requirements Regulations 1977)</b>	Powers of authorised officers related to entry (including making application for warrants), inspection, 'testing' etc... To perform functions and investigate offences/breaches under the Regulations
<b>Boiler (Efficiency) Regulations 1993</b>	Duty of local weights and measures authority to enforce the provisions of the Regulations.
<b>Business Protection from Misleading Marketing Regulations 2007</b>	Duty of local weights and measures authority to enforce the provisions of the Regulations Power to request information by notice in writing. Power to make test purchases and enter into an agreement to secure the provision of a service. Power to enter premises, inspect goods require production and seize or take copies

ACT/REGULATION	DESCRIPTION OF DELEGATION
	documents and seize goods. Power to enter premises with a warrant.
<b>Chemical (Hazard Information &amp; Packaging for Supply) Regulations 2002</b>	Duty of the local weights and measures authority to enforce where the supply is from any form of retail outlet and to enforce the provisions relating to the control of advertising (Reg 6) and child resistant packaging (Reg 11) Power to issue suspension notices, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Construction Products Regulations 1991</b>	Duty of the local weights and measures authority to enforce the provisions of Part II of the Regulations (requirements relating to construction products). Power of authorised officers to issue suspension notices in respect of products suspected of contravening the regulations and to give consents in respect of notices issued. Power of authorised officers to apply for forfeiture of products contravening the Regulations Powers of authorised officers to make test purchases, of entry inspection & seizure etc, to apply for warrants of entry, to request information & assistance.
<b>Consumer Protection (Cancellation of Contracts made in a consumers home or place of work etc) Regulations 2013</b>	Duty of weights and measures authority to enforce.
<b>Consumer Protection from Unfair Trading Regulations 2008</b>	Duty of local weights and measures authority to enforce the Regulations. Power to carry out test purchases or enter into arrangements to purchase products. Power to enter premises, inspect goods require production and seize or take copies documents and seize goods. Power to enter premises with a warrant.
<b>Control of Misleading Advertisements Regulations 1988</b>	To perform functions and investigate breaches under the Regulations
<b>Consumer Protection (Cancellation of Contracts made in a consumers home or place of work etc) Regulations 2008</b>	Duty of local weights and measures authority to enforce the provisions of regulations (offence relating to the failure to provide cancellation rights). Power of authorised officers to request production of documents and to seize documents.
<b>Consumer Protection (Distance Selling) Regulations 2000</b>	Duty of local weights and measures authority to consider complaints made to it about a breach. To perform functions and investigate offences/breaches under the Regulations
<b>Cosmetic Products (Safety) Regulations 2004</b>	To perform functions and investigate offences under the Regulations
<b>Crystal Glass (Descriptions) Regulations 1973</b>	Duty of local weights and measures authority to enforce Regulations. Powers of authorised officers to make test purchases, of entry inspection & seizure etc , to apply for warrants of entry

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Electromagnetic Compatibility Regulations 2006</b>	Duty of local weights and measures authority to enforce the Regulations (except the provisions relating to electricity water meters). Powers of authorised officers to make test purchases, of entry inspection & seizure etc), to apply for warrants of entry, to issue compliance and suspension notices and to request information & assistance.
<b>Electro-medical Equipment (EEC Requirements) Regulations 1988</b>	Powers of authorised officers to make test purchases, of entry inspection & seizure etc, to apply for warrants of entry Power to make test purchases, enter premises and inspect and seize goods and entry by warrant.
<b>Energy Efficiency (Ballasts for Fluorescent Lighting) Regulations 2001</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant.
<b>Energy Information (Washing Machines) Regs 1996</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant.
<b>Energy Information (Household Air Conditioners) Regs 2005</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant.
<b>Energy Information (Combined washer driers) Regs 1997</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant.
<b>Energy Information (Dishwashers) Regs 1999</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant.
<b>Energy Information (Household electric ovens) Regs 2003</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant
<b>Energy Information (Household refrigerators and freezers) Regs 2004</b>	Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant.
<b>Energy Information (lamps) Regs 1999</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant.
<b>Energy Information (tumble dryers) Regs 1996</b>	Duty of local weights and measures authority to enforce the Regulations Power to request technical documentation, carry out test purchases, entry, seizure and entry by warrant
<b>The Energy Performance of Buildings (Certificates and Inspections)</b>	Duty of local weights and measures authority to enforce regulations 5(2), 5(5), 6(2), 9(2), 10, 16(2), 21(1), 23, 24 and 39(4). Powers to request copies of documents to

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>(England and Wales) Regulations 2007</b>	issue a penalty charge notice.
<b>Explosives Regulations 2014</b>	Duty to grant licences in relation to the storage of explosives.
<b>Financial Services (Distance Marketing) Regulations 2004</b>	Duty of local weights and measures authority to consider complaints about a breach of the Regulations To perform functions and investigate breaches/offences under the Regulations
<b>Footwear (Indication of Composition) Labelling Regulations 1995</b>	Duty of local weights and measures authority to enforce the Regulations. Powers of authorised officers to make test purchases, of entry inspection & seizure etc, to apply for warrants of entry.
<b>General Product Safety Regulations 2005</b>	Duty of local authority to enforce the provisions of the Regulations. Power to issue suspension notices, require to 'mark,' require to warn, issue a withdrawal notice, issue a recall notice, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Measuring Container Bottles (EEC Requirements) Regulations 1977</b>	To perform functions and investigate offences related to the Regulations. Power of inspection, entry and testing.
<b>Measuring Instruments (Automatic Discontinuous Totalisers) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Automatic Rail-weighbridges) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Automatic Catchweighers) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Gravimetric Filling Instruments) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations
	Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Beltweighers) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Capacity Serving Measures) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant



<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
<b>Measuring Instruments (Liquid Fuel and Lubricants) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Liquid Fuel Delivered from Road Tankers) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Material Measures of Length) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (Cold-water Meters) Regs 2006</b>	Duty of the local weights and measures authority to enforce the Regulations Power to serve compliance notice, serve an enforcement notice and powers of entry, inspection testing and search by warrant
<b>Measuring Instruments (EEC Requirements) Regulations 1988</b>	To perform functions and investigate offences related to the Regulations. Power to entry, inspection testing and search by warrant.
<b>Medical Devices Regulations 2002</b>	Powers of forfeiture, issue suspension notices, enter premises and seize goods and entry by warrant. Duty of local weights and measures authority to enforce these regulations in relation to devices that are consumer goods.
<b>Medicines (Advertising) Regulations 1994</b>	To perform functions and investigate breaches under the Regulations
<b>Non-Automatic Weighing Instruments (EEC Requirements) Regulations 2000</b>	To perform functions and investigate offences related to the Regulations. Only local weights and measures authority can institute proceedings. Powers of entry, inspection, testing and entry by warrant.
<b>Packaging (Essential Requirements) Regulations 2003</b>	Duty of local weights and measures authority to enforce the Regulations. Power to issue suspension notices, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Packaged Goods Regulations 2006</b>	Duty of local weights and measures authority to enforce the Regulations. Powers of entry, inspection, testing and search by warrant.
<b>Passenger Car (Fuel Consumption &amp; CO2 Emissions Information) Regulations 2001 and The Passenger Car (Fuel Consumption) Order 1983.</b>	Duty of local weights and measures authority to enforce the Regulations. Power to enter premises to request production to seize a certificate of conformity. Power to search by warrant.
<b>Personal Protective Equipment (EC Directive) Regulations 2002</b>	Duty of local weights and measures authority to enforce the Regulations Power to issue suspension notices, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Package Travel, Package Holidays and Package Tours Regulations 1992</b>	Duty of local weights and measures authority to enforce the Regulations for the purposes of regs 5, 7, 8, 16 & 22. Powers of entry, seizure, production of documents and

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
	entry by warrant.
<b>Pressure Equipment Regulations 1999</b>	Duty of local weights and measures authority to enforce the Regulations in relation to pressure equipment or assemblies for private use or consumption. Power to issue suspension notices, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Pyrotechnic Articles (Safety) Regulations 2015</b>	Duty of local weights and measures authority to enforce the Regulations. Power to enter premises, inspect and seize goods etc, carry out test purchases
<b>Radio Equipment &amp; Telecommunications Terminal Equipment Regulations 2000</b>	Duty of local authority to enforce the Regulations. Power to serve enforcement notice. Power to issue suspension notices, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Recreational Craft Regulations 2004</b>	Duty of local weights and measures authority to enforce the Regulations. Power to service compliance notice. Power to issue suspension notices, apply for forfeiture and obtain information.
<b>Simple Pressure Vessels (Safety) Regulations 1991</b>	Duty of local weights and measures authority to enforce the Regulations where they relate to vessels and relevant assemblies as consumer goods. Power to issue suspension notices, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Supply of Machinery (Safety) Regulations 1992</b>	Duty of local weights and measures authority to enforce where it relates to relevant machinery as goods for private use or consumption Power to issue suspension notices, apply for forfeiture, carry out test purchases, enter premises, inspect and seize goods etc... and obtain search warrants
<b>Unfair terms in consumer contracts Regs 1999</b>	Enforcement of unfair terms in consumer contracts
<b>Secondary legislation made under the Development of Tourism Act 1969</b>	
<b>Tourism (Sleeping Accommodation Price Display) Order 1977</b>	Power of entry and inspection.
<b>Secondary legislation made under the Financial Services &amp; Markets Act 2000</b>	
<b>Money Laundering Regulations 2007</b>	Pursuant to arrangements made with the Office of Fair Trading (reg. 40) Power to request information, records and attendance of persons to answer questions. Powers of entry, inspection, take copies of documents and entry

<b>ACT/REGULATION</b>	<b>DESCRIPTION OF DELEGATION</b>
	by warrant. Upon failure by a person to provide information, power (pursuant to arrangements made with the Office of Fair Trading) to make an application to the courts requesting person to take certain action.
<b>Secondary legislation made under the Childrens and Families Act 2014</b>	
<b>Nicotine Inhaling Products (Age of Sale and Proxy Purchasing) Regulations 2015</b>	Duty of weights and measures authority to enforce Regulations
<b>Standardised Packaging of Tobacco Products Regulations 2015</b>	To perform functions and investigate breaches under the Regulations from commencement date
<b>Secondary legislation made under Tobacco Advertising and Promotion Act 2002</b>	
<b>Tobacco Advertising and Promotion (Display of Prices) (England) Regulations 2010</b>	To perform functions and investigate breaches under the Regulations
<b>Tobacco Advertising and Promotion (Display) (England) Regulations 2010</b>	To perform functions and investigate breaches under the Regulations
<b>Secondary legislation made under Agriculture Act 1970</b>	
<b>Animal Feed (Composition, Marketing and Use) (England) Regulations 2015</b>	Duty of feed authority to enforce the Regulations
<b>Feed (Hygiene and Enforcement) (England) Regulations 2005</b>	Duty of feed authority to enforce the Regulations. Power to enter premises, inspect, seize and detain suspect feed and serve notices

**Legislation enforced by Bromley Public Protection Division**  
(Public Protection and Safety Portfolio – Delegation (26))

Public Health (Control of Disease) Act 1984  
as amended by Health and Social Care Act 2008

Section	Power
45M	Apply for orders under part 2A
46	Duty of the La to bury or cremate a body where no other arrangements made
48	Power to apply to Court for an order removing a body to a mortuary
61	Power of entry for appointed 'Proper Officer'
62	Supplementary powers as to entry
64	Power to prosecute

The Health Protection (Local Authority Powers) Regulations 2010

Section /Regulation	Power
2	To serve / review vary or revoke a notice to keep a child away from school when a child is or may be infected or contaminated
3	To serve notice on a head teacher of school to provide names addresses and contact numbers of pupils
4	To disinfect or decontaminate things at the request of the owner and charge for the service
5	To disinfect or decontaminate things at the request of a person with custody or control of the things and charge for the service
6	To disinfect or decontaminate premises at the request of the owner and charge for the service
7	To disinfect or decontaminate things at the request of the tenant and charge for the service
8	Power to serve notice on a person or groups requesting co-operation for

	health protection purposes. Offer compensation
9	Serve notice on the person having charge or control of premises in which a dead body is located prohibiting contact with the body
10	Serve notice on the person having charge or control of premises in which a dead body is located prohibiting entry to the room in which the body is located
11	To relocate or cause to be relocated a dead body

#### Health Protection (Notification) Regulations 2010

Section / Regulation	Power
	Appointment of the 'Proper Officer' for the receipt of information and notifications
Regulation 6	Duty of the Proper Officer to disclose a notification to the Health Protection Agency and or Proper Officer of another LA or Port Authority

#### Health Protection (Part 2A Order) Regulations 2010

Regulation 7	Power to charge in connection with Part 2A orders relating to things and premises
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Report No.  
CSD17038

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** **COUNCIL**

**Date:** **Wednesday 1 March 2017**

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

**Title:** **PENSION FUND - BROMLEY COLLEGE TRANSFER VALUE**

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

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** N/A

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1. Reason for report

- 1.1 At its meeting on 22<sup>nd</sup> February 2017, the Pensions Investment Sub-Committee will be considering the attached report on the investment performance of Bromley's Pension Fund. The report includes a section (section 3.6) updating Members on the transfer of assets and liabilities in the fund relating to Bromley College to the London Pensions Partnership (LPP) as a result of the merger of the College with Greenwich Community College on 1<sup>st</sup> August 2016. Council is requested to note the significantly increased transfer value, which reflects the good performance of the Fund since the matter was approved by Council on 4<sup>th</sup> July 2016. The final figure will be subject to further fluctuation, and will be reported to Pensions Investment Sub-Committee following the completion of the transfer.
- 

2. **RECOMMENDATION**

**Council is requested to note the latest indicative increase in transfer value relating to Bromley College as detailed in section 3.6 of the attached report.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

Corporate Policy 1. Policy Status: Existing Policy: See attached report

2. BBB Priority: Excellent Council:
- 

## Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Recurring Cost: See attached report
  3. Budget head/performance centre: Pension Fund
  4. Total current budget for this head: £36.4m expenditure (pensions, lump sums, etc); £42.6m income (contributions, investment income, etc); £893.9m total fund market value at 31<sup>st</sup> December 2016.
  5. Source of funding: Contributions to the Pension Fund
- 

## Personnel

1. Number of staff (current and additional): 0.4 fte
  2. If from existing staff resources, number of staff hours: c. 14 hours per week
- 

## Legal

1. Legal Requirement: Statutory Requirement: LGPS Regulations 2013, LGPS (management and Investment of Funds) Regulations 2016
  2. Call-in: Not Applicable: This report is for noting.
- 

## Procurement

1. Summary of Procurement Implications: Not Applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,276 current employees; 5,233 pensioners; 5,425 deferred pensioners as at 31<sup>st</sup> December 2016
- 

## Ward Councillor Views

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

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



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**Decision Maker:** Pensions Investment Sub-Committee Council

**Date:** Pensions Investment Sub-Committee 22<sup>nd</sup> February 2017  
Council 1<sup>st</sup> March 2017

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

**Title:** PENSION FUND PERFORMANCE Q3 2016/17

**Contact Officer:** James Mullender, Principal Accountant  
Tel: 020 8313 4292 E-mail: james.mullender@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** All

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**1. Reason for report**

- 1.1** This report provides a summary of the investment performance of Bromley's Pension Fund in the 3<sup>rd</sup> quarter of 2016/17. More detail on investment performance is provided in a separate report from the Fund's external advisers, AllenbridgeEpic, which is attached as Appendix 5. Baillie Gifford has also provided a commentary on its performance and on its view of the economic outlook and this is attached as Appendix 3. The report also contains information on general financial and membership trends of the Pension Fund and summarised information on early retirements.

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**2. RECOMMENDATIONS**

**2.1 The Pensions Investment Sub-Committee is asked to:**

- (a) Note the contents of the report;
- (b) Agree the proposed Fund Manager attendance dates as detailed in para 3.7.2, and
- (c) Note the latest indicative increase in transfer value relating to Bromley College as detailed in section 3.6.

**2.2 Council is asked to note the latest indicative increase in transfer value relating to Bromley College as detailed in section 3.6.**

## Corporate Policy

1. Policy Status: Existing policy. The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.
  2. BBB Priority: Excellent Council.
- 

## Financial

1. Cost of proposal: No cost
  2. Ongoing costs: Recurring cost. Total administration costs estimated at £3.4m (includes fund manager/actuary/adviser fees, Liberata charge and officer time)
  3. Budget head/performance centre: Pension Fund
  4. Total current budget for this head: £36.4m expenditure (pensions, lump sums, etc); £42.6m income (contributions, investment income, etc); £893.9m total fund market value at 31<sup>st</sup> December 2016)
  5. Source of funding: Contributions to Pension Fund
- 

## Staff

1. Number of staff (current and additional): 0.4 FTE
  2. If from existing staff resources, number of staff hours: c 14 hours per week
- 

## Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2013, LGPS (Management and Investment of Funds) Regulations 2016
  2. Call-in: Call-in is not applicable.
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,276 current employees; 5,223 pensioners; 5,425 deferred pensioners as at 31<sup>st</sup> December 2016
- 

## Ward Councillor Views

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

### **3. COMMENTARY**

#### **3.1 Fund Value**

- 3.1.1 The market value of the Fund ended the December quarter at £893.9m (£863.3m as at 30<sup>th</sup> September 2016) and had risen further to £907.6m as at 31<sup>th</sup> January 2017. The comparable value as at 31st December 2015 was £732.0m. Historic data on the value of the Fund are shown in a table and in graph form in Appendix 1.

#### **3.2 Performance Targets and Investment Strategy**

- 3.2.1 Historically, the Fund's investment strategy has been broadly based on a high level 80%/20% split between growth seeking assets (representing the long-term return generating part of the Fund's assets) and protection assets (aimed at providing returns to match the future growth of the Fund's liabilities). Between 1998 and 2012, Baillie Gifford and Fidelity managed balanced mandates along these lines. In 2012, a comprehensive review of the Fund's investment strategy confirmed this high-level strategy. It concluded that the growth element would, in future, comprise a 10% allocation to Diversified Growth Funds (DGF) and a 70% allocation to global equities, with a 20% protection element remaining in place for investment in corporate bonds and gilts.
- 3.2.2 The revised strategy was implemented in three separate phases: Phase 1 (Diversified Growth) was implemented on 6<sup>th</sup> December 2012 with a transfer of £50m from Fidelity's equity holdings (£25m to both Baillie Gifford and Standard Life); Phase 2 (global equities) was implemented on 20<sup>th</sup> December 2013, with £200m being allocated to Baillie Gifford (from within their former equities holdings), £120m to MFS International (transferred from Fidelity) and £120m to Blackrock (£70m from Baillie Gifford and £50m from Fidelity); and Phase 3 (fixed income) was finalised in May 2015, when £6m was switched from the Baillie Gifford Sterling Aggregate Plus Fund into that company's Global Bond Fund (£3m) and Emerging Market Bond Fund (£3m).

#### **3.3 Summary of Fund Performance**

##### **3.3.1 Performance data for 2016/17 (short-term)**

A detailed report on fund manager performance in the quarter ended 31<sup>st</sup> December 2016 is provided by the fund's external adviser, AllenbridgeEpic, in Appendix 5. The total fund return for the third quarter was 3.6% against the benchmark of 4.0%. This compares to an estimated average of 3.2% across LGPS funds (based on initial figures from PIRC – see para 3.3.3 below). Further details of individual fund manager performance against their benchmarks for the quarter, year to date, 1, 3 and 5 years and since inception are provide in Appendix 2.

##### **3.3.2 Medium and long-term performance data**

Between 2006 and June 2016 WM Company measured the fund managers' results against their strategic benchmarks, and at total fund level, it used the local authority indices and averages. The Fund's medium and long-term returns have remained very strong, although the overall return of +0.1% for 2015/16 was down against the benchmark return of +0.5%. In 2014/15, the Fund returned +18.5% compared to the benchmark return of +16.4% and achieved an overall local authority average ranking in the 7th percentile. For comparison, the rankings in earlier years were 29% in 2013/14, 4% in 2012/13, 74% in 2011/12, 22% in 2010/11, 2% in 2009/10 (the second best in the whole local authority universe), 33% in 2008/09, 5% in 2007/08, 100% in 2006/07 (equal worst in the whole local authority universe), 5% in 2005/06, 75% in 2004/05, 52% in 2003/04, 43% in 2002/03 and 12% in 2001/02.

The following table shows the Fund's long-term rankings in all financial years back to 2005/06 and shows the medium to long-term returns for periods ended 30<sup>th</sup> June. The medium to long-term results have been good and have underlined the fact that the Fund's performance has been consistently strong over a long period.

Year	Whole Fund Return	Benchmark Return	Local Authority average	Whole Fund Ranking
	%	%	%	
<b>Financial year figures</b>				
2015/16	0.1	0.5	0.2	39
2014/15	18.5	16.4	13.2	7
2013/14	7.6	6.2	6.4	29
2012/13	16.8	14.0	13.8	4
<b>3 year ave to 31/3/16</b>	<b>8.4</b>	<b>7.5</b>	<b>6.4</b>	<b>6</b>
2012/13	14.2	12.1	11.1	5
2011/12	2.2	2.0	2.6	74
2010/11	9.0	8.0	8.2	22
<b>5 year ave to 31/3/16</b>	<b>8.8</b>	<b>7.6</b>	<b>7.1</b>	<b>6</b>
2010/11	10.7	9.2	8.8	11
2009/10	48.7	41.0	35.2	2
2008/09	-18.6	-19.1	-19.9	33
2007/08	1.8	-0.6	-2.8	5
2006/07	2.4	5.2	7.0	100
2005/06	27.9	24.9	24.9	5
<b>10 year ave to 31/3/16</b>	<b>7.7</b>	<b>6.4</b>	<b>5.6</b>	<b>4</b>

### 3.3.3 Performance Measurement Service

As previously reported, in April 2016, the Council was informed that WM Company (State Street) would cease providing performance measurement services to clients to whom they do not act as custodian, with effect from June 2016. There are currently no providers offering a like for like service, so the Council will utilise its main custodian, BNY Mellon, to provide performance measurement information going forward. The new service is now live, and has produced the summary of manager performance at Appendix 2. A new provider for LGPS comparator information, PIRC, has emerged and at the time of writing has 58 of the 89 LGPS funds (65%) signed up to the service, including the London Borough of Bromley and 26 London Boroughs. It is envisaged that comparator data will be available for the 4<sup>th</sup> quarter monitoring report.

## 3.4 Fund Manager Comments on performance and the financial markets

- 3.4.1 Baillie Gifford has provided a brief commentary on recent developments in financial markets, their impact on the Council's Fund and the future outlook. This is attached as Appendix 3.

## 3.5 Early Retirements

- 3.5.1 Details of early retirements by employees in the Fund are shown in Appendix 4.

## 3.6 Bromley College Transfer

- 3.6.1 As report to the Pensions Investment Sub-Committee in May 2016 and subsequently Council in July 2016, Bromley College was intending to merge with Greenwich Community College and had made a request to designate the London Pension Fund Authority (now the Local Pensions Partnership, LPP) as the administering body in place of the London Borough of Bromley.

- 3.6.2 Bromley College merged with Greenwich Community College on 1<sup>st</sup> August 2016, and following an application by the colleges, the Secretary of State directed that the assets and liabilities relating to all scheme members' employment with Bromley College shall transfer to the LPP. This means that the terms of the transfer were therefore set such that a full transfer of all of Bromley College's assets and liabilities in the Bromley Fund are to be transferred to the LPP and the transfer value payable will reflect solely the value of Bromley College's asset share in the Bromley Fund.
- 3.6.3 As required under the direction, the transfer value will therefore change over time until payment, in line with investment returns achieved up to payment date. Where available, investment returns, net of fees, achieved by the Bromley Fund will be used so as to minimise any mismatch between actual assets and the bulk transfer payment.
- 3.6.4 At the time the May report was written, the estimated asset share relating to Bromley College was £23.4m. The actuary has now updated the asset share using Pension Fund investment performance and cashflow data to 31<sup>st</sup> December 2016, and the illustrative asset share for Bromley College as at 31 December 2016 has been calculated to be around £29.5m. The main reason for the increase is the investment return achieved by the Fund since the initial calculation, as can be seen from the table in Appendix 2.
- 3.6.5 It should be noted that the final transfer payment is therefore still subject to further fluctuations and potentially by large amounts. For example, the estimated returns for January 2017 have been positive by around 1.5% and this plus subsequent returns will be factored into the final calculations. A further area that will impact on the final figure relates to cashflows; contributions by Bromley College ceased at the time of the merger and the Bromley Fund is about to cease pension payments for Bromley College pensioners. The actuary will ensure that complete data is encompassed into the calculations – although not as material as investment returns, the impact of cashflows can still have an impact, which could be around 1-2% in this case.
- 3.6.6 As agreed by Council in July 2016, authority has been delegated to the Director of Finance, in consultation with the Chairman and Vice-Chairman of Pensions Investment Sub-Committee, to agree the transfer of the appropriate asset share following the advice of the Council's independent Pension Fund advisor. It is anticipated that this will reflect any changes to the Asset Allocation Strategy that are proposed for the Pensions Investment Sub-Committee to consider on 22<sup>nd</sup> February 2017.
- 3.6.7 Given the significant increase in the transfer value since the indicative figure reported to the Sub-Committee and Council, reflecting the latest good performance of the Pension Fund, Pensions Investment Sub-Committee and Council are asked to note the change in transfer value, which remains indicative at this stage and subject to change as set out in para 3.6.5. The final figure will be reported to Pensions Investment Sub-Committee following the transfer.

### **3.7 Fund Manager attendance at meetings**

- 3.7.1 Standard Life and Fidelity were scheduled to attend this meeting; however they have been requested to attend a later meeting to allow time for full consideration of other items on this agenda. It is proposed that Baillie Gifford attend the May meeting as previously scheduled, and that Standard Life and Fidelity attend in September.
- 3.7.2 While Members reserve the right to request attendance at any time if any specific issues arise, members are asked to agree attendance at the future meetings as follows:

Meeting 16<sup>th</sup> May 2017 – Baillie Gifford (global equities, fixed income and DGF)

Meeting 19<sup>th</sup> September 2017 – Standard Life (DGF) and Fidelity (fixed income)  
 Meeting 21<sup>st</sup> November 2017 – MFS (global equities)  
 Meeting 20<sup>th</sup> February 2018 – Blackrock (global equities)  
 Meeting 22<sup>nd</sup> May 2018 – Baillie Gifford (global equities, fixed income and DGF)

## **POLICY IMPLICATIONS**

3.7.3 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.

## **4. FINANCIAL IMPLICATIONS**

4.1.1 Details of final outturn for the 2015/16 Pension Fund Revenue Account and the position after the third quarter of 2016/17 are provided in Appendix 4 together with fund membership numbers. A net surplus of £7.0m was achieved during of 2015/16 (mainly due to investment income of £7.3m) and total membership numbers rose by 733. In the first three quarters of 2016/17 a net surplus of £2.9m was achieved and total membership numbers rose by 319.

4.1.2 It should be noted that the net surplus to date of £2.9m includes £6.1m investment income, which is currently reinvested in the fund. In cashflow terms, there is therefore a £3.2m cash deficit for the first three quarters of the year. As members will be aware, cashflow is one of the main drivers of the asset allocation review which is reported elsewhere on this agenda.

## **5. LEGAL IMPLICATIONS**

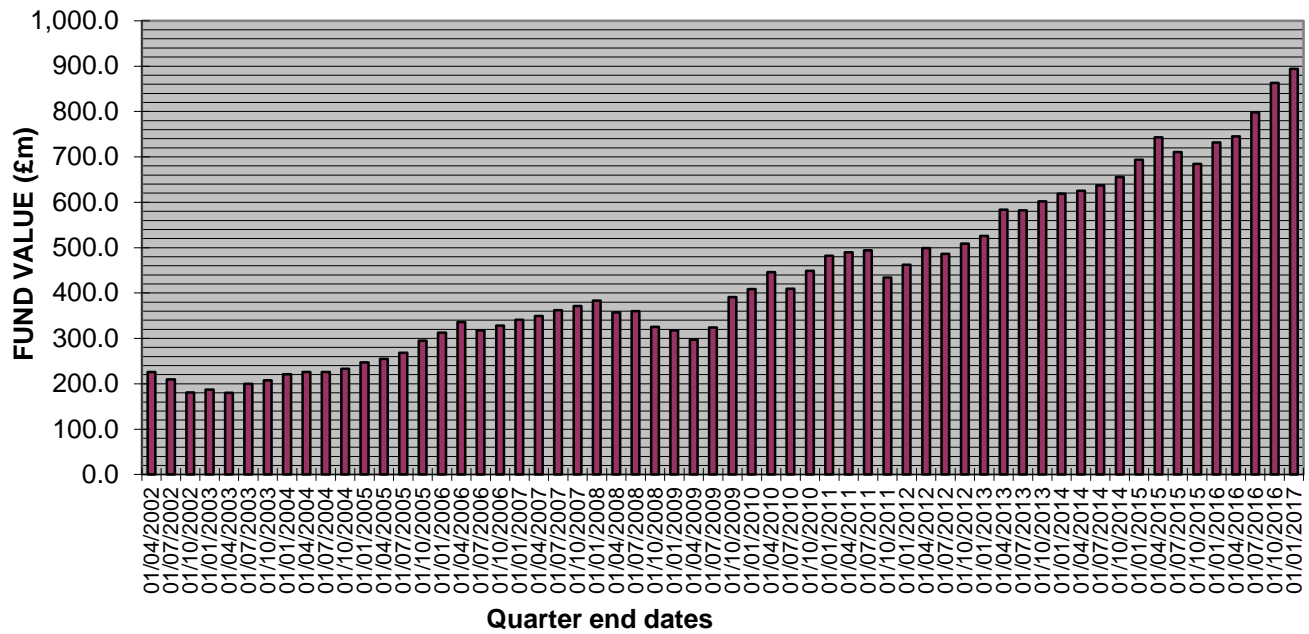
5.1.1 The statutory provisions relating to the administration of the Local Government Pension Scheme are contained in the Local Government Pension Scheme (LGPS) Regulations 2013. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) set out the parameters for the investment of Pension Fund monies.

<b>Non-Applicable Sections:</b>	Personnel Implications, Impact on Vulnerable Adults and Children, Procurement Implications
Background Documents: (Access via Contact Officer)	Monthly and quarterly portfolio reports of Baillie Gifford, Blackrock, Fidelity, MFS and Standard Life.

## MOVEMENTS IN PENSION FUND MARKET VALUE SINCE 2002

Date	Baillie Gifford				Fidelity			Blackrock		MFS	Standard Life	CAAM	GRAND TOTAL
	Balanced	DGF	Fixed	Global	Total	Balanced	Fixed	Total	Global	Global	DGF	LDI	
	Mandate		Income	Equities		Mandate	Income		Equities	Equities		Investment	
	£m		£m	£m		£m	£m		£m	£m		£m	
31/03/2002	113.3				113.3	112.9		112.9					226.2
31/03/2003	90.2				90.2	90.1		90.1					180.3
31/03/2004	113.1				113.1	112.9		112.9					226.0
31/03/2005	128.5				128.5	126.7		126.7					255.2
31/03/2006	172.2				172.2	164.1		164.1					336.3
31/03/2007	156.0				156.0	150.1		150.1				43.5	349.6
31/03/2008	162.0				162.0	151.3		151.3				44.0	357.3
31/03/2009	154.4				154.4	143.0		143.0					297.4
31/03/2010	235.4				235.4	210.9		210.9					446.3
31/03/2011	262.6				262.6	227.0		227.0					489.6
31/03/2012	269.7				269.7	229.6		229.6					499.3
31/03/2013#	315.3	26.5			341.8	215.4		215.4			26.1		583.3
31/03/2014@	15.1	26.8	45.2	207.8	294.9		58.4	58.4	122.1	123.1	27.0		625.5
31/03/2015		45.5	51.6	248.2	345.3		66.6	66.6	150.5	150.8	29.7		742.9
30/06/2015		45.1	49.6	236.9	331.6		64.4	64.4	143.3	142.3	29.3		710.9
30/09/2015		44.2	50.4	223.6	318.2		65.2	65.2	133.3	138.9	28.8		684.4
31/12/2015		44.9	50.1	247.5	342.5		65.2	65.2	143.3	151.7	29.3		732.0
31/03/2016		44.8	51.8	247.9	344.5		67.4	67.4	145.5	159.2	28.3		744.9
30/06/2016		45.2	54.7	265.3	365.2		70.7	70.7	157.0	177.3	28.0		798.2
30/09/2016		47.2	57.1	297.9	402.2		74.8	74.8	169.6	188.5	28.2		863.3
31/12/2016		47.9	55.5	310.9	414.3		72.6	72.6	181.1	197.3	28.6		893.9
31/01/2017		48.3	55.0	323.3	426.6		71.7	71.7	183.6	197.2	28.5		907.6
# £50m Fidelity equities sold in Dec 2012 to fund Standard Life and Baillie Gifford DGF allocations.													
@ Assets sold by Fidelity (£170m) and Baillie Gifford (£70m) in Dec 2013 to fund MFS and Blackrock global equities.													

## PENSION FUND - QUARTERLY VALUES SINCE 2002





## PENSION FUND MANAGER PERFORMANCE TO DECEMBER 2016

Portfolio	Month %	3 Months %	Fiscal YTD %	1 Year %	3 Years %	5 Years %	Since Inception %
Fidelity Fixed Income	2.04	-2.91	8.34	12.18	8.94	11.54	6.95
Benchmark	1.89	-3.11	6.18	10.64	8.03	9.60	6.13
Excess Return	0.15	0.20	2.16	1.54	0.91	1.94	0.81
Baillie Gifford Global Equity	1.80	4.39	25.19	25.61	14.96	15.53	7.91
Benchmark	3.34	6.50	25.70	29.40	14.33	14.00	7.50
Excess Return	-1.54	-2.11	-0.52	-3.79	0.63	1.53	0.42
Standard Life DGF	2.10	1.43	0.84	-2.47	2.01		3.31
Benchmark	0.45	1.36	4.20	5.65	5.61		5.85
Excess Return	1.65	0.07	-3.36	-8.11	-3.60		-2.54
Baillie Gifford Fixed Income	2.32	-2.79	7.03	10.72	7.83		7.49
Benchmark	1.87	-2.88	6.57	11.37	8.03		7.43
Excess Return	0.45	0.08	0.46	-0.65	-0.19		0.06
Baillie Gifford DGF	1.72	1.52	7.10	6.89	4.69		5.04
Benchmark	0.31	0.92	2.89	3.91	3.98		4.15
Excess Return	1.41	0.59	4.21	2.99	0.71		0.89
MFS Global Equity	2.91	4.66	23.39	29.65	16.91		17.29
Benchmark	3.30	6.38	25.17	28.66	13.71		14.06
Excess Return	-0.39	-1.72	-1.78	0.99	3.20		3.23
Blackrock Global Equity	3.28	7.03	24.67	26.84	14.06		14.34
Benchmark	3.34	6.50	25.71	29.40	14.33		14.85
Excess Return	-0.05	0.54	-1.03	-2.56	-0.27		-0.51
<b>Total Fund</b>	<b>2.40</b>	<b>3.60</b>	<b>19.90</b>	<b>22.20</b>	<b>13.01</b>	<b>14.14</b>	<b>8.83</b>
<b>Benchmark</b>	<b>2.74</b>	<b>4.02</b>	<b>19.29</b>	<b>22.93</b>	<b>12.14</b>	<b>12.49</b>	
<b>Excess Return</b>	<b>-0.34</b>	<b>-0.41</b>	<b>0.61</b>	<b>-0.73</b>	<b>0.87</b>	<b>1.65</b>	

## London Borough of Bromley

### Summary Reports for the quarter ended 31 December 2016

#### Global Equities

Performance to 31 December (%)

	Fund Gross	Fund Net	Benchmark
Five Years (p.a.)*	15.6	15.3	14.0
Since 31/12/2013** (p.a.)	15.2	14.8	14.3
One Year	25.7	25.3	29.4
Quarter	4.3	4.2	6.5

\*Balanced mandate prior to December 2013

#### Investment Environment and Portfolio

Being long-term stock-pickers, the portfolio is constructed from a bottom-up basis and while political events have driven recent stock market moves, it is encouraging to see that, in general, the operational performance of the companies in your portfolio remains strong. As we have discussed in previous commentaries, many of the holdings have exposure to what we believe are three of the most exciting long-term growth areas: technological innovation, growing Asian consumption and a continued recovery in the US economy. We remain very excited by these structural growth drivers and they are reflected in some of the transactions that have been completed over the past few months.

Our continued work into 'Technology Platforms' has resulted in two transactions, the first of which was a new holding in the company, Line. It is the dominant messaging 'app' in Japan with 62 million monthly active users, but also has market leading positions in Taiwan, Thailand and Indonesia. Not only do we believe that it will increase monetisation rates in Japan, but it should also benefit from the very rapid growth in its other markets, fuelled by increasing smartphone penetration and high user engagement. As a result, we have placed Line in our rapid growth category and, reflecting its relatively high risk profile, have taken an incubator-sized 0.5% position.

Earlier in the year, we took an incubator holding in the Chinese travel platform, Ctrip. Productive meetings with the chairman and co-founder, James Liang and with

the CFO, Cindy Wang, have strengthened our conviction in the sustainability of its dominant competitive position. The recent purchase of the Edinburgh-based online flight search engine, Skyscanner, will also allow it to integrate acquired metasearch technology into its own offering and will undoubtedly help Ctrip's expansion into markets outside China. We remain confident there is still considerable upside from here and so increased it to a 1% holding in your portfolio.

We have also taken a new holding in the data analytics company, Verisk. The roots of the company were in aggregating data on premiums and losses for the US property & casualty (P&C) insurance industry in the 1970s. However, over the past 45 years it has built up a comprehensive best-in-class data set and evolved into a data analytics company. Its data and analysis services allow customers in the P&C insurance, financial services and energy industries to price risk better and to design new products more quickly and in compliance with regulation. Verisk continues to build its database by exchanging the data that it receives from customers for a more holistic view of the market in which the customer operates. With its strong competitive position and customer-focused, long-term management, we believe the company should be able to generate double digit per annum earnings growth over the next ten years from cross selling, increasing the layers of analysis and international expansion.

In contrast, however, we have sold the holding in the Japanese company, THK. It has a dominant position in the production of linear motion guides, which are used in machines and robots. We believed that the company would benefit from the structural growth in industrial automation as well as being able to expand margins. Unfortunately this has not materialised, with weak demand from China suppressing revenue growth to a modest 2% per annum. Furthermore we have become concerned by management's move away from core markets into areas such as the automotive sector.

#### Outlook

In 2017, markets may well experience further bouts of volatility, driven by political or macro events. After all, the world awaits to see what Trump will do once he moves into the White House, what 'Brexit' will actually look like and what the outcomes of elections in the Netherlands, France and Germany will be.

We will, of course, monitor these events and look at what impact they might have on the long-term operations of the holdings in your portfolio. However, it is a

company's competitive position, its balance sheet, its management, their strategy and their willingness to invest for the future that have the greatest impact on how the company's share price performs over the long term. It is these fundamentals that we focus on. In periods of extreme market volatility, company fundamentals are often ignored by the market and this provides great opportunities for stock-pickers. We will continue to look to take advantage of these.

As in previous years, we are putting together some thoughts about what might be some of the key areas to shape the focus of our research over the next 12 months. We will share this 2017 Research Agenda with you in the next few weeks and look forward to discussing it with you and hearing your thoughts in the coming months.

## Diversified Growth

### Performance to 31 December (%)

	Fund Net†	Base Rate +3.5%
Since Inception* (p.a.)	5.1	4.0
Three Years (p.a.)	4.7	4.0
One Year	6.9	3.9
Quarter	1.7	0.9

\*06 December 2012

†Net of pooled fund's standard management charge.

The portfolio transferred from the Baillie Gifford Diversified Growth Pension Fund into the underlying Baillie Gifford Diversified Growth Fund (OEIC) on the 1st October 2016. The above performance is that of the Diversified Growth Fund (OEIC) since the portfolio's initial investment in the strategy

The Fund's objective is to outperform the UK Base Rate by at least 3.5% per annum (net of fees) over rolling five-year periods with an annualised volatility of less than 10%.

Source: StatPro, Baillie Gifford

### Summary Risk Statistics (%)

Delivered Volatility	4.3
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Annualised volatility, calculated over 5 years to the end of the reporting quarter  
Source Baillie Gifford

### Investment Environment and Outlook

The US presidential election was always likely to dominate the final quarter of the year. The sense of anticipation was heightened by the fact that the race featured the two least-popular candidates ever to seek the nomination. Markets softened ahead of the vote, with investors accumulating cash amid nervousness about the possible immediate impact of a Trump win. However, despite a sell-off in the immediate aftermath of his victory, markets rallied to finish the year on a high.

The market recovery came as Trump softened his language, placing greater emphasis on economic stimulus – cutting taxes, as well as simplifying regulation and encouraging spending on infrastructure. This diverged from rhetoric over the potential deportation of immigrants; withdrawal from the North America Free Trade Agreement (NAFTA) and other trade-unfriendly measures that had featured heavily in his campaign. The rally also perhaps reflected a recognition that, with the economy operating close to capacity, there has been a reasonably well-established period of growth and stability in the US which Trump is unlikely to wish to derail. This outlook for rising spending and falling taxes goes some way to explaining why we have seen a sharp rise in US government bond yields in recent months, as expectations of inflationary pressures continue to mount. Commodity prices have also strengthened over the year, with the oil price in particular continuing to trend upwards following OPEC's announcement of a cut in production. This would typically be supportive for a number of emerging market economies. However, the effect of a stronger dollar, together with the prospect of faster interest rate rises in the US, have actually seen money flowing out of emerging markets. Despite that, the overall environment for some emerging economies improved over the course of the year as their currencies stabilised and structural reforms were gradually implemented.

In Europe, politics also remained highly relevant. A decisive result in the recent constitutional referendum in Italy led to the immediate resignation of Prime Minister Renzi, before a close call in the Austrian presidential election, which went against the populist candidate, threatened to compound the Brexit result and add to European instability. Despite these results, and concerns around the future of Deutsche Bank, the continent's largest bank, markets were notably resilient. Equity markets have risen and the German ten-year government bond is now offering a positive yield, after spending much of the summer in negative territory. Such a response is, in part, due to the European Central Bank maintaining its support, as evidenced by the recent extension of its quantitative easing programme. However, more importantly, growth numbers from both the UK and Europe have been reasonably strong and above what we would assess to be the current trend.

Markets in Japan were particularly buoyant. With the yen around 15% weaker against the US dollar over the quarter, the Nikkei outperformed most other major equity indices in local currency terms as companies enjoyed gains in the value of their foreign assets. The Chinese economy also continued to stabilise as the concerns over the growth outlook that many held at the beginning of the year continued to dissipate and economic data, particularly reported GDP growth, held up well. What we are not sure of, however, is the extent to which the improvement in data is the result of a set of stimulatory measures implemented ahead of next year's politburo conference. Ultimately, these may turn out to be a one-off aimed primarily at helping Xi Jinping strengthen his position within the Communist party.

### Outlook

Our outlook for the global economy remains moderately optimistic. This view is based on both developed and emerging economies continuing on their current upward growth trajectory, and is supported by recent data from economic surveys. These, taken together, are consistent with global growth of close to 3% p.a.. Inflationary pressures are rising although, on the whole, headline CPI figures will probably be a less critical measure for central banks in the short to medium term, meaning a likely continuation of supportive monetary policies. While central banks have been dominant in shaping the broader economy in recent years, there is a groundswell of opinion which is questioning the efficacy of quantitative easing and exceptionally loose monetary policy, paving the way instead for a possible increase in fiscal stimulus in the year ahead. This is most obviously the case in the US.

Inflationary pressures, particularly in the labour market, were reflected in the Federal Reserve's decision to raise interest rates in December and its projection of three further hikes in 2017. However, the 25bp increase had been fully priced in by market participants and leaves policy rates well below their long-term average level. We expect interest rates to continue to rise in the US during 2017, especially in the face of falling unemployment and rising inflation. Indeed, this latter point is not restricted to just the US, as higher levels of headline inflation are observed across much of the developed world.

Opportunities and challenges which come as a result of political outcomes – expected or otherwise – will continue to require close observation. Mindful of this, Europe will be in the spotlight in 2017 as France, Holland and Germany all have national elections. Given recent events in the UK and the US, where populism and protectionism have been more in vogue, the outcome of these elections will give further insight into how Europe will be shaped in the future, both economically and socially, as well as how it trades as a bloc with the rest of the world. The evolution of Russia and China's international relationships, with the US in particular, will also be a point of substantial interest.

For the UK, as Brexit negotiations gather pace, it remains likely that the implications of a 'hard' or 'soft' Brexit will be more of a domestic problem rather than something that roils global markets. While a major topic here, Europe has several other agenda items to deal with in the year ahead, not least the elections mentioned above. However, in the short term at least, the immediate outlook for the UK economy means it is still likely to be one of the faster-growing developed economies.

In terms of our outlook for where asset prices might go to from here, one observation is that so much of what *might* go right has already been priced in, with valuations at or above their long-term fair value across

a broad range of assets. Therefore, despite reasonably robust growth figures, in the face of interest rate normalisation and political uncertainties, higher levels of market volatility than we have seen in the last few years appear likely.

### *Portfolio Positioning and Performance*

At the start of the quarter, we removed the remainder of our short sterling position, as sterling fell below \$1.25 which was the target level at which we had planned to exit the trade at the time of its inception. This position had been established prior to the UK's referendum on EU membership as a partial hedge for the portfolio in case the decision in the referendum was to leave the EU, causing a sell-off in sterling.

In commodities, we decided to sell our palladium holding. This commodity had experienced a sharp price rally, doubling over five years in South African rand terms, despite little change in its fundamentals. This provided an opportunity to take profits. We retain our position in platinum where we believe there is still a good fundamental case for price appreciation.

We typically invest in emerging market government bonds issued in the local currency of the issuing country. However, for some time, we have been considering the attractions of equivalent bonds issued in hard currency, typically US dollars. We think that there are currently some good opportunities in this area which, at an index level, yields around 6% for lending to BB+ quality governments. As a result, we invested around 2% of the Fund in a basket of US-dollar denominated emerging market government bonds. A further change within this asset class was the complete sale of the portfolio's Greek bonds which had performed particularly well in recent months. Indeed, while most other European government bond yields were rising following the US election, yields on Greek debt continued to fall, resulting in a strong price performance. We reinvested some of the proceeds of this trade in a new allocation to Argentinian (local currency) bonds, where a positive reform story is underway, with a new government and set of institutions tackling Argentina's fiscal problems and moving to an inflation-targeting regime.

Elsewhere, within our corporate credit exposure, we made a reduction to investment grade bonds as prospective returns became less attractive. We also removed the interest rate hedge on the remainder of our position, given the rise in Treasury yields to levels that look to be closer to fair value. In high yield credit, we reduced the Fund's exposure to listed US loan funds, which saw their discounts narrow. We also reduced our structured finance weighting as discount margins on senior issues tightened.

**Executive Summary**

We kept some of the proceeds of these reductions in cash and T-Bills, anticipating future opportunities. We also made an investment in US index-linked government bonds. This trade was looking to achieve a better rate of interest than we get on cash, and should also benefit from any pick-up in US inflation.

Finally, within insurance linked securities we took a small holding in Horse Capital, an innovative bond brought to the market by the Italian insurer Generali. This issue covers the company against extreme losses in its motor business.

## Performance to 31 December (%)

	Fund	Benchmark
Since Reorganisation <sup>†</sup>	6.07	6.50
Since 09/12/13 (p.a.)**	7.86	7.71
One Year	11.11	11.32
Quarter	-2.60	-2.92

1/06/2015

\*\* Inception date of bond mandate

† When the fund reorganised on 01/06/2015 the following benchmark has been used for reference purposes only; 88% Sterling Aggregate Benchmark (consisting of 50% FTSE Actuaries All stocks index and 50% Merrill Lynch Sterling Non-Gilt Index), 6% JP Morgan GBI-EM Global Diversified Index un-hedged in Sterling and 6% Barclays Global Credit Index, hedged to Sterling

Source: StatPro

*Investment Environment*

While analysts write millions of words every year scrutinising the minutiae of political and market events, remarkably few of these have had lasting impacts. In the past 40 years, one might point to the Reagan and Thatcher liberalising reforms, Federal Reserve Chairman Volcker's defeating inflation through higher interest rates, the creation of the euro, the collapse of the Soviet Union and the Chinese economic reforms begun in 1978. Correctly anticipating the market effects of these five events while ignoring everything else would have set any investor on the path to riches.

We say this, of course, because this has been a year of political surprises as Britain voted to leave the European Union and then Donald Trump won the US Presidential election. Not only did most analysts get the results wrong, the error was compounded by misjudging the consequences. Equity markets have reached new highs and US consumer confidence is at its highest level since 2001. This confounded those who expected dire market consequences from these 'populist' votes.

Nevertheless, Trump has been elected on a ticket of reversing the political and economic consensus in which, in his words, "Our politicians have aggressively pursued a policy of globalization — moving our jobs, our wealth and our factories to Mexico and overseas." We cannot know his precise actions on taking office at time of writing, and he must translate his rhetoric to actions and take legislation and budget plans through Congress. However, his rejection of globalisation and condemnation of trade as an enemy of US jobs is striking. We may well have just witnessed another major event with lasting consequences.

In the shorter term, the revised interpretation of his victory is that economic activity will increase through higher infrastructure spending and tax cuts. This is the

principal reason why equity markets are cheered and high yield bonds traded well. Banking reforms are also expected to be rolled back, further boosting financial risk appetite. These economic stimuli will be debt funded, again reversing a period of fiscal conservatism which has seen US government spending fall as a share of GDP. Bonds have fared less well, with US yields reversing the falls of the first three quarters of 2016.

Taken at face value, Trump's plans would likely cause an increase in inflation because the US economy does not have the spare capacity to readily increase output. Commodity prices — already healthier than last year — should benefit too. The Federal Reserve may also bring forward interest rate hikes, both because higher inflation is anticipated and because fiscal action will replace monetary stimulus in sustaining economic growth. The US dollar should be a beneficiary as currency flows back into the United States to take advantage of higher interest rates and other new investment opportunities.

For credit markets, the first order effects have been judged to be mainly helpful. Corporate bonds are not as economically sensitive as equity, but moderate economic growth helps the company earnings which underpin creditworthiness and inflation reduces the real value of their debt burdens. Lower corporate taxes can also boost cash flow. The second order effects are trickier to evaluate. Central banks have supported corporate bonds indirectly, through easy monetary policies, and directly, through bond purchase programmes — we could see this change as monetary support begins to reduce.

*Portfolio and performance*

Yields rose sharply during the quarter and absolute returns were negative. Rising inflation expectations were the dominant driver of higher government bond yields, which also impacted returns on investment grade bonds. The additional yield spread provided by corporate bonds was little changed, although the higher starting yield cushioned losses on investment grade bonds relative to government bonds.

Overall interest rate positioning was changed during the quarter, moving the Fund to benefit should bond yields continue to rise. The notable change was initiating an underweight position in UK gilts, in the expectation of higher inflation and looser fiscal policy leading to higher bond yields in the future. The other change of note related to our view on Mexico where concern about higher inflation caused us to close the overweight position before the US election. The Fund had previously been overweight New Zealand relative to Australia – market pricing moved to reflect our view, so we closed both positions. Indeed, we initiated a modest overweight in Australia given the attractive real yield on offer. The position in South Korea, to benefit from lower bond yields, was closed as it hit its target. The position in Polish bonds relative to the Eurozone was also removed given increasing concerns on domestic politics.

Within corporate bonds, your Fund has a long-held underweight position in the banking sector, relative to the benchmark, with banks having to work hard to re-capitalise following the financial crisis – we much prefer businesses in other financial sectors such as insurers and financial services companies. However, Standard Chartered appears to be an improving story in terms of its credit-worthiness, so we took a holding. The bank has a credible management team, and most of its financial metrics are strong relative to its peers. We reduced your holding in Vonovia to fund the Standard Chartered purchase, with the bonds having performed well and looking less attractive on a relative basis. We also bought John Lewis bonds for your Fund. The well-known retailer continues to be robust operationally. However, unusually for a company of its size, the bonds do not have a credit rating from any of the rating agencies – there is now increased expectation it will look to acquire one, which would make the bonds more attractive to the market, potentially boosting returns. We reduced your holding in National Grid to provide the funding – the bonds had performed well but the risk of credit rating downgrades has increased as it sells off large parts of its business.

Within currency positioning, we retain overweight positions in higher-yielding countries such as Brazil and Russia. We are also overweight currencies in economies where we expect interest rates to rise ahead of market expectations – we have taken a new position in the US dollar while retaining our overweight in Sweden. On the contrary, we expect some of the lower

yielding Asian nations to struggle if Donald Trump follows through on his election promise of increased trade tariffs. We retain the underweight in the South Korean won and added a new underweight position in the Singapore dollar during the period. We removed the underweight to South Africa rand as we have grown more constructive on the political outlook as the risk premium falls. Underweight currency positions in Turkey and Thailand were also closed, as was the overweight position in Indonesia.

### Outlook

Our longer-term economic fundamental view is that global growth potential has fallen in recent years owing to ageing populations, declining productivity growth and debt overhangs. In the shorter term, Trump's radical agenda will very likely boost the US economy. His anti-trade agenda is a wild card. Globalisation has been an enormous engine of growth in emerging markets – has the trade tide now turned?

The world's central banks will continue to examine the actions of our politicians closely. While this is likely to see rate rises in the United States, the European and UK central banks may choose to continue their easy money policies until the political environment improves. Our assumption is that we have not seen the last political surprise.

Steady but low economic growth is the ideal backdrop for absolute returns in credit markets and has driven an eight-year-long bull market. Companies have taken advantage of low interest rates to issue bonds, often increasing their financial gearing by buying back equity with the proceeds. This has led us to conclude that we are approaching the final phases of this credit cycle and the market is vulnerable to a setback.

Overall, 2016 was a turbulent year after which all who make a living from predictions should have learned to be more humble. However, there are always opportunities as well as threats in change. For our clients, we will work hard to interpret the financial world and find opportunities in its bond markets.



## EARLY RETIREMENTS

A summary of early retirements and early release of pension on redundancy by employees in Bromley's Pension Fund in the current year and in previous years is shown in the table below. With regard to retirements on ill-health grounds, this allows a comparison to be made between their actual cost and the cost assumed by the actuary in the triennial valuation. If the actual cost of ill-health retirements significantly exceeds the assumed cost, the actuary will be required to consider whether the employer's contribution rate should be reviewed in advance of the next full valuation. In the latest valuation of the Fund (as at 31<sup>st</sup> March 2013), the actuary assumed a figure of £1m p.a from 2014/15, a significant increase over the estimate of £82k p.a. in the 2010 valuation. In 2014/15, there were seven ill-health retirements with a long-term cost of £452k, in 2015/16 there were nine ill-health retirements with a long-term cost of £1,126k, and in the first three quarters of 2016/17 there were five with a long-term cost of £228k. Provision has been made in the Council's budget for these costs and contributions have been and will be made to reimburse the Pension Fund, as result of which the level of costs will have no impact on the employer contribution rate.

The actuary does not make any allowance for other (non-ill-health) early retirements or early release of pension, however, because it is the Council's policy to fund these in full by additional voluntary contributions. In 2014/15, there were 19 other retirements with a total long-term cost of £272k, in 2015/16, there were 23 non ill-health retirements with a long-term cost of £734k, and in the first three quarters of 2016/17 there were 21 with a total cost of £571k. Provision has been made in the Council's budget for severance costs arising from LBB staff redundancies and contributions have been and will be made to the Pension Fund to offset these costs. The costs of non-LBB early retirements have been recovered from the relevant employers.

Long-term cost of early retirements	Ill-Health		Other	
	No	£000	No	£000
Qtr 3 – Dec 16 - LBB	-	-	-	-
- Other	1	51	-	-
- Total	1	51	-	-
Total 2016/17 - LBB	2	101	18	523
- other	3	127	3	48
- Total	5	228	21	571
Actuary's assumption - 2013 to 2016		1,000 p.a.		N/a
- 2010 to 2013		82 p.a.		N/a
Previous years – 2015/16	9	1,126	14	734
– 2014/15	7	452	19	272
– 2013/14	6	330	26	548
– 2012/13	2	235	45	980
- 2011/12	6	500	58	1,194

**PENSION FUND REVENUE ACCOUNT AND MEMBERSHIP**

	<b>Final Outturn 2015/16 £'000's</b>	<b>Estimate 2016/17 £'000's</b>	<b>Actuals to 31/12/16 £'000's</b>
<b>INCOME</b>			
Employee Contributions	6,284	6,400	4,708
Employer Contributions			
- Normal	20,712	21,000	14,742
- Past-deficit	6,005	6,000	4,504
Transfer Values Receivable	1,778	1,800	2,191
Investment Income	7,297	7,400	6,066
Total Income	<u>42,076</u>	<u>42,600</u>	<u>32,211</u>
<b>EXPENDITURE</b>			
Pensions	25,333	25,900	19,575
Lump Sums	5,372	5,500	4,602
Transfer Values Paid	828	1,500	2,169
Administration			
- Manager fees	2,617	2,500	2,045
- Other	884	870	903
Refund of Contributions	92	80	57
Total Expenditure	<u>35,126</u>	<u>36,350</u>	<u>29,352</u>
Surplus/Deficit (-)	<u>6,950</u>	<u>6,250</u>	<u>2,859</u>
<b>MEMBERSHIP</b>	<b>31/03/2016</b>	<b>31/12/2016</b>	
Employees	6,234	6,276	
Pensioners	5,084	5,223	
Deferred Pensioners	5,287	5,425	
	<u>16,605</u>	<u>16,924</u>	



REPORT PREPARED FOR

**London Borough of Bromley  
Pension Fund**

February 2017

**Alick Stevenson**

**AllenbridgeEpic Investment Advisers Limited (AllenbridgeEpic).**

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This quarterly report by your adviser, Alick Stevenson of AllenbridgeEpic Investment Advisers (AllenbridgeEpic), provides a summary of performance and an analysis of the investments of the London Borough of Bromley Pension Fund for the three months ending 31 December 2016.

### Executive Summary for the Quarter ended 31 December 2016

- The fund value rose to £893.9m as at 31 December 2016, from £863.3m at 30 September 2016. The corresponding figure for 31 December 2015 was £732.0m.
- The total fund had an investment return of 3.6% for the quarter slightly behind the benchmark of 4.0%. For the twelve months the fund was also slightly behind the benchmark with a return of 22.3% v 22.9%. Over the longer and more meaningful periods the fund returned 13.0%pa (12.1%pa) for the three years and 14.1%pa (12.5%pa) for the rolling five year period. These performance figures now come from BNYMellon.
- Once again the majority of the growth in value came from the three global equity managers who benefited significantly as equity stock markets rose on the back of the Trump victory in the USA. Both DGF portfolios saw modest improvements to their asset values. Both fixed income portfolios fell slightly as the markets factored in potentially earlier than expected rate increases.
- As far as the strategic or long term asset allocations are concerned, the fund continues to remain overweight equities (77.1% v 70%), has moved away from the strategic asset allocation for DGF assets (8.6% v 10.0%) and remains underweight fixed income (14.3% v 20.0%).
- Assets of between £25m and 30m relating to the transfer of Bromley Academy will be moved out of the LBB Pension Fund within the next few months. A decision on which assets will be transferred has yet to be made.

## Market Commentary for the Quarter ended 31 December 2016

**“This year will be worse than last year, but better than next year”**

**Enva Hoxha**

**President of Albania**

The unexpected win by Donald Trump in the US presidential election, coupled with continued nervousness surrounding BREXIT might well have precipitated a fall in most global markets. Whilst the bond markets did have a small “sell off”, on the theory that Trump’s more expansionist policies would engender interest rate rises, equity markets, especially financials on the other hand moved sharply ahead (particularly in the US).

I make no excuse for repeating the following paragraph (from my 30 September 2016 INVESTREP) as it continues to have significance.

“Global markets remain under the “benign if opaque” control of the central banks; as they have since the “Lehman Crisis” of 2008. If anything, this control is now less overt, despite quantitative easing programmes continuing in Europe and the UK. Interest rates remain soft as central banks try to nudge economic growth upwards. Whilst growth in the UK and US economies seems to be warming up gradually, the EU continues to be locked in a low/no growth morass from which there seems little current potential or even appetite to escape. The Asia/Pacific region continues to have its own problems whilst Chinese issues could prove a negative tipping point globally”.

Now that the US Elections are over and Donald Trump is installed in the White House it remains to be seen how many of his pre-election promises he will enact and what effects these will have on the US economy and the rest of the world. In the UK, the BREXIT juggernaut rolls on and as predicted some time ago, “the Remainers” continue to try and derail the Brexit process. Meanwhile in Europe, several countries will have elections this year, the outcomes of which are currently the subject of much speculation.

As far as markets are concerned, the Dow Jones broke through the 20,000 barrier and the UK once again broke through the 7,000 levels, perhaps in the belief that the Trump administration will launch a large fiscal stimulus plan that may well impact positively on the rest of the world. Despite that news, the ECB extended its quantitative easing programme until December 2017, although that programme is unlikely to help the Greek government which continues to debate economic matters with the EU.

One thing seems certain however, and that is inflationary pressures are building around the global recovery and with oil prices reaching a high for the year any hope of mitigation from a

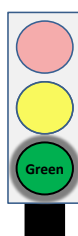
declining oil price has disappeared. All of these, together with a moderate uptick in economic activity may well combine to push inflation and interest rates higher over the coming months.

### Fund Value as at 31 December 2016

Manager Name	Asset Class	Value 31-Dec- 16  £m	Actual % of Fund		Value 30-Sep- 16  £m	Actual % of Fund	Strategic  Asset Allocation %
Baillie Gifford	DGF	47.9	5.4		47.2	5.5	
Standard Life	DGF	28.6	3.2		28.1	3.3	
Sub total DGF		76.5	8.6		75.3	8.7	10.0
Baillie Gifford	Global E	310.9	34.8		297.9	34.5	
BlackRock	Global E	181.1	20.3		170.0	19.7	
MFS	Global E	197.3	22.1		188.5	21.8	
Sub total GE		689.3	77.1		656.4	76.0	70.0
Baillie Gifford	Fixed Int	55.5	6.2		57.1	6.6	
Fidelity	Fixed Int	72.6	8.1		74.8	8.7	
Sub total FI		128.1	14.3		131.9	15.3	20.0
Fund Totals		893.9	100.0		863.6	100.0	100.0

source: Baillie Gifford, BlackRock, Fidelity, MFS, Standard Life

### The Fund for the quarter ended 31 December 2016



Overall the Fund managers have not changed their investment processes during the quarter, neither have any significant personnel changes been notified which might influence the way in which the managers' investment processes are managed.

Our recently appointed relationship manager at Standard Life, Alex Liddle, has left to join Nigel Cosgrove at Aviva. Mark Mckelvey has been appointed to replace Alex.

***This change at Standard Life will have no impact on the investment management of the portfolio.***

## Fund investment performance for the quarter ended 31 December 2016

This is the first quarter that investment performance data has been supplied by BNYMellon following the decision by State Street to discontinue this service.

The fund returned 3.6% for the quarter which was 0.4% behind the benchmark.

For the twelve months the fund was also slightly behind the benchmark with a return of 22.3% v 22.9%. Over the longer and more meaningful periods the fund returned 13.0%pa (12.1%pa) for the three years and 14.1%pa (12.5%pa) for the rolling five year period.

## Fund Governance and Voting

Voting and governance matters are covered in detail within the various Investment Manager reports provided to the members under separate cover.

## Market statistics for the quarter and rolling 12 months ended 31 Dec 2016

EQUITIES Total return	3 months %	12 months %
MSCI World	8.4	20.9
MSCI World ex USA	3.9	25.3
S & P 500	9.1	33.5
MSCI UK	4.2	19.2
MSCI Europe ex UK	5.0	19.7
MSCI AsiaPac ex Japan	0.0	27.7
MSCI Japan	5.0	22.5
MSCI All Emerging	0.8	33.1

Best Performing Sectors	3 months %	12 months %
Energy	13.1	52.2
Materials	8.2	46.8
Industrials	7.5	35.4
Financials	20.6	35.0
Information Technology	5.5	33.6

FIXED INCOME Total return	3 months %	12 months %
FTSE Index Linked	-2.7	24.2
FTSE all Gilts	-3.4	10.1
J P Morgan Global Sov	-3.6	21.1
Bofa ML Corp >10yr IG	-4.9	15.4
<b>ML HY constrained</b>	<b>5.6</b>	<b>36.9</b>

Inflation Indicators YOY%	As at 31-Dec- 16	As at 31-Dec- 15
UK RPI	1.9	1.2
UK CPI	1.1	0.2
US Core CPI	1.8	0.7
Euroland CPI	1.1	0.2

Other Assets	3 months	12 months
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Worst Performing Sectors		
Utilities	2.0	27.5
Telecom Services	3.7	27.1
Consumer Discretionary	7.3	23.6
Consumer Staples	-0.6	22.0
Health Care	-0.4	11.7

Sources: Datastream and Newton

	%	%
LIBOR 1 month	0.1	0.4
LBMA Gold Bullion	-8.0	29.7
Brent Crude	18.1	73.4
IPD property Index	1.3	1.4
HFRI Index	6.0	19.9

## INVESTMENT MANAGER REVIEWS

### Global Equity Portfolios

#### Baillie Gifford Global Alpha (segregated)

This portfolio was funded as at 20 December 2013 with a performance objective to outperform the MSCI ("ACWI") All Country World Index by 2-3% pa (before fees) over rolling five year periods. This measurement commenced from 31 December 2013).

(The Fund was closed to prospective investors at the beginning of 2015 but remains open for additional funding from existing clients). Baillie Gifford are one of several investment managers that have been appointed to the London CIV and are currently appointed, with other managers, for both Global Equity and DGF mandates.

Rolling one year turnover was slightly lower than the previous quarter, at 13% (14.0%) which still implies an average holding period of around seven years, a recognition that Baillie Gifford continues to focus on the long term and prefer to look through the short term gyrations except when they see stock purchasing opportunities.

Baillie Gifford operate a long term growth investment strategy which aims to overcome short term political statements by buying and holding stocks across the world which exhibit long term fundamental strengths.

The portfolio statistics were little changed from the previous quarter September 2016. The fund was invested across 24 (24) countries and held 96 (96) different investments. These investments were spread over 10 (10) sectors and encompassed 37 (38) differing industries, thus providing a broadly diversified set of assets. It is worth noting that the active money within this portfolio is continuing to run at a very high level of around 93% (92%). This "active money" ratio confirms that the fund is not holding benchmark or index weightings relating to stocks making up the index and reflects the active stock picking philosophy of the manager and its long term nature. During the quarter the manager added two new stocks and sold out of Dolby Laboratories and THK.

For the quarter, the fund had an investment return of 3.8%, some 2.7% behind the benchmark of 6.5%. Since the portfolio reorganisation in December 2013, the fund has returned 15.2%pa against a benchmark of 14.3%pa. *(All returns shown are net of fees.)*

*The portfolio remains ahead on 3 and 5 year measures. Since inception in December 1999 has returned a net 7.3%pa against the benchmark of 6.7%pa.*



The “active money” style (stock picking) is clearly demonstrated with the top ten holdings continuing to accounting for just over 28% of the total portfolio, in line with the previous quarter. Amazon 4.2% (4.7%), Prudential Corp at 3.5% (3.1%), and Royal Caribbean Cruises 3.1%. hold the top three positions with Naspers dropping back to fourth position with 3.0% (3.5%). Alphabet Inc, TD Ameritrade and CRH take the eighth, ninth and tenth positions with 2.4%, 2.3% and 2.2% respectively.

### BlackRock Ascent Life Enhanced Global Equity Fund (pooled)

This portfolio was funded as at 20 December 2013 and has a performance objective: to outperform the MSCI ACWI by 1-2% per annum whilst managing risk relative to the benchmark.

The manager can invest across the whole of the ACW Index and, as a result, held 788 stocks (843) at the end of the quarter and delivered a net investment return for the quarter of 6.4% matching the index. For the rolling twelve months the manager remains behind the benchmark at 26.4% (*benchmark 28.7%*). Over the three year rolling period the fund is just slightly ahead at 13.9%pa versus the benchmark of 13.7%pa and since inception, however, a positive net return of 14.4%pa against its benchmark of 13.3%pa. ***Whilst these performance numbers are above the actuarial assumptions they are behind the benchmark.*** The manager had explained to the Committee at the last regular meeting of the PISC that their “black box” had basically failed to address the number of seismic events in 2016 and thus had failed to achieve the performance objectives.

In terms of country allocations, the manager has maintained its neutral position in most major markets although it has moved underweight in Australia and overweight in Canada.

Sectorally, the fund has remained marginally overweight in Healthcare, stayed underweight in Financials, and has remained significantly overweight InfoTech and moved to a neutral position in Consumer Staples.

The top ten stocks have moved around over the quarter with Microsoft in first equal position with United Health Group at 1.3%, with Apple and Home Depot both with 1.2%. The top ten stocks account for some 11.4% (10.9%) of the overall portfolio.

### MFS Global Equity Fund (segregated)

This portfolio was funded as at 18 December 2013 and has a performance objective to outperform the MSCI world index (net dividends reinvested) over full market cycles.

MFS is currently invested in 15 (15) countries and has 116 (116) holdings. This contrasts with the benchmark of 1,654 (1,637) holdings spread across 23 countries.

For the quarter the fund returned 4.5% net against its benchmark of 7.1% for an underperformance of 2.6%. Over the rolling twelve months the fund had a return of 29.5% against a benchmark of 28.2%, a very good return in volatile markets. Since inception the fund has returned 17.2%pa (net) against the benchmark of 15.1% pa.

The underperformance of 2.6% for the quarter was due to poor sector selection with stock selection a net neutral contributor.

A look through the country and sector weights shows that the fund remained underweight North America (59.3% v 63.7%) and Asia Pacific ex Japan (1.5% v 4.4%), and has maintained its overweight

positions in Europe ex UK at +3.2% (+3.5%), and Japan 1.3% (+2.4%). In the UK the neutral position from last quarter has moved slightly underweight at 0.7%. The fund continues to run a small +1.4% overweight in emerging markets.

Sectorally, the fund has again maintained its significant overweight position in Consumer Staples (18.8% v 9.7%), with smaller over-weights in Industrials at +5% (+4.7%) and Financials +2.9 (+2.7%). These over weights are being “funded” by underweight positions in Consumer Discretionary -5.9% (-5.1%), Utilities, where the manager has a zero weighting (-3.2%) and Energy -3.5% (-3.3%).

In terms of top ten holdings, Nestle (2.6%), JP Morgan Chase with 2.4% and Johnson & Johnson at 2.3% are the three largest, with KIDDI Corp at 1.9%, Philip Morris at 1.8% and Lockheed Martin at 1.6% in eighth, ninth and tenth positions.

### **Global Equity Crossholdings**

There are two crossholdings within the aggregated top ten holdings of the three global equity managers this quarter. MFS and BlackRock both hold JP Morgan Chase for a total value of £6.7m and Texas Instruments for a total value of £5.2m. These values translate to just 1.8% of the global equity portfolio and just 1.4% of total fund assets.

### **Diversified Growth Funds**

Overall, the make-up of the Baillie Gifford fund has not changed significantly over the quarter. The manager has added slightly to its holdings in sovereign debt, funded by reducing holdings in high yield bonds.

In contrast, Standard Life holds over half of its assets in derivative based investments backed by cash, with just over 2/3rds of the portfolio invested in relative value and directional investment strategies.

#### **Baillie Gifford**

This mandate was funded on 8 December 2012 and has a performance objective to outperform UK base rate by at least 3.5% pa (net of fees) over rolling five year periods and with an annualised volatility of less than 10%.

For the 12 month period the portfolio has returned 6.9% against the benchmark of 3.9%. For this quarter the fund had a significant positive return of 4.4% versus the benchmark of 1.0%. Since inception, the fund has delivered a return of 5.1% (net of fees) against its benchmark of 4.0%.

Despite some major market movements over the quarter in the lead up to and then following Donald Trump’s election as US president, the manager made few significant changes to the asset allocations within the fund; the exceptions being a small decrease in equities to 18.8% (19.3%) and in structured finance assets down to 9.5% (10.5%), although cash holdings rose to 7.4% (4.1%). The majority of the other changes in asset class values are primarily due to relative value impacts and reflect the differing investment performance of the various asset classes over the quarter.

One of the primary directives for the fund, and one closely followed, is to keep volatility within target. at the end of the quarter the current figure of 4.3% matched that of the previous quarter and less than half of the upper ceiling of 10%.

### Standard Life Global Absolute Return Fund

This mandate was funded on 7 December 2012 and has a performance objective to achieve +5% per year (gross) over 6 month LIBOR over rolling three year periods with expected volatility in the range of 4% to 8%pa.

The manager has reported a positive performance for the quarter but remains in negative territory for the rolling twelve months. For the quarter the fund had a positive return of 1.8% against its 6 month LIBOR benchmark of 0.1%, but for the twelve months reported a negative return of -2.1% against the benchmark of 0.6%. Since inception, the fund has generated a positive return (net of fees) of 3.3% pa, although this return is significantly behind the fund benchmark of 5.6%pa.

The volatility in equity markets post Brexit and during the quarter was positive for the fund holdings in US and European equities. In addition holdings in US investment grade credit and high yield bonds were also positive.

In terms of investment performance, there are four main components in the portfolio, Market Return Strategies were slightly positive, as were Directional Strategies, Relative Value strategies posted a small negative contribution 0.10% and currency hedging and flat. These when calculated against their respective overall fund allocations produced a positive return of 1.8% for the quarter.

The table below highlights the asset allocation differences between Baillie Gifford and Standard Life in sourcing investment returns.

	Baillie Gifford	Baillie Gifford	Standard Life	Standard Life	Total DGF	Total DGF
	%	£m	%	£m	£m	%
Value at 31 December 2016		47.9		28.6	76.5	
Asset Class						
Global equities	18.8	9.0	27.1	7.7	16.8	21.9
Private equity	1.3	0.6			0.6	0.8
Property	6.7	3.2			3.2	4.2
Global REITS			8.3	2.4	2.4	3.1
Commodities	2.0	1.0			1.0	1.3
Bonds						
High yield	12.7	6.1	3.9	1.1	7.2	9.4
Investment grade	2.8	1.3	9.8	2.8	4.1	5.4
Emerging markets	11.8	5.7			5.7	7.4
UK corp bonds			1.3	0.4	0.9	1.2
EU corp bonds			3.8	1.1	0.9	1.2
Government	5.8	2.8		0.0	2.8	3.6
Global index linked						
Structured finance	9.5	4.6			4.6	6.0
Infrastructure	7.6	3.6			3.6	4.8
Absolute return	8.2	3.9			3.9	5.1
Insurance Linked	4.6	2.2			2.2	2.9
Special Opportunities	0.3	0.1			0.1	0.2
Active currency	0.5	0.2			0.2	0.3
Cash	7.4	3.5			3.5	4.6
Cash and derivatives			45.8	13.1	13.1	17.1

Total		100.0	47.9	100.0	28.6	76.5	100.4
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Numbers may not add due to roundings

## FIXED INCOME PORTFOLIOS

### Baillie Gifford Aggregate Plus Portfolio

This mandate was reorganised on 1 June 2015 and now has a reference benchmark comprising 44% Gilts, 44% Sterling non gilts, 6% global corporate bonds and 6% emerging market bonds. The manager's objective is to outperform this benchmark over rolling three year periods.

For the quarter, the fund had a return of -2.6% just 0.3% ahead of the benchmark of -2.9%. Since the original inception date of 9 December 2013, the fund has generated a return of 7.9% pa exceeding the benchmark of 7.7% pa. Since the reorganisation in June 2015 the fund remains slightly behind the benchmark with a return of 6.1%pa versus 6.5%pa.

From a credit rating perspective the fund moved marginally overweight benchmark levels with AAA rated bonds (9.6% v 9.3%), with a total of 98.8% (98.7%) invested in investment grade bonds.

High yield bonds, (below investment grade), have an overweight of 3.1% (4.0%) to the index and are comprised largely of bonds rated BB which have lost their "BBB" rating, but in the opinion of the manager have the ability to regain that rating. The manager does not invest in "C" rated bonds.

Regionally, the fund has remained underweight the UK at -6.1% (-5.4%) to the benchmark and overweight the US at +9.0% (+7.1%) to the benchmark. Looked at by sector the fund has remained underweight sovereign debt -10.9% (-10.4%) and Utilities -4.3% (-3.6%) with corresponding overweights in Industrials +6.5% (+7.8%) and Securitised loans +7.5% (+7.7%)

In terms of active money, those positions larger than the benchmark allocation, the manager continues to hold +2.6% in Annington Finance, 1.9% in Tesco Property Finance and 2.0% in KFW 5% 2036.

Overall, the fund is marginally short the benchmark duration at 8.7 years compared to 9.2 years for the benchmark. The running yield on the total portfolio is 4.35% compared to the benchmark of 3.59%

### Fidelity Global Aggregate Fixed Income Portfolio

This portfolio was funded in April 1998 and has a performance objective to outperform by 0.75% pa (gross of fees) an IBoxx composite benchmark of 50% Gilts and 50% £ Non Gilts over rolling three year periods.

The fund outperformed the benchmark during the quarter, albeit both negative, with a return of -2.1% (gross of fees) against the benchmark of -3.1%. Over the rolling three years, the fund is ahead of the benchmark by 0.8% pa (8.8%pa v 8.0%pa) and since inception (30 April 1998) has outperformed the benchmark by 0.8% pa with a return of 6.9% pa.

In terms of credit quality, the fund has slightly under 88% (92%) invested in investment grade bonds, albeit underweight the index, especially in AA bonds (fund 43.8% v 57.5%), and has 22.6% (21.0%)

invested in BBB rated bonds. The manager's holdings in high yield bonds has drifted down to 3.8% (5.8%) with the remaining 5.0% (2.8%) in a mix of cash and unrated investments.

There have been some changes during the quarter, with the sectoral allocation to US treasury assets falling back to 37.1% (39.7%) of the portfolio although this was more of a market value movement than a selling exercise by the manager. Overweight positions in the Financial Services (+5.6%), Insurance (+3.9%) and the Basic Industry (3.0%) sectors are offset by underweights in Supranationals and Sovereign Assets (-5.9%) and Consumer non cyclicals at ( -1.4%).

The portfolio is tracking benchmark duration of 9.6 years and has a running yield of just 2.8% (2.4%)

Alick Stevenson

Senior Adviser

AllenbridgeEpic Investment Advisers Limited

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