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DATE: 20 November 2017

To: Members of the  
**EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY  
COMMITTEE**

Councillor Simon Fawthrop (Chairman)  
Councillor Keith Onslow (Vice-Chairman)  
Councillors Nicholas Bennett J.P., Mary Cooke, Ian Dunn, Robert Evans,  
Samaris Huntington-Thresher, David Livett, Russell Mellor, Alexa Michael,  
Tony Owen, Ian F. Payne, Michael Rutherford, Stephen Wells and Angela Wilkins

A meeting of the Executive and Resources Policy Development and Scrutiny  
Committee will be held at Bromley Civic Centre on **WEDNESDAY 29 NOVEMBER  
2017 AT 7.00 PM**

MARK BOWEN  
Director of Corporate Services

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

## **PART 1 AGENDA**

**Note for Members:** Members are reminded that Officer contact details are shown on each report and Members are welcome to raise questions in advance of the meeting.

### **STANDARD ITEMS**

- 1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 DECLARATIONS OF INTEREST**
- 3 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to the Chairman of this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 23 November 2017.

4 **MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETINGS HELD ON 11 OCTOBER 2017 AND 31 OCTOBER 2017 (EXCLUDING EXEMPT ITEMS)** (Pages 5 - 20)

5 **MATTERS ARISING FROM PREVIOUS MEETINGS** (Pages 21 - 24)

6 **MINUTES FROM THE CONTRACTS SUB-COMMITTEE HELD ON 21 SEPTEMBER 2017** (Pages 25 - 30)

7 **FORWARD PLAN OF KEY DECISIONS** (Pages 31 - 38)

### **HOLDING THE RESOURCES PORTFOLIO HOLDER TO ACCOUNT**

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

In accordance with the Council's Constitution, questions to the Resources Portfolio Holder must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 23 November 2017.

9 **RESOURCES PORTFOLIO - PRE-DECISION SCRUTINY**

Portfolio Holder decisions for pre-decision scrutiny.

a **TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE 2017/18 & MID-YEAR REVIEW** (Pages 39 - 62)

### **HOLDING THE EXECUTIVE TO ACCOUNT**

10 **SCRUTINY OF THE LEADER**

11 **PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS**

Members of the Committee are requested to bring their copy of the agenda for the Executive meeting on

### **POLICY DEVELOPMENT AND OTHER ITEMS**

12 **BENEFITS SERVICE MONITORING REPORT** (Pages 63 - 84)

13 **REVENUES SERVICE MONITORING REPORT** (Pages 85 - 104)

14 **CUSTOMER SERVICES - CONTRACT PERFORMANCE REPORT** (Pages 105 - 116)

15 **EXCHEQUER SERVICE - CONTRACT PERFORMANCE REPORT** (Pages 117 - 140)

16 **RISK REGISTER** (Pages 141 - 154)

**17 WORK PROGRAMME (Pages 155 - 162)**

**PART 2 AGENDA**

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

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

**Items of Business**

**Schedule 12A Description**

**19 EXEMPT MINUTES OF THE MEETINGS HELD ON 11 OCTOBER 2017 AND 31 OCTOBER 2017 (Pages 163 - 168)**

**20 PRE-DECISION SCRUTINY OF EXEMPT RESOURCES PORTFOLIO HOLDER REPORTS**

**21 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS**

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## **EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 7.00 pm on 11 October 2017

### **Present:**

Councillor Simon Fawthrop (Chairman)  
Councillors Nicholas Bennett J.P., Mary Cooke, Ian Dunn,  
Robert Evans, Samaris Huntington-Thresher,  
Russell Mellor, Alexa Michael, Keith Onslow (Vice-  
Chairman), Tony Owen, Michael Rutherford,  
Stephen Wells and Angela Wilkins

### **Also Present:**

Councillor Graham Arthur

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

Apologies for absence were received from Councillors David Livett and Ian Payne and from Councillor Colin Smith, the Leader of the Council.

### **64 DECLARATIONS OF INTEREST**

Councillor Fawthrop declared an interest at Item 11 of the agenda by virtue of his employment by British Telecom and left the room during discussion of the item.

Councillor Keith Onslow declared an interest as an employee of the Royal Borough of Greenwich and a Zurich Municipal pensioner.

### **65 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

No questions had been received.

### **66 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 7 SEPTEMBER 2017 (EXCLUDING EXEMPT ITEMS)**

**RESOLVED:** That the minutes of the meeting held on 7<sup>th</sup> September 2017, excluding exempt information, be confirmed.

**67 MATTERS ARISING FROM PREVIOUS MEETINGS**  
Report CSD17148

The Committee received an update on matters arising from previous meetings.

- Minute 52: Matters Arising from previous Meetings: It was confirmed that an update on the circumstances surrounding the sale of land at 29 Chesterfield Close had been circulated as requested by the Committee.
- Minute 53: Forward Plan of Key Decisions: A Member asked when the report on In-house nursery Provision was now due to be considered. It was confirmed that a report was not needed now.
- Minute 56 (6): London Business Rates Pilot: A Member asked whether a decision had been made to proceed with the Pilot.

*Action Point 5: That an update be provided from London Councils (Action by the Chief Executive.)*

**RESOLVED: That the report be noted.**

**68 CONTRACTS SUB-COMMITTEE: MEMBERSHIP**  
Report CSD17146

Following the appointment of a new Leader of the Council at a special meeting of the Council on 25<sup>th</sup> September 2017, the majority group announced proposed changes to Committee memberships at the ordinary meeting of the Council the same evening. This included the appointment of Cllr Samaris Huntington-Thresher to this Committee replacing Cllr William Huntington-Thresher. Changes to various Sub-Committees were also announced by the majority group, including a change to the Contract's Sub-Committee which needed to be confirmed by the Executive and Resources PDS Committee.

**RESOLVED: That Councillor Stephen Carr replaces Councillor William Huntington-Thresher as a member of the Contracts Sub-Committee.**

**69 FORWARD PLAN OF KEY DECISIONS**

The Committee noted the Forward Plan of Key Decisions which covered the period October 2017 to January 2018.

**70 CONTRACTS REGISTER AND CONTRACTS DATABASE UPDATE**  
Report CSD17143

The Committee considered an extract from September 2017's Contracts Register. The report was based on information, covering all Portfolios, which

was presented to the Contracts Sub-Committee on 21<sup>st</sup> September 2017. The report also provided an update on progress with the Council's new Contracts Database.

The Director of Commissioning explained that the Register contained three sets of risk ratings related to (i) financial value or political significance, (ii) procurement status and (iii) an additional flag where there were concerns about contracting process. Across the Council, the number of contracts in this third category had been reduced to five – one related to social care and four to waste management.

The Committee recorded its thanks to Mrs Lesley Moore, Director of Commissioning, for her excellent work in bringing rigour to the contracts Register and developing the Contracts Database.

**RESOLVED: That the £50,000 Contracts Register be noted.**

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

No questions had been received.

**72 RESOURCES PORTFOLIO - PRE-DECISION SCRUTINY**

The Committee considered the following report where the Resources Portfolio Holder was recommended to take a decision.

**a Insurance Fund - Annual Report 2016/17**  
Report FSD17082

Following the conclusion of the 2016/17 Audit of Accounts, the Committee considered a report advising Members of the position of the Insurance fund as at 31<sup>st</sup> March 2017 and presenting statistics relating to insurance claims for the last two years. In 2016/17, the total Fund value increased slightly from £3.1m to £3.4m. A mid-year review of the Fund had also been carried out and, at this stage, it was estimated that the final fund value as at 31<sup>st</sup> March 2018 was likely to increase further to around £3.6m.

**RESOLVED: That the Portfolio Holder be recommended to note the report.**

**73 BT/ICT CONTRACT MONITORING REPORT**  
Report CSD16105

The Chairman, having declared an interest, left the room prior to the start of this item and Cllr Keith Onslow, as Vice-Chairman, chaired the meeting during the Chairman's absence.

The Committee received the second performance report of the British Telecom (BT) ICT contract utilising the Pan London Framework. Nick Adams and Andrew Gee from BT attended the meeting to respond to questions. Overall, the contractor was performing very well, with only a very limited number of cases where KPI's had not been met. Staff working in the ISD Team were due to transfer to BT on 1<sup>st</sup> November 2017 and a joint transition team was working on this to ensure, in particular, that the staff transfer was achieved smoothly. It was confirmed that staff would have access to a wide range of training opportunities with BT. Two change control notices had been issued - to extend the existing contract and to transfer remaining ISD staff (excluding the Client Unit) on 1<sup>st</sup> November.

Members commented on the need to ensure that they had input into the setting of KPI's. In this case, the contract was drawn from a framework with the KPI's already embedded but normally Members would have this opportunity at the gateway report stage. It was confirmed that the contract was consumption- based, so costs could rise or fall based on activity levels. BT could pull in additional staff as needed from across their division – as far as possible these would be the same staff with experience of Bromley's systems.

Members requested further explanation of the KPI's in section 2.3.2 (page 11) of the BT report relating to Service Desk Response and Resolution, and, section 2.4 (page 12) on Call Volumes, in particular about the time taken to answer calls. A Member explained that the data as presented smoothed out peaks and troughs, and therefore could obscure where there was variation in performance outside normal control limits. Seeing more sophisticated data would help to identify where there were problems and what needed to be done to address them.

*Action Point 6: BT to supply further information on calls where KPI's were not met, and to enhance the next monitoring report to the Committee (Action by Head of ICT)*

A Member asked when the new eclipse system was due to be fully implemented, replacing Carefirst. The implementation had been delayed, but it was confirmed that a team of in-house staff working on Eclipse would be moving to BT, and would continue to provide the service desk for Eclipse.

*Action point 7: Latest Eclipse implementation date to be provided to Members. (Action by Head of ICT)*

**RESOLVED that the report be noted, and the next monitoring report should include clearer presentation of KPI data.**



## **74 SCRUTINY OF THE CHIEF EXECUTIVE**

The Chief Executive, Mr Doug Patterson, attended the meeting to respond to questions from the Committee. Mr Patterson gave a brief introduction highlighting the following issues –

- Good progress had been made with Children’s Services and the Youth Offending Team (YOT), and the lessons learnt from the Ofsted Inspection were also being applied in Adult Services.
- Housing/homelessness pressures were continuing to increase.
- The budget for 2018/19 appeared to be in balance, with some potential efficiencies, but there were significant budget pressures to address for the following three/four years.
- Integrating health and social care was a major issue, with funding from the Department of Health for preventing delayed discharges from hospital.
- The Police super-boroughs were being trialled across London.
- There was a need to sharpen up performance monitoring by client-side staff.
- There was a continuing priority to deal with Priority One internal audit recommendations, and extra resources had been agreed for the Environment and Community Services Department to employ four additional staff to monitor contracts, one of whom was already in post.
- Directors had been tasked with carrying out quality assurance assessments of their services to deal with any major issues before examination by Internal Audit.
- The Director of Commissioning was carrying out work, including training, to ensure that processes around contract change controls were in place and adhered to.
- The Voter ID pilot would affect preparations for the 2018 local elections.
- An additional post had been allocated to Emergency Planning, and there was much work being carried out in the light of the Grenfell Tower fire and the recent terrorist attacks in London.

Mr Patterson then responded to questions, making the following comments –

- Asked about where Members could most constructively spend their time, he commented that effective scrutiny and policy development

were both needed. The new Leader had commented that he would consider re-balancing the executive portfolios, and Mr Patterson hoped that housing would be a key aspect of any changes. Better alignment of member and officer structures might be possible.

- The Council was awaiting the outcome of the two Police super-borough pilots before making further representations to MOPAC. The Council had already expressed opposition to being grouped with Croydon and Sutton.
- There were no firm plans for how quality assurance assessments would be reported to Members, but there would be links in to Portfolio Holders and PDS Committees.
- Additional resources had been allocated to Emergency Planning, and there would continue to be joint work with other authorities across South East London.
- The specification for the Amey contract needed to be considered - money was tighter and it would not be possible to keep services as they were.
- Discussions were taking place with the Cabinet Office about Voter ID, and it was likely that additional publicity would be issued after Christmas to raise awareness.
- In response to the Chairman's suggestion that postal vote fraud was a more pressing issue, Mr Patterson confirmed that the Cabinet Office and the Electoral Commission were reviewing this. Postal vote fraud was a national issue and although he would continue to raise the issue the Council could not act in isolation.
- In response to a request for a report to be provided to the Executive on the new Leader's priorities, Mr Patterson advised that he would discuss this with the Leader.
- In the light of the current and upcoming vacancies for the Director of Education and Director of Corporate Services posts, Mr Patterson confirmed that the Council sought both to recruit new senior staff from outside the organisation and encourage home-grown talent. Although the Council was only responsible for a small number of schools, there were still extensive statutory responsibilities for education, and he considered that there was a greater need for one senior manager than for a number of more junior staff. He commented that it was anticipated that there would be an increasing shortage of senior staff in general across London.
- A review of Council ward boundaries was anticipated in 2019 – Mr Patterson would check what information had been received on this.

- The Council needed to work better with the Health Service on issues such as CAMHS, where there was an increase in cases.
- In response to comments that Councillors needed to scrutinise and not accept reports at face value, Mr Patterson commented that in order to protect frontline services the team carrying out corporate performance monitoring had been disbanded. It might be that modest investment in performance management would produce benefits, but there was not currently new funding for this.
- The Internal Audit team was currently fully staffed, with funding to bring in external assistance where required. Electoral fraud was not a priority for Internal Audit.
- In response to a request from the Chairman for a list of statutory responsibilities for his department, Mr Patterson responded this could be done - this work had already been done some three years ago – but he cautioned that the position was complicated.

**75 TFM CONTRACT (AMEY)**  
Report DRR17/046

The Committee considered a report providing information on the performance of the Total Facilities Management (TFM) Contract provided by Amey Community Limited and their sub-contractor Cushman and Wakefield for the period 1<sup>st</sup> October 2016 to 31 August 2017. A letter from the Amey Account Manager provided his update on each of the individual performance elements of the contract and was attached at Appendix 1 to the report.

Darren Nolan and Andy Voase of Amey, and Mark Alder of Cushman and Wakefield, attended the meeting to respond to questions. The view from Amey was that, despite some initial problems, the contract was going well, with strong governance arrangements in place and a good relationship with the client team. Of the four main elements of the contract – hard and soft facilities management, projects and strategic property, they considered that soft facilities management (cleaning, security, portage, printing and associated activities) was where they the weakest performance.

The Chairman commented that there were numerous lights out in the committee rooms – he had not reported these to see how long it would take for the bulbs to be replaced. He considered that Amey should be more proactive on this sort of activity, and stated that the good performance set out in the report did not reflect what he actually saw. Amey commented that this was reactive maintenance, driven by what was reported by Council staff, and they had no capacity under the contract to look for problems. Another Member commented that Amey staff should be reporting faults as they went about their work. The specification had been inherited from the in-house service, and required lights to be replaced within five working days of being reported, although in practice the work would be done much more quickly. A Member

commented that maintenance requests had appeared to spike in May. Amey were not aware of a particular reason for this, although reports about heating did tend to increase in May and September.

A Member commented on what he had heard was excessive bureaucracy – requisitions being required for ordinary tasks. Amey clarified that, with certain exceptions such as printing, all requests were handled through a helpdesk which accepted requests by phone or email. All requests were logged and tracked. The Chairman commented that he had been told that new keys now had to be cut in Islington, rather than by a small local supplier. It was explained that Amey had an arrangement for bulk key cutting there.

Members commented on the KPI's and requested to know what a score of 14/17 might actually represent. The Committee was not satisfied with the data provided in the report and did not consider that it gave them the information that they needed to assess how well the contractor was performing. Amey commented that there had been problems with cases not being closed down on the system even when the task had been finished – a series of workshops had been held to address this.

A Member asked about the three month delay in commencing the Cushman and Wakefield contract, and why fire risk assessments had been added to the contract at a late stage. The delay had concerned pension arrangements for the staff transferring to Cushman and Wakefield. Fire risk assessments had not been part of the responsibilities of the Property Division but of the Health and Safety Team, so had not been part of the original service being transferred. The overall cost to the Council had not changed. 171 properties needed to be assessed; early indications were that no high or immediate risks had been identified and a report identifying costs would be presented to the client team soon.

Amey also supplied services to LB Bexley, but they confirmed that the existing framework was now closed and they were not actively seeking further Council work in south east London. If they were to win more work this should not have a detrimental impact on the contract with Bromley – on the contrary there would be greater resilience and more opportunities for cooperation. It was clarified that the reference in Amey's covering letter to Education projects was to the existing programme of capital works to schools.

The Committee concluded that they were not satisfied with this first monitoring report, and wanted to see more detailed, better presented reports in future, giving a clear indication of the specifications and providing data in terms of activity levels and not just percentages.

*Action Point 8: Presentation of performance monitoring to be improved for future reports. (Action by Head of Asset and Investment Management)*

**RESOLVED that the report be noted, but the Committee is concerned that the next monitoring report should include better presentation of KPI performance.**

**76 COUNCIL TAX RECOVERY PROCESS**  
Report FSD17080

At the committee's meeting on 13 July 2017 Members had requested that the current recovery process for collection of Council Tax debt be presented for discussion at a future meeting. Robert Jones, Katy Luk and Tracey Hollidge from Liberata attended the meeting to assist in responding to queries.

The Authority used a range of recovery methods to collect Council Tax, including bankruptcy and Charging Orders. In order to initiate bankruptcy proceedings a minimum of £5,000 needed to be owed. Since 2012, the Council had instructed 189 bankruptcy cases for debts totalling £884,000. 86 of these debts were paid in full prior to bankruptcy being granted and a further 50 once bankruptcy had been granted. The Council's policy was that there needed to be an aggregated balance on Council Tax Liability Orders of over £1,000 before an application was made to place a charge on the property. To date, the Council had applied for Charging Orders on 137 cases covering debts of £585,000. Of these cases over 40% had settled their debts whilst a further 5% had agreed to a payment arrangement.

An additional table was circulated showing high end recovery referrals to Baker Tilly. A Member commented that there was a financial incentive for Baker Tilly to recommend bankruptcy proceedings. Other Members considered that the number of cases where bankruptcy was recommended was relatively low, and officers confirmed that the final decision lay with the Council rather than Baker Tilly.

A Member commented that there was only a very small drop in recovery cases between the Final Reminder stage and summonses. He also criticised the costs as disproportionate, and suggested that the Council should do more to reduce the number of summonses issued. Officers explained that, unlike some other authorities, Bromley did set minimum value thresholds below which it did not issue summonses. Another Member commented that some very vulnerable people might not be able to respond to warnings, and the Council needed to do more to identify these cases. She suggested involving ward councillors, although there would probably be difficulties with data protection.

**RESOLVED: That the current procedure for collection of Council Tax debt be noted.**

**77 HOUSING BENEFIT CLAIMS TAKING A HIGH NUMBER OF DAYS TO PROCESS**  
Report FSD17081

At its meeting on 13 July 2017, the Committee had requested that further investigation be undertaken as to the reasons why a number of claims were

showing a high number of days to process. George Talakshi of Liberata attended the meeting to respond to questions.

A significant number of claims recorded as taking in excess of 100 days to process were showing the cause as being advance notification of a change. This was not necessarily poor performance by the contractor - in these cases, performance had been measured from the time of notification, despite the fact that the change could not take effect for some time. In future, performance would be measured from the date when the change was due to take effect, rather than the notification.

**RESOLVED: That the explanations provided for the claims being recorded as taking in excess of 100 days to process be noted.**

**78 CONTRACT CHANGE CONTROLS**  
Report CEO01634

The Committee received a report providing an update on changes to the Change Control Process in the light of recent internal audit reports. The report also set out the position on change control notices for the two main contracts within the Chief Executive's Department (with Liberata and British Telecom) and a list of change controls relating to Education, Care and Health Services Department contracts. A further appendix was circulated with change controls for the Environment and Community Services Department.

New guidance and a standard change control document had been issued, and staff were being trained on the issue. The Director of Commissioning would only sign off waivers when change control notices were in draft.

**RESOLVED that the report be noted.**

(Note: The Chairman subsequently agreed that future updates on change controls should be considered by the Contracts Sub-Committee.)

**79 WORK PROGRAMME**  
Report CSD17149

The Committee noted its work programme for 2017/18.

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

**RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.**

**The following summaries  
refer to matters involving exempt information**

**81 EXEMPT MINUTES OF THE MEETING HELD ON 7  
SEPTEMBER 2017**

**RESOLVED** that the exempt minutes of the meeting held on 7<sup>th</sup> September 2017 be confirmed.

**82 CONTRACTS REGISTER AND CONTRACTS DATABASE  
UPDATE - PART 2  
Report CSD17144**

The Committee considered an extract from the Contracts Register with additional commentary including potentially commercially sensitive information.

The Meeting ended at 10.00 pm

Chairman

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## **EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 7.00 pm on 31 October 2017

### **Present:**

Councillor Simon Fawthrop (Chairman)  
Councillors Nicholas Bennett J.P., Mary Cooke, Ian Dunn, Samaris Huntington-Thresher, David Livett, Alexa Michael, Keith Onslow (Vice-Chairman), Tony Owen, Ian F. Payne, Michael Rutherford and Angela Wilkins

### **Also Present:**

Councillor Graham Arthur, Portfolio Holder for Resources

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

Apologies had been received from Councillor Robert Evans and Councillor Russell Mellor.

### **84 DECLARATIONS OF INTEREST**

In respect of item 13 on the Executive Agenda Councillor Bennett declared an interest as a Governor of Bromley College. In respect of item 6 on the Executive Agenda in the interests of completeness, Councillor Bennett declared that the Education, Children and Families Select Committee would be undertaking a scrutiny review of the Troubled Families Programme in January 2018.

### **85 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS**

The Committee considered the following reports on the part 1 agenda for the meeting of the Executive on 7 November 2017.

#### **(6) TACKLING TROUBLED FAMILIES PROJECT – UPDATE ON OUTCOMES AND GRANT DRAWDOWN Report ED18031**

Members considered a report setting out expenditure on the Tackling Troubled Families (TTF) Programme being delivered in Bromley. The report also requested agreement to draw down grant funding from central contingency.

The TTF programme in Bromley was currently in Phase 2 of the national programme; 2017/18 was Year 3 of the 5 year Phase 2 programme. TTF remained a payment by results initiative. The national criteria was expanded

under Phase 2; the focus was now more holistic and had been broadened to allow for earlier intervention.

The Department for Communities and Local Government (DCLG) had increased the data collection requirements for TTF in order to evidence the new criteria. There was a requirement to submit to DCLG data for the national impact study, the Family Progress Data, the national Cost Savings Calculator, and Qualitative in-depth interviews with staff and families, alongside the ongoing audit requirements both locally and nationally.

The TTF Programme remained coordinated through the Bromley Children Project within Early Intervention and Family Support Services (EIFSS). The intervention and support was delivered through a number of work streams, primarily within EIFSS but also key partners including the Anti-social behaviour unit, Youth Offending Service, the Education Welfare Service, and services that supported families not in work.

In response to a question from the Chairman, the Head of Early Intervention and Family Support reported that the reward payment varied depending on the level of intervention that was necessary but that the attachment payment was a fixed sum. It was possible for the Local Authority to receive less than £800 for an intervention but this had not yet happened.

The Head of Early Intervention and Family Support also reported that the intervention target for October 2017 had been 75 and the Service had confirmation earlier in the day that in October 76 interventions had been completed. This figure required verification by Internal Audit.

In response to a question from the Chairman surrounding the £21,000 running costs, the Head of Early Intervention and Family Support explained that these costs related to the overheads of the service such as gas, electricity, water, premises, and furniture. It would be possible to provide Members with a full breakdown of the running costs on request.

The Vice-Chairman expressed concern about some information he had been given which had suggested that a policy was being operated by some sections of the NHS whereby Ritalin medication was not being prescribed to children with ADHD. The Head of Early Intervention and Family Support responded that she was not aware of any such policy not to prescribe medication. Any family who presented to the Service where there was a suspicion of ADHD was asked to attend an ADHD Parenting Programme prior to the commencement of any treatment. The Vice-Chairman requested that this issue be further looked in to as it would be useful for Members to have additional feedback.

*Action Point 9: that the outcome of any enquiry made by the Head of Early Intervention and Family Support into the Policy and practices surrounding the prescribing of Ritalin to children diagnosed with ADHD be provided to the Committee.*

In response to a question the Head of Early Intervention and Family Support provided an overview of the types of support given to families who presented to the Service. There was a key worker attached to each family and an holistic assessment of each family member was undertaken. Following this a robust action plan was developed in consultation with the family. The Service operated by consent and as such no family could be forced to take action that they did not want to take. However, if families wanted to affect change the Service would work with them and provide help and support. This could include help with issues such as improving attendance at school, employment, proper nutrition for the family, and attendance at the GP surgery. The success of the intervention was robustly monitored by Internal Audit.

In response to a question concerning whether there had ever been any conflict between the “one size fits all” national government policy and local needs, the Head of Early Intervention and Family Support explained one such area of conflict had been around school attendance. The Committee heard that if a child had school attendance as low as 20% it was a significant achievement for the family to sustain levels of attendance in excess of 80%. However the Government required levels of attendance in excess of 90%. The Service had argued that the reward should be for sustained improvement however the target had not been altered. The Service in Bromley had taken a decision to do what was right for local families even if it was sometimes at the expense of the reward.

In response to a question surrounding interventions in relation to domestic violence, the Head of Early Intervention and Family Support explained that the measure of success related to families moving away from the perpetrator to protect children. This was a huge step for many victims to actually take and the whole issue of domestic violence was very complex and challenging. There were very few refuges that would take in men and boys over 10 years old. The main aim of the Service was to support victims to end the cycle of domestic violence. To this end, a programme was being run for children who had witnessed domestic violence against their mother as the impact of this on children could not be underestimated. The aim of the programme was to help children to understand that a relationship that involved domestic violence was not a normal relationship to develop in to. The Service also ran the DVIP Programme, which was a programme for perpetrators of domestic violence. One of the main challenges with this programme was that before someone could commence the programme they had to admit and acknowledge that they were a perpetrator of domestic violence, and often perpetrators were unwilling or unable to do this.

The Chairman questioned what was meant by “children who need help” as this was a very vague criteria. The Head of Early Intervention and Family Support explained that this was terminology used by the DCLG but that there were approximately 17 sub criteria attached to ‘children who need help’ which further defined the criteria. The Head of Early Intervention and Family Support explained that the Outcome Plan which had greater detail on each of the criteria and sub criteria was available on request for any Members who would like further information.

In response to a question from a Member, the Head of Early Intervention and Family Support explained that as work was undertaken with families, when more issues requiring intervention were discovered the outcome plan for the family would be updated to require a longer intervention plan. The Service had taken a decision to do this very early on to ensure that vulnerable families were provided with the support they needed.

In response to a further question, the Head of Early Intervention and Family Support explained that the number of children within the Early Intervention Service indicated that if this service was not provided an additional 63.25 FTE Social Workers would be required within Children's Social Care.

The Committee congratulated the Head of Early Intervention and Family Support and her Team for the work they did in supporting very vulnerable families across the Borough. The Committee also noted that the Education, Children and Families Select Committee would be considering the work of the Service in greater detail in the New Year.

**RESOLVED: That the Executive be recommended to approve the drawdown from contingency a sum of £796,000 for Tackling Troubled Families for 2017/18.**

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

**RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.**

**The following summaries  
refer to matters involving exempt information**

**87 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS**

Members considered certain reports on the Part 2 agenda for the Executive's meeting on 19<sup>th</sup> July 2017.

The Meeting ended at 8.35pm

Chairman

Report No.  
CSD17169

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** 29 November 2017

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

**Title:** MATTERS ARISING FROM PREVIOUS MEETINGS

**Contact Officer:** Philippa Gibbs, Democratic Services Officer  
Tel: 0208 313 4508 E-mail: Philippa.Gibbs@bromley.gov.uk

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

**Ward:** (All Wards)

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1. Reason for report

- 1.1 Appendix 1 to this report updates Members on matters arising from previous meetings which continue to be "live".
- 

2. **RECOMMENDATION(S)**

**The Committee is invited to consider progress on matters arising from previous meetings.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: No Cost
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Democratic Services
  4. Total current budget for this head: £343,810
  5. Source of funding: 2017/18 Revenue Budget
- 

## Personnel

1. Number of staff (current and additional): 8 posts (6.87fte)
  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.
- 

## Procurement

1. Summary of Procurement Implications: N/A
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of Committee Members.
- 

## 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>	Impact on Vulnerable People and Children/Policy/Financial/Legal/Personnel/Procurement
Background Documents: (Access via Contact Officer)	Minutes of previous meetings

<b>Minute Number/Title/Date</b>	<b>Action/PDS Request</b>	<b>Update</b>	<b>Action by</b>	<b>Expected Completion Date</b>
67 (11 October 2017) <b>Matters Arising from Previous Meetings</b>	That an update from London Council's regarding the London Business Rates Pilot be provided to the Committee	Report will be presented to Executive prior to finalising the 2018/19 Budget/	Director of finance	
73 (11 October 2017) <b>BT/ICT Contract Monitoring Report</b>	BT to supply further information on calls where KPI's were not met, and to enhance the next monitoring report to the Committee	This will be picked up post BT migration.	Contract Monitoring ISD Manager	
73 (11 October 2017) <b>BT/ICT Contract Monitoring Report</b>	Latest Eclipse implementation date to be provided to Members	There has been a delay on implementation date which has been pushed back to 18 <sup>th</sup> December. This has been due to OLM being unable to meet certain timescales, which has therefore impacted the implementation date	Head of ICT	
75 (11 October 2017) <b>TFM Contract (AMEY)</b>	Presentation of performance monitoring to be improved for future reports.		Head of Asset and Investment Management	

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## **CONTRACTS SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 21 September 2017

### **Present:**

Councillor Stephen Wells (Chairman)  
Councillor Neil Reddin FCCA (Vice-Chairman)  
Simon Fawthrop, William Huntington-Thresher,  
Russell Mellor and Angela Wilkins

### **Also Present:**

Councillor Ian Dunn

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

Apologies for absence were received from Councillor Keith Onslow.

The Chairman congratulated Councillor William Huntington Thresher on his forthcoming appointment to the Executive, and thanked him for his work on the Sub-Committee.

### **71 DECLARATIONS OF INTEREST**

Councillor Simon Fawthrop declared an interest as an employee of British Telecom, and as his wife was involved as a Council employee in IT training.

### **72 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

No questions had been received.

### **73 MINUTES OF THE MEETING OF CONTRACTS SUB-COMMITTEE HELD ON 13TH JUNE 2017 AND MATTERS ARISING**

The Sub-Committee considered the following matters arising from the last meeting on 13<sup>th</sup> June 2017 –

Minute 64: Review of Waivers Audit:

The Chairman noted that quarterly meetings for staff involved in contracting were mandatory, and stated that he expected this to continue to be the case.

Members discussed how the views of potential suppliers could be sought on contract lengths. Officers confirmed that this issue should be addressed during the commissioning cycle and in particular in gateway reports as one of the many issues required to establish best value. Longer term contracts would generally

require more investment on the part of the contractor. A Member asked whether benchmarking was carried out during contracts and it was confirmed that suppliers would often benchmark their own services and come forward with savings proposals. Members were interested in independent benchmarking and more formal benchmarking. Officers were often involved in networks where contractor performance could be discussed, although this could not usually be classified as formal benchmarking. Where contracts were procured using a negotiated process benchmarking and length of tender issues would be picked up in the negotiation.

Minute 65: Commissioning and Procurement Division - One Year on:

Under the direction of Audit Sub-Committee, Zurich Municipal had assisted the Council to review its approach to risk management. The new approach had been integrated in to the Contracts Database.

The Chairman commented that change control documentation for the Waste Contract was still not in place. The Executive and Resources PDS Committee on 11<sup>th</sup> October was due to receive a report on change controls across the Council so far this year.

A Member commented that the Council still appeared to have serious problems with contract management skills, especially in Environment and Community Services. It was suggested that there was still too little movement between the public and private sectors, although this might change as the demand for commercial skills grew in the public sector. Officers confirmed that mandatory training and substantial guidance were being made available to in-house staff

The Chairman requested a report on partnership with the CCG, and how savings and efficiencies could be achieved, for the November meeting.

The Chairman proposed the following change to the minutes –

In minute 64, Review of Waivers Audit, fourth paragraph, second sentence, change “contract” to “contracting period.”

**RESOLVED that the minutes of the meeting held on 13<sup>th</sup> June 2017, excluding exempt information, be confirmed subject to the amendment set out above.**

#### **74 ADULTS SERVICES CONTRACTS - UPDATE**

The Sub-Committee received a briefing on Commissioning and Contract Management in Adult Social Care Contracts. The Deputy Chief Executive and Executive Director of Education, Care and Health Services, Ade Adetosoye, attended the meeting accompanied by Paul Feven, Interim Director of Programmes and Tricia Wennell, Head of Assessment and Care Management.

A new Division had been set up headed by Paul Feven to work out, with the CCG, how to get best value for the “Bromley pound” in a situation where it was necessary to meet rising demand for services with reducing resources. The

Government was anticipating that partial integration would be achieved by 2020. A joint leadership team was already in place and staff had been appointed to three joint posts. There was a secure foundation of good relationships, and a shared desire to promote independence and improve critical services. Although there were still differences in culture and terminology, there were shared drivers. Members commented that this was a cogent approach, and it was important to have a proactive mind-set.

The Council needed to establish a clear picture of the level of demand for services five to ten years ahead – this would help to shape the market with providers. The new departmental structures provided a clearer vision and focus and a firm platform for becoming a commissioning authority. Two members of staff from the Education, Care and Health Services Department had joined the Commissioning Board. The Executive Director assured the Sub-Committee that although the Secretary of State required him to focus on Children's Services, he was, in addition, able to devote sufficient time to Adult's Services, and that the Department had adequate resources.

It was explained that personal budgets were the sums allocated to provide care services for eligible people. Direct payments were one of the mechanisms people could choose to use to pay for their care needs. The proportion of people using direct payments in Bromley was around 26% - the aspiration was to increase this figure. Vibrance were contracted to work in the community assisting clients and building a register of Personal Assistants (PA's); at present the market was not large enough and most people still preferred the Council to buy in their services from a framework. A business case was being developed for moving to a system where the default was to direct payments. Other local authorities in London appeared to have much higher levels of direct payments - as high as 50% - but there was not consistency about how these figures were arrived at and Bromley's proportion represented true direct payments.

Members asked about how the Council checked that direct payments were used for the purposes intended. Officers confirmed that nearly all cases ran smoothly, and that there were rigorous and extensive checks carried out by both Care Services and Finance, including a detailed review within the first nine weeks, an annual review and mid-year reviews if monitoring data was not submitted. The PA's themselves were the "eyes and ears" of Care Services. Staff were instructed to offer direct payments to all clients, and the Council could not refuse a request for direct payments. Officers were looking at what was putting people off direct payments; one issue was that carers could themselves be quite elderly and not confident about having the responsibility or dealing with the online monitoring. It was confirmed that in some circumstances, direct payments could be made to relatives.

Members asked about arrangements for increasing the value of contracts, and when variations would be triggered. This was down to brokerage, and drawing down from contracts, and monitoring was in place to prevent ceiling rates being exceeded. Spot purchases were also made where necessary. Sign-off was needed from five officers before a placement was made.

The Chairman commented that it was important for the Care Services PDS Committee to be aware of the joint commissioning with the CCG, and to ensure that outcomes were acceptable to the Council.

## **75 DRAFT PROCUREMENT AUTHORISATION GUIDANCE AND TEMPLATES**

The Sub-Committee considered draft Procurement Authorisation Guidance which had been developed to give an overview of the Council's procurement authorisation guidance and processes.

Members underlined their support for a number of key provisions, including the requirement for full compliance with Contract Procedure Rules, timely authorisation of extensions and exemptions, the requirement for chief officers to approve extensions and exemptions, the requirement that only officers directly employed by the Council could authorise contracts, the rule that retrospective authorisation could not be obtained and that change control procedures must be followed.

It was confirmed that failure to follow Contract Procedure Rules and Financial Regulations was a disciplinary offence. The new guidance tightened up contracting processes, but could not completely eliminate all the potential problems that could arise.

(During consideration of this item the Sub-Committee agreed to continue its meeting beyond 10pm to complete the business on the agenda.)

## **76 CORPORATE CONTRACTS REGISTER AND CONTRACTS DATABASE UPDATE** Report CEO 01632

The Sub-Committee received an update on the Council's new Contracts Database and scrutinised the Corporate Contracts Register, which had been generated from the Contracts Database. A part 2 version of the Register was also attached which included additional commentary. The updated register included columns linked to the Council's Corporate Risk Register and to the procurement status of each contract. In addition, there were flags where there were concerns about a particular contract.

Extracts from the Contracts Register relevant to each portfolio would be presented to each PDS Committee four times a year, covering contracts with a total value of over £50,000. The Chairman stated that it was important that PDS Committees scrutinised these closely and did not treat them as information items.

The Sub-Committee was given a demonstration of the Contracts Database. Work-stream One was now complete, and managers had been trained on the Database. Further enhancements were proposed including email alerts, importing outstanding data, an authorisation process, credit checking, improved usability, improved monitoring, document storage, insurance monitoring and funding sources. The Sub-Committee recorded its thanks to Alastair Baillie and Matt

Wilson for their work in developing the Contracts Database. Members were impressed with what had been achieved, and hoped that once finished it would be possible to sell the system to other local authorities.

**77 WORK PROGRAMME 2017/18**  
Report CSD17123

The Sub-Committee's work programme was noted.

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

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

**The following summary  
refers to matters  
involving exempt information**

**79 EXEMPT MINUTES OF THE MEETING OF CONTRACTS SUB-COMMITTEE HELD ON 13TH JUNE 2017**

The exempt minutes of the meeting held on 13<sup>th</sup> June 2017 were confirmed.

**80 ISSUES FROM AUDIT SUB-COMMITTEE: STREETWORKS AND DEFAULTS AUDIT**

The Chairman recorded his extreme disappointment that no senior officers were available to discuss this item – it would be considered at the next meeting.

**81 CORPORATE CONTRACTS REGISTER AND CONTRACTS DATABASE UPDATE - PART 2**

The Sub-Committee received the Part 2 Contracts Register.

The Meeting ended at 10.12 pm

Chairman

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LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 10<sup>TH</sup> NOVEMBER 2017

PERIOD COVERED: November 2017 - February 2018

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 12<sup>TH</sup> December 2017

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
<b>COUNCIL</b>						
COUNCIL TAX SUPPORT/REDUCTION 2017/18	Council	11 December 2017  Executive and Executive & Resources PDS Committee	Meetings	Contact Officer:  John Nightingale Tel: 020 8313 4858 <a href="mailto:john.nightingale@bromley.gov.uk">john.nightingale@bromley.gov.uk</a>	<u>Public Meeting</u>	Report and relevant background documents
<b>EXECUTIVE</b>						
PROGRESS IN IMPLEMENTING CHILDREN'S SERVICE IMPROVEMENTS	Executive	6 December 2017  Executive & Resources PDS Committee	Meetings	Contact Officer:  Janet Bailey Tel: 020 8313 4779 <a href="mailto:janet.bailey@bromley.gov.uk">janet.bailey@bromley.gov.uk</a>	<u>Public Meeting</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
FUNDING FOR YOUTH EMPLOYMENT SCHEME	Executive	06 December 2017  Executive and Resources PDS Committee	Meetings	Contact Officer:  Lesley Holland Tel: 020 8462 5046 <a href="mailto:lesley.holland@bromley.gov.uk">lesley.holland@bromley.gov.uk</a>	<u>Public Meeting</u>	Report and relevant background documents
HOMELESSNESS STRATEGY	Executive	06 December 2017  Care Services PDS Committee	Meetings	Contact Officer:  Tracey Wilson Tel. 020 8313 4098 <a href="mailto:tracey.wilson@bromley.gov.uk">tracey.wilson@bromley.gov.uk</a>	<u>Public meeting</u>	Report and relevant background documents
CUSTOMER SERVICES SYSTEMS REVIEW	Executive	06 December 2017  Executive and Resources PDS Committee	Meetings	Contact Officer:  Duncan Bridgewater Tel: 0208 461 7676 <a href="mailto:duncan.bridgewater@bromley.gov.uk">duncan.bridgewater@bromley.gov.uk</a>	<u>Public Meeting</u>	Report and relevant background documents



WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
ENVIRONMENT SERVICE COMMISSIONING PROGRAMME	Executive	06 December 2017  Environment PDS Committee	Meetings	Contact Officer:  Dan Jones Tel: 0208 313 4211 <a href="mailto:dan.jones@bromley.gov.uk">dan.jones@bromley.gov.uk</a>	<u>Public meeting</u>	Report and relevant background documents
NURSING CARE BEDS - AWARD OF CONTRACT	Executive	06 December 2017  Care Services PDS Committee	Meetings	Contact Officer:  Josephina Reynolds, Tel: 020 8461 7395 <a href="mailto:josepha.reynolds@bromley.gov.uk">josepha.reynolds@bromley.gov.uk</a>	<u>Private meeting - Exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - confidential
BANBURY HOUSE, CHISLEHURST	Executive	06 December 2017  Executive & Resources PDS Committee	Meetings	Contact Officer:  Sara Bowrey Tel: 020 8313 4013 <a href="mailto:sara.bowrey@bromley.gov.uk">sara.bowrey@bromley.gov.uk</a>	<u>Private meeting - Exempt information - Financial/business affairs of a person or body.</u>	Part 2 Report - Confidential
OLD TOWN HALL, BROMLEY	Executive	06 December 2017  Executive & Resources PDS Committee	Meetings	Contact Officer:  Michael Watkins Tel: 020 8313 4178 <a href="mailto:michael.watkins@bromley.gov.uk">michael.watkins@bromley.gov.uk</a>	<u>Private meeting - exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - Confidential

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
ASSET MANAGEMENT STRATEGY	Executive	10 January 2018  Executive & Resources PDS Committee	Meetings	Contact Officer:  Michael Watkins Tel: 020 8313 4178 <a href="mailto:michael.watkins@br omley.gov.uk">michael.watkins@br omley.gov.uk</a>	<u>Public meeting</u>	Report and relevant background documents
CHURCHILL THEATRE/CENTRAL LIBRARY - REPLACEMENT OF CLADDING	Executive	10 January 2018  Executive & Resources PDS Committee	Meetings	Contact Officer:  Catherine Pimm Tel: 020 8461 7834 <a href="mailto:catherine.pimm@br omley.gov.uk">catherine.pimm@br omley.gov.uk</a>	<u>Public meeting</u>	Report and relevant background documents
ADVOCACY - AWARD OF CONTRACT	Executive	10 January 2018  Care Services PDS Committee	Meetings	Contact Officer:  Sarah Wemborne Tel: 020 8313 4548 <a href="mailto:sarah.wemborne@br omley.gov.uk">sarah.wemborne@br omley.gov.uk</a>	<u>Private Meeting - Exempt Information- financial/business affairs of a person or body</u>	Part 2 Report - Confidential
HEALTHWATCH - AWARD OF CONTRACT	Executive	10 January 2018  Care Services PDS Committee	Meetings	Contact Officer:  Sarah Wemborne Tel: 020 8313 4548 <a href="mailto:sarah.wemborne@br omley.gov.uk">sarah.wemborne@br omley.gov.uk</a>	<u>Private Meeting - Exempt information - Financial /business affairs of a person or body</u>	Part 2 Report - Confidential

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
CHIPPERFIELD ROAD, ST PAUL'S CRAY - REGENERATION SCHEME	Executive	10 January 2018  Renewal & Recreation PDS Committee & Executive & Resources PDS Committee	Meetings	Contact Officer:  Michael Watkins Tel: 020 8313 4178 <a href="mailto:michael.watkins@bromley.gov.uk">michael.watkins@bromley.gov.uk</a>	<u>Private meeting - Exempt information - Financial/business affairs of a person or body</u>	Part 2 report - confidential
STEWART FLEMING PRIMARY SCHOOL - AWARD OF CONTRACT FOR PHASE 2 WORKS	Executive	07 February 2018  Executive & Resources PDS Committee	Meetings	Contact Officer:  Robert Bollen Tel: 020 8313 4697 <a href="mailto:robert.bollen@bromley.gov.uk">robert.bollen@bromley.gov.uk</a>	<u>Private meeting - Exempt information - Financial/business affairs of a person or body.</u>	Part 2 Report - Confidential

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
WEST WICKHAM LEISURE CENTRE - REDEVELOPMENT	Executive	07 February 2018  Renewal & Recreation PDS Committee & Executive & Resources PDS Committee	Meetings	Contact Officer:  Michael Watkins Tel: 020 8313 4178 <a href="mailto:michael.watkins@br omley.gov.uk">michael.watkins@br omley.gov.uk</a>	<u>Public meeting</u>	Report and relevant background documents
SEN TRANSPORT POLICY	Executive	07 February 2018  Care Services PDS Committee, Environment PDS Committee, Education, Children & Families Budget & Performance Monitoring Sub-Committee	Meetings	Contact Officer:  Maya Vadgama Tel: 0208 313 4740 <a href="mailto:maya.vadgama@bro mley.gov.uk">maya.vadgama@bro mley.gov.uk</a>	<u>Private Meeting - Exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - Confidential

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
TRANSPORT COMMISSIONING	Executive	07 February 2018  Care Services PDS Committee, Environment PDS Committee, Education Budget & Performance Monitoring Sub-Committee	Meetings	Contact Officer:  Maya Vadgama Tel: 0208 313 4740 <a href="mailto:maya.vadgama@brmley.gov.uk">maya.vadgama@brmley.gov.uk</a>	<u>Private Meeting - Exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - Confidential
<b>CARE SERVICES PORTFOLIO</b>						
<b>EDUCATION &amp; CHILDREN'S SERVICES PORTFOLIO</b>						
<b>ENVIRONMENT PORTFOLIO</b>						
<b>PUBLIC PROTECTION AND SAFETY PORTFOLIO</b>						
<b>RENEWAL AND RECREATION PORTFOLIO</b>						
<b>RESOURCES PORTFOLIO</b>						

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
CORPORATE WEBSITE HOSTING SERVICE	Portfolio Holder for Resources	Not before 29 November 2017  Executive and Resources PDS Committee	Meetings	Contact Officer:  Duncan Bridgewater Tel: 0208 461 7676 <a href="mailto:duncan.bridgewater@bromley.gov.uk">duncan.bridgewater@bromley.gov.uk</a>	<u>Public meeting</u>	Report and relevant background documents

London Borough of Bromley: 020 8464 3333 [www.bromley.gov.uk](http://www.bromley.gov.uk)

Contact Officer: Graham Walton, Chief Executive's Department: 020 8461 7743, [graham.walton@bromley.gov.uk](mailto:graham.walton@bromley.gov.uk)

Report No.  
FSD17097

London Borough of Bromley

PART 1 - PUBLIC

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**Decision Maker:** Resources Portfolio Holder  
Council

**Date:** For pre-decision scrutiny by Executive and Resources PDS Committee  
on 29<sup>th</sup> November 2017  
Council 11<sup>th</sup> December 2017

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

**Title:** TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE  
2017/18 & MID-YEAR REVIEW

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

**Chief Officer:** Director of Finance

**Ward:** All

---

## 1. Reason for report

- 1.1. This report summarises treasury management activity during the second quarter of 2017/18. The report also includes a Mid-Year Review of the Treasury Management Strategy Statement and Annual Investment Strategy (Annex A). The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 30<sup>th</sup> September 2017 totalled £309.4m and there was no external borrowing. For information and comparison, the balance of investments stood at £292.3m, as at 30<sup>th</sup> June 2017 and £290.3m as at 30<sup>th</sup> September 2016, and, at the time of writing this report (20<sup>th</sup> November 2017) it stood at £337.1m.
- 

## 2. RECOMMENDATION(S)

### 2.1. The Resources Portfolio Holder is requested to:

- (a) note the Treasury Management performance for the second quarter of 2017/18;
- (b) recommend that Council approves the 2017/18 prudential indicators as set out in Annex B1; and
- (c) recommend that Council approves the increase in limit to £100m for pooled funds/collective investment vehicles as set out in section 3.5.2.

### 2.2. Council is requested to:

- (a) note the report and approve changes to the 2017/18 prudential indicators, as set out in Annex B1; and**
- (b) approve the increase in limit to £100m for pooled funds/collective investment vehicles as set out in section 3.5.2.**



### Corporate Policy

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

### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: N/A
  3. Budget head/performance centre: Interest on balances
  4. Total current budget for this head: £2.891m (net) in 2017/18; £500k surplus currently projected
  5. Source of funding: Net investment income
- 

### Staff

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

### Legal

1. Legal Requirement: Non-statutory - Government guidance.
  2. Call-in: Call-in is applicable
- 

### Customer Impact

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

### Ward Councillor Views

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

### **3. COMMENTARY**

#### **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. This report includes details of investment performance in the second quarter of 2017/18. The 2017/18 annual treasury strategy, including the MRP (Minimum Revenue Provision) Policy Statement and prudential indicators, was originally approved by Council in March 2017. The annual report for financial year 2016/17 was submitted to the Executive and Resources PDS Committee on 14<sup>th</sup> June 2017 and Council on 26<sup>th</sup> June 2017, and included the following changes to the 2017/18 strategy:
- Inclusion of a secured loan that helps deliver the Council's housing objectives;
  - An increase to the limit for pooled investment schemes to £80m;
  - A reduction to the counterparty rating criteria for Housing Associations to A-;
  - A temporary increase in the counterparty limit with Lloyds bank.
- 3.1.3. Recent changes in the regulatory environment place a much greater onus on Members to undertake the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 3.1.4. The Council has monies available for Treasury Management investment as a result of the following:
- Positive cash flow;
  - Monies owed to creditors exceed monies owed by debtors;
  - Receipts (mainly from Government) received in advance of payments being made;
  - Capital receipts not yet utilised to fund capital expenditure;
  - Provisions made in the accounts for liabilities e.g. provision for outstanding legal cases which have not yet materialised;
  - General and earmarked reserves retained by the Council.
- 3.1.5. Some of the monies identified above are short term and investment of these needs to be highly "liquid", particularly if it relates to a positive cash flow position, which can change in the future. Future monies available for Treasury Management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding (which will require the Council to make revenue savings to balance the budget in future years), there is a likelihood that such actions may be required in the medium term, which will reduce the monies available for investment.
- 3.1.6. The Council has also identified an alternative investment strategy relating to property investment. To date, this has resulted in actual and planned acquisitions which generated £3m income in 2015/16, £4.6m in 2016/17, and is projected to achieve £5.6m in 2017/18. This is based on a longer term investment timeframe of at least 3 to 5 years and ensures that the monies available can attract higher yields over the longer term.

3.1.7. A combination of lower risk investments relating to Treasury Management and a separate investment strategy in the form of property acquisitions (generating higher yields and risks) provides a balanced investment strategy. Any investment decisions will also need to consider the likelihood that interest rates will increase at some point. The available resources for the medium term, given the ongoing reductions in Government funding, will need to be regularly reviewed.

### 3.2. Treasury Performance in the quarter ended 30<sup>th</sup> September 2017

3.2.1. **Borrowing:** The Council's healthy cashflow position continues and, other than some short-term borrowing at the end of 2015/16, no borrowing has been required for a number of years.

3.2.2. **Investments:** The following table sets out details of investment activity during the second quarter of 2017/18 and 2017/18 year to date:-

	Qtr ended 30/09/17		2017/18 year to date	
	Deposits £m	Ave Rate %	Deposits £m	Ave Rate %
Balance of "core" investments b/f	193.00	1.42	193.00	1.42
New investments made in period	40.00	1.18	40.00	1.18
Investments redeemed in period	-40.00	1.17	-40.00	1.17
"Core" investments at end of period	193.00	1.42	193.00	1.42
Money Market Funds	14.10	para 3.4.1	14.10	para 3.4.1
Santander 180 day notice account	30.00	para 3.4.2	30.00	para 3.4.2
CCLA Property Fund	30.00	para 3.4.5.2	30.00	para 3.4.5.2
Diversified Growth Funds	10.00	para 3.4.5.3	10.00	para 3.4.5.3
Multi-Asset Income Fund	30.00	para 3.4.5.7	30.00	para 3.4.5.7
Project Beckenham Loan	2.30	para 3.4.4.1	2.30	para 3.4.4.1
<b>Total investments at end of period</b>	<b>309.40</b>	<b>n/a</b>	<b>309.40</b>	<b>n/a</b>

3.2.3. Details of the outstanding investments at 30<sup>th</sup> September 2017 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. An average return of 0.9% was assumed for new investments in the 2017/18 budget in line with the estimates provided by the Council's external treasury advisers, Link Asset Services (previously Capita Asset Services), and with officers' views. The return on the five new "core" investment placed during the second quarter of 2017/18 was 1.18%, compared to the average LIBID rates of 0.11% for 7 days, 0.17% for 3 months, 0.31% for 6 months and 0.51% for 1 year. The improved rate (compared to 1 year LIBID) earned on the new investments is mainly due to the longer (2 year) period on the £10m each invested with Places for People and Hyde Housing Associations at rates of 1.60% and 1.30% respectively.

3.2.4. Reports to previous meetings have highlighted the fact that options with regard to the reinvestment of maturing deposits have become seriously limited in recent years following bank credit rating downgrades. Changes to lending limits and eligibility criteria, as well as the introduction of pooled funds and housing associations have alleviated this to some extent, but there are still not many investment options available other than placing money with instant access accounts at relatively low interest rates.

3.2.5. Despite this, the Council's treasury management performance compares very well with that of other authorities; the Council was in the top decile nationally for both 2014/15 and 2015/16 (the most recent CIPFA treasury management statistics available), and officers continue to look for alternative investment opportunities both within the current strategy and outside, for consideration as part of the ongoing review of the strategy.

3.2.6. Active UK banks and building societies on the Council's list now comprise Lloyds, RBS, HSBC, Barclays, Santander UK, Goldman Sachs International Bank, Standard Chartered,

and Nationwide and Skipton Building Societies, and all of these have reduced their interest rates significantly in recent years. The Director of Finance will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.

3.2.7. The chart in Appendix 1 shows total investments at quarter-end dates back to 1<sup>st</sup> April 2004 and shows how available funds have increased steadily over the years. This has been a significant contributor to the over-achievement of investment income against budgeted income in recent years.

**3.3. Interest Rate Forecast**

3.3.1. As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast below includes increases in Bank Rate of 0.25% in November 2018, November 2019, November 2019 and August 2020.

Date	LATEST FORECAST (Nov17)				PREVIOUS FORECAST (Aug17)			
	Base Rate	3 month Libid	6 month Libid	1 year Libid	Base Rate	3 month Libid	6 month Libid	1 year Libid
Dec-17	0.50%	0.40%	0.50%	0.70%	0.25%	0.30%	0.40%	0.70%
Jun-18	0.50%	0.40%	0.50%	0.80%	0.25%	0.30%	0.40%	0.80%
Dec-18	0.75%	0.60%	0.80%	1.00%	0.25%	0.40%	0.50%	0.90%
Jun-19	0.75%	0.60%	0.80%	1.10%	0.50%	0.60%	0.70%	1.10%
Dec-19	1.00%	0.90%	1.00%	1.30%	0.75%	0.80%	0.90%	1.30%
Jun-20	1.00%	1.00%	1.10%	1.40%				
Dec-20	1.25%	1.20%	1.30%	1.50%				

**3.4. Other accounts**

**3.4.1. Money Market Funds**

3.4.1.1. The Council currently has 6 AAA-rated Money Market Fund accounts, with Prime Rate, Ignis, Insight, Blackrock, Fidelity and Legal & General, all of which have a maximum investment limit of £15m. In common with market rates for fixed-term investments, interest rates on money market funds have fallen considerably in recent years, and had been continuing to drop following the Bank of England base rate cut in August 2016. The Ignis, Prime Rate, Insight and Legal & General funds currently offer the best rate at around 0.32%-0.35%, which compares to around 0.2% in September, reflecting the effect of the base rate rise in November as the shorter-dated maturities are re-invested. The total balance held in Money Market Funds has varied during the quarter, moving from £29.3m as at 1<sup>st</sup> July 2017 to £14.1m as at 30<sup>th</sup> September 2017, and currently stands at £46.8m (as at 20<sup>th</sup> November 2017). The Money Market Funds currently offer the lowest interest of all eligible investment vehicles with the exception of the Government Debt Management Account Deposit Facility (currently 0.10%), however they are the most liquid, with funds able to be redeemed up until midday for same day settlement.

Money Market Funds	Date Account Opened	Actual balance 31/03/17 £m	Actual balance 30/09/17 £m	Ave. Rate H1 2017/18 %	Latest Balance 20/11/17 £m	Ave. Daily balance to 20/11/17 £m	Latest Rate 20/11/17 %
Prime Rate	15/06/2009	-	1.8	0.23	15.0	10.0	0.35
Ignis	25/01/2010	6.9	12.3	0.24	15.0	13.3	0.33
Insight	03/07/2009	-	-	0.21	15.0	1.5	0.34
Legal & General	23/08/2012	-	-	0.22	1.8	6.0	0.32
Blackrock	16/09/2009	-	-	0.12	-	-	0.22
Fidelity	20/11/2002	-	-	0.14	-	-	0.27
<b>TOTAL</b>		<b>6.9</b>	<b>14.1</b>		<b>46.8</b>	<b>30.8</b>	

### 3.4.2. Santander 180 Day Notice Account

3.4.2.1. In November 2015, £10m was placed with Santander UK in their 180 day notice account at a rate of 1.15%. This was a very good rate for (potentially) 6 month money, and although Santander had notified the Council that the rate would reduce to 0.90% from September 2016 (a reduction of 0.25% matching the Bank of England base rate reduction), the rate was still very good comparatively, so the Council deposited a further £20m in the notice account during August 2016.

3.4.2.2. Since then, Santander standardised the rates for its notice accounts (the Council's rates were above those available to other customers), and bringing them more in line with market rates. As a result, the rate would decrease to 0.55% from 1<sup>st</sup> June 2017, so the Council gave notice to withdraw the full £30m, which was repaid at the start of October 2017.

### 3.4.3. Housing Associations

3.4.3.1. Following the reduction of the counterparty rating criteria to A- for Housing Associations approved by Council in June 2017, deposits of £10m each were placed with Hyde Housing Association (A+) and Places for People Homes (A) for two years at rates of 1.30% and 1.60% respectively.

### 3.4.4. Loan to Project Beckenham

3.4.4.1. At the same meeting, Council also approved the inclusion in the strategy of the secured loan to Project Beckenham relating to the provision of temporary accommodation for the homeless that had previously been agreed to be advanced from the Investment Fund. This loan was made in June 2017, at a rate of 6%, although that may increase to 7.5% if the loan to value ratio exceeds a specified value.

### 3.4.5. Pooled Investment Schemes

3.4.5.1. In September 2013, the Portfolio Holder and subsequently Council approved the inclusion of collective (pooled) investment schemes as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years. The limit was subsequently increased to £40m by Council in October 2015, and then to £80m in June 2017. Such investments would require the approval of the Director of Finance in consultation with the Resources Portfolio Holder.

#### CCLA Property Fund

3.4.5.2. Following consultation between the Director of Finance and the Resources Portfolio Holder, an account was opened in January 2014 with the CCLA Local Authorities' Property Fund and an initial deposit of £5m was made, followed by further deposits of £5m in July 2014, £5m in March 2015, £10m in October 2015 and £5m in October 2016. The investment in the CCLA

Fund is viewed as a medium to long-term investment and dividends are paid quarterly. The investment returned 5.25% net of fees in 2014/15, 5.02% in 2015/16, 4.55% in 2016/17 and 4.94% in the first half of 2017/18.

Diversified Growth Funds

3.4.5.3. In October 2014, Council approved the inclusion of investment in Diversified Growth Funds in the investment strategy and, in December 2014, £5m was invested with both Newton and Standard Life. In accordance with the Council decision, 27% of the total return will be transferred to the Parallel Fund, set up in 2014/15 with an opening balance of £2.7m to mitigate the potential revenue impact of future actuarial Pension Fund valuations.

3.4.5.4. The Funds both performed very well in just over three months to 31st March 2015, with returns over 21%. Performance has not so impressive since, with net returns for 2015/16, 2016/17 and the first half of 2017/18 of 0.85%, 2.23% and 0.33% respectively for the Newton Fund, and -5.04%, 0.37% and 1.57% respectively for the Standard Life Fund. The overall net returns since inception have been 3.29% and 0.76% for the Newton and Standard Life funds respectively, as shown in the table below.

Annualised return	Newton %	Standard Life %
224/12/14 - 31/03/15	21.46	21.85
01/04/15 - 31/03/16	0.85	-5.04
01/04/16 - 30/03/17	2.23	0.37
01/04/17 - 30/09/17	0.33	1.57
Cumulative return	3.29	0.76

3.4.5.5. The downturn in performance echoes that seen in the Pension Fund’s DGFs (and Global Equities Funds to an extent) during 2015/16 and subsequent rebound during 2016/17. However, it should be noted that these types of investments should be considered as longer term investments over a three to five year period.

3.4.5.6. As reported in the Treasury Management Annual Report 2016/17, to reflect the changes to the Pension Fund asset allocation strategy, and on the basis of Multi-Asset Income Funds being a better income related investment with low volatility, it is currently intended that the DGF investments will be sold and the funds invested in Multi-Asset Income Funds. A decision on which fund to invest in is currently on hold until the outcome of the tender for Pension Fund mandate.

Multi-Asset Income Fund

3.4.5.7. Following the approval by Council in June 2017, the limit for pooled investment schemes was increased to £80m, and an investment of £30m was made on 12<sup>th</sup> July 2017 in the Fidelity Multi-Asset Income Fund following the agreement of the Resources Portfolio Holder. Although the fund paid dividends for the second quarter return (from inception) of 5.3%, this was partly offset by a reduction in capital value, resulting in a total return of 0.7%.

**3.5. Mid-Year Review of Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17**

3.5.1. The CIPFA Code of Practice on Treasury Management requires the Council to receive a mid-year review report on performance against the approved strategy. The Annual Investment Strategy was originally approved by Council in March 2017 and was updated in June 2017. A mid-year review, including comments on the economic background during the first half of 2017/18 and on the outlook, is included at Annex A.

### 3.5.2. Increase to the limit for pooled investment schemes to £100m

3.5.2.1. As a result of the good returns earned by the Council's current investments in pooled funds (see section 3.4.5 above), the lack of 'simple' investment opportunities providing a good return, and the need for the Council to generate income, it is proposed that the limit for such investments be increased from £80m to £100m.

3.5.2.2. When pooled investment schemes were originally approved for inclusion in the Council's Treasury Management Strategy, authority to make these investments was delegated to the Director of Resources in consultation with the Resources Portfolio Holder. It is proposed that this delegation continue for this additional £20m.

3.5.2.3. Details of the requirements for the investment in pooled funds were reported to Executive and Resources PDS Committee and Council in September 2013, and are summarised below:

- To minimise capital risk, a longer period of 3-5 years will be required;
- Returns should be expected to exceed normal secured fixed term lending to eligible institutions by 2%;
- It must be possible to sell investments within 6 months (9 for property);
- The investment vehicle must have a proven track record over 3-5 years;
- Historically, volatility must have been low; and
- The Council's external adviser, Capita must support the proposals.

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

3.6.1. 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.

3.6.2. 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.

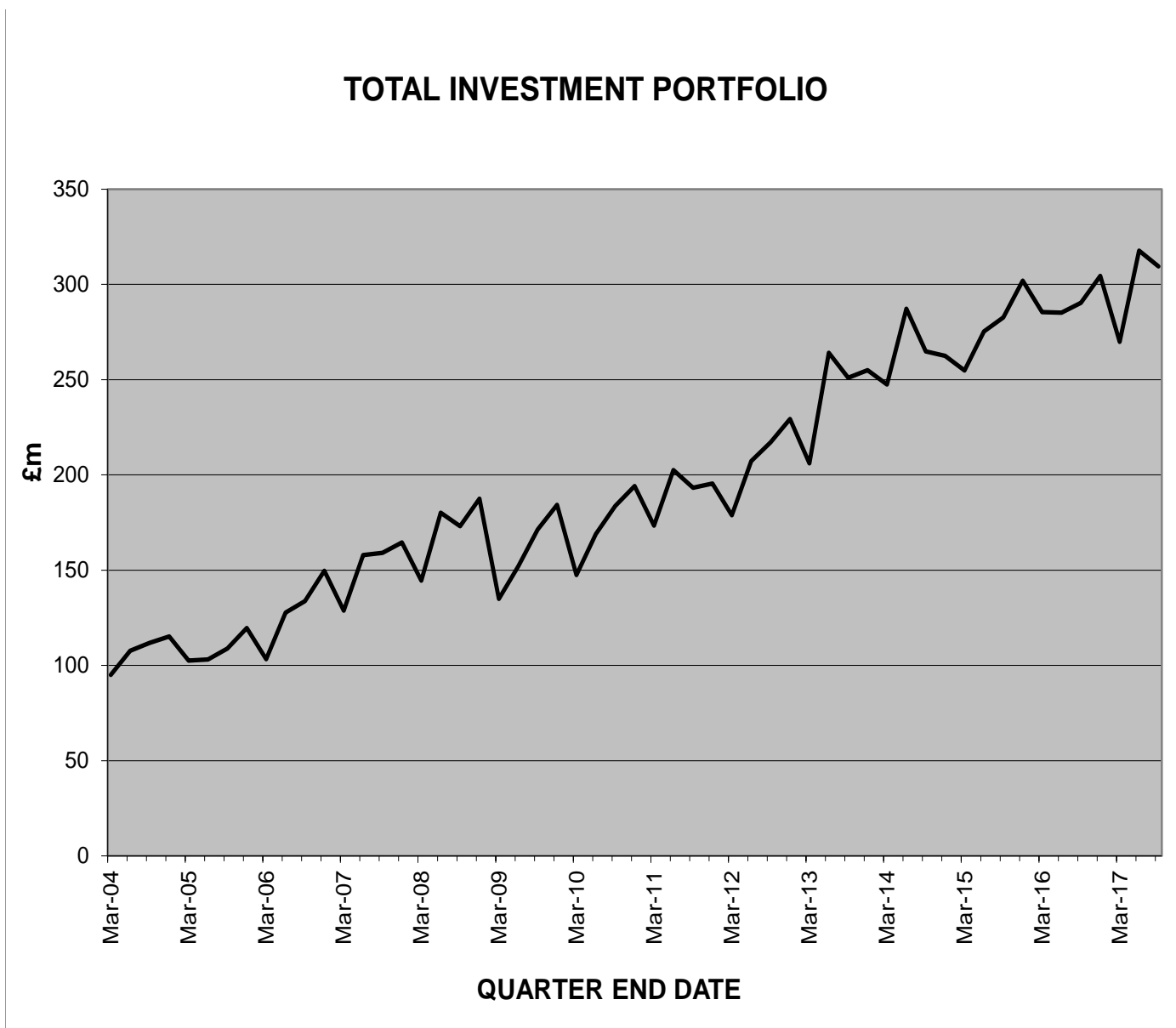
#### 5. FINANCIAL IMPLICATIONS

5.1 At the time of setting the 2017/18 budget, there was still no sign of interest rates improving following the reduction to the Bank of England base rate and coupled with the ability of banks to borrow from the Bank of England at very low rates through its Term Funding Scheme, so an average rate of 0.9% was prudently assumed for interest on new fixed term deposits. In addition to this, further Investment Fund and Growth Fund expenditure, and the Highways Investment capital scheme were expected to reduce the funds available for investment, and a reduction of £600k was included in the 2017/18 budget.

5.2 Although the Council has seen a significant reduction in the rates offered for new fixed-term deposits as well as overnight money market funds, a surplus of £500k is currently projected for the year, mainly due to the continued high level of balances available for investment, as well as the further investment in pooled funds, and high level of interest earned on the pooled funds, housing association deposits and Project Beckenham loan.

<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 Link Asset Services





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## INVESTMENTS HELD AS AT 30TH SEPTEMBER 2017

	Start Date	Maturity Date	Rate of Interest %	Amount £m
<b><u>FIXED DEPOSITS</u></b>				
ROYAL BANK OF SCOTLAND - CD	30/10/2014	30/10/2017	1.85	40.0
STANDARD CHARTERED	02/11/2016	02/11/2017	0.88	10.0
STANDARD CHARTERED	07/11/2016	07/11/2017	0.87	10.0
BLAENAU GWENT CBC	04/12/2014	04/12/2017	1.90	3.0
LLOYDS BANK	16/04/2015	16/04/2018	1.49	30.0
LLOYDS BANK	26/05/2016	25/05/2018	1.48	10.0
GOLDMAN SACHS	02/08/2017	01/08/2018	0.93	10.0
GOLDMAN SACHS	18/08/2017	17/08/2018	0.79	5.0
GOLDMAN SACHS	19/09/2017	18/09/2018	0.95	5.0
LLOYDS BANK	19/11/2015	19/11/2018	1.82	5.0
LANCASHIRE COUNTY COUNCIL	18/12/2015	18/12/2018	1.50	10.0
LLOYDS BANK	29/07/2016	31/07/2019	1.34	2.5
PLACES FOR PEOPLE HOMES LTD	16/08/2017	16/08/2019	1.60	10.0
HYDE HOUSING ASSOCIATION	22/08/2017	22/08/2019	1.30	10.0
LLOYDS BANK	18/08/2016	19/08/2019	1.14	7.5
LLOYDS BANK	05/12/2016	05/12/2019	1.37	25.0
<b>TOTAL FIXED DEPOSITS</b>				<b>193.0</b>
<b><u>OTHER INVESTMENTS</u></b>				
STANDARD LIFE (IGNIS) LIQUIDITY FUND	25/01/2010			12.3
FEDERATED (PRIME RATE) STERLING LIQUIDITY F	15/06/2009			1.8
SANTANDER (180 DAYS CALL ACCOUNT)	23/11/2015		0.55	10.0
SANTANDER (180 DAYS CALL ACCOUNT)	03/08/2016		0.55	10.0
SANTANDER (180 DAYS CALL ACCOUNT)	09/08/2016		0.55	10.0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			30.0
STANDARD LIFE - DIVERSIFIED GROWTH FUND	22/12/2014			5.0
NEWTON - DIVERSIFIED GROWTH FUND	22/12/2014			5.0
FIDELITY MULTI-ASSET INCOME FUND	12/07/2017			30.0
PROJECT BECKENHAM LOAN	09/06/2017			2.3
<b>TOTAL INVESTMENTS</b>				<b>309.4</b>

## APPENDIX 3

### INVESTMENTS HELD AS AT 30TH SEPTEMBER 2017

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
<b><u>UK BANKS</u></b>							
LLOYDS BANK	16/04/2015	16/04/2018	1.49	30.0			
LLOYDS BANK	26/05/2016	25/05/2018	1.48	10.0			
LLOYDS BANK	19/11/2015	19/11/2018	1.82	5.0			
LLOYDS BANK	29/07/2016	31/07/2019	1.34	2.5			
LLOYDS BANK	18/08/2016	19/08/2019	1.18	7.5			
LLOYDS BANK	05/12/2016	05/12/2019	1.37	25.0	80.0	80.0	0.0
ROYAL BANK OF SCOTLAND - CD	30/10/2014	30/10/2017	1.85	40.0	40.0	80.0	40.0
GOLDMAN SACHS INTERNATIONAL BANK	03/08/2016	01/08/2018	0.93	10.0			
GOLDMAN SACHS INTERNATIONAL BANK	18/08/2016	17/08/2018	0.79	5.0			
GOLDMAN SACHS INTERNATIONAL BANK		18/09/2018	0.95	5.0	20.0	20.0	0.0
STANDARD CHARTERED	02/11/2016	02/11/2017	0.88	10.0			
STANDARD CHARTERED	07/11/2016	07/11/2017	0.87	10.0	20.0	30.0	10.0
<b><u>LOCAL AUTHORITIES</u></b>							
BLAENAU GWENT CBC	04/12/2014	04/12/2017	1.90	3.0	3.0	15.0	12.0
LANCASHIRE COUNTY COUNCIL	18/12/2015	18/12/2018	1.50	10.0	10.0	15.0	5.0
<b><u>HOUSING ASSOCIATIONS</u></b>							
PLACES FOR PEOPLE HOMES LTD	04/12/2014	16/08/2019	1.60	10.0	10.0	10.0	0.0
HYDE HOUSING ASSOCIATION	18/12/2015	22/08/2019	1.30	10.0	10.0	10.0	0.0
<b><u>OTHER INVESTMENTS</u></b>							
STANDARD LIFE (IGNIS) LIQUIDITY FUND	25/01/2010			12.3	12.3	15.0	2.7
FEDERATED (PRIME RATE) STERLING LIQUIDITY F	15/06/2009			1.8	1.8	15.0	13.2
SANTANDER (180 DAYS CALL ACCOUNT)	23/11/2015		0.55	10.0			
SANTANDER (180 DAYS CALL ACCOUNT)	03/08/2016		0.55	10.0			
SANTANDER (180 DAYS CALL ACCOUNT)	09/08/2016		0.55	10.0	30.0	30.0	0.0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			30.0			
STANDARD LIFE - DIVERSIFIED GROWTH FUND	22/12/2014			5.0			
NEWTON - DIVERSIFIED GROWTH FUND	22/12/2014			5.0			
FIDELITY MULTI-ASSET INCOME FUND	12/07/2017			30.0	70.0	80.0	10.0
PROJECT BECKENHAM LOAN	09/06/2017			2.3	2.3	2.3	0.0
<b>TOTAL INVESTMENTS</b>				<b>309.4</b>	<b>309.4</b>		

# Treasury Management Strategy Statement and Annual Investment Strategy

## Mid-year Review Report 2017/18

### 1 Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, 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.”

### 2 Introduction

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council on 20<sup>th</sup> February 2012.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Executive and Resources PDS Committee:

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2017/18 financial year;

- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2017/18;
- A review of the Council's borrowing strategy for 2017/18;
- A review of any debt rescheduling undertaken during 2017/18;
- A review of compliance with Treasury and Prudential Limits for 2017/18.

## **Key Changes to the Treasury and Capital Strategies**

As detailed in section 3.5.2 of the covering report, it is proposed that the Investment Strategy be amended with an increase to the limit for pooled investment schemes from £80m to £100m.

### 3 Economic update (provided by Link Asset Services)

**GLOBAL OUTLOOK.** World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

#### **KEY RISKS - central bank monetary policy measures**

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently, in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid

wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.

- However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
- In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

**UK.** After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.2% (+2.0% y/y), quarter 2 was +0.3% (+1.7% y/y) and quarter 3 was +0.4% (+1.6% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting MPC. (Inflation actually came in at 3.0% in September and is expected to rise slightly in the coming months.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of



the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

**EU.** Economic growth in the EU, (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y), 0.6% in quarter 2 (2.3% y/y) and +0.6% in quarter 3 (2.5% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in October inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

**USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.0%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.2%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and three increases since December 2016; and there could be one more rate rise in 2017, which would then lift the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess

industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

**JAPAN** has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## **4 Treasury Management Strategy Statement and Annual Investment Strategy update**

The Treasury Management Strategy Statement (TMSS) for 2017/18 was approved by this Council on 1<sup>st</sup> March 2017. A subsequent revision was approved by Council on 26<sup>th</sup> June 2017, which included the following changes to the strategy:

- Inclusion of a secured loan that helps deliver the Council's housing objectives;
- An increase to the limit for pooled investment schemes to £80m;
- A reduction to the counterparty rating criteria for Housing Associations to A-;
- A temporary increase in the counterparty limit with Lloyds bank.

## **5 Investment Portfolio**

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.50% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

Details of the Council's investment activity during the first six months of 2017/18 are provided in sections 3.2.2 to 3.4.5 of the covering report and lists of current investments are provided in Appendices 3 (in maturity date order) and 4 (by counterparty). The Council held £309.4m of investments as at 30th September 2017 (£292.3m as at 30th June 2017).

The Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2017/18.

The Council's budget for interest on investments in 2017/18 is £2.891m, which is based on an assumed interest rate of 0.90% for new investments. As a result of the higher interest rates being earned on new investments made on recent investments as well as higher levels of balances available for investment, a surplus of £500k is currently projected for the 2017/18 financial year.

### **Investment Counterparty criteria**

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

## **6 Borrowing**

The Council's capital financing requirement (CFR) for 2017/18 is £2.3m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council does not currently borrow to finance its capital expenditure and has, in recent years, only had to borrow short-term (for cashflow purposes) on a very few occasions.

No borrowing is currently anticipated during this financial year, but it is possible that some may be required in future years to fund the property purchases related to Opportunity Site G, which would be repaid from the capital receipts from the scheme.

## Prudential and Treasury Indicators – Mid-Year Review 2017/18

The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2017/18 were approved by Council in March 2017 and this Annex sets out the actual performance against those indicators in the first six months, updating them where necessary. Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy.

The Council is required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This original 2001 Code was adopted by the full Council in February 2002 and the revised 2011 Code was initially adopted by full Council in February 2012.

### Prudential Indicators for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the Capital Programme for 2017/18 was agreed in March 2018. The decrease in the latest estimate for 2017/18 is mainly the result of slippage in expenditure originally planned for 2017/18 into future years, as highlighted in previous reports to the Executive and to PDS Committees.

Capital Expenditure by Portfolio	2017/18 Original Estimate £m	2017/18 Revised Estimate £m
Education	32.9	22.5
Renewal & Recreation	4.6	6.1
Environment	15.0	16.4
Care Services	11.2	7.9
Resources	23.3	19.1
Public Protection & Safety	-	-
Less: estimated slippage	-10.0	-7.5
<b>Total</b>	<b>77.0</b>	<b>64.5</b>

### Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure.

Capital Expenditure	2017/18 Original Estimate £m	2017/18 Revised Estimate £m
Supported	77.0	64.5
Unsupported	-	-
<b>Total spend</b>	<b>77.0</b>	<b>64.5</b>
Financed by:		
Capital receipts	7.4	24.7
Capital grants/contributions	49.7	36.6
General Fund	-	-
Revenue contributions	19.9	3.2
<b>Total financing</b>	<b>77.0</b>	<b>64.5</b>
<b>Borrowing need</b>	<b>-</b>	<b>-</b>

## Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”, which comprise external / internal borrowing and other long-term liabilities, mainly finance leases. The Council’s approved Treasury and Capital Prudential Indicators (affordability limits) are outlined in the approved TMSS. The table below shows the expected “worst case” debt position over the period. This is termed the Operational Boundary. Bromley has an operational “borrowing” limit (Operational Boundary) of £30m, although in practice, this limit is never in danger of being breached.

The Authorised Limit, which represents the limit beyond which borrowing is prohibited, is another of the prudential indicators and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003 and, for Bromley, this figure has been set at £60m.

The table also shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. The Council’s capital financing requirement (CFR) as at 1<sup>st</sup> April 2017 was £3.1m. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council’s CFR relates to liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment. The Council currently has no external borrowing as such.

Prudential Indicators	2017/18 Original Estimate £m	2017/18 Revised Estimate £m
CFR	2.2	2.3
<b>Debt – Operational Boundary</b>		
Borrowing	10.0	10.0
Other long-term liabilities	20.0	20.0
<b>Total Operational Boundary</b>	<b>30.0</b>	<b>30.0</b>
<b>Debt – Authorised Boundary</b>		
Borrowing	30.0	30.0
Other long-term liabilities	30.0	30.0
<b>Total Operational Boundary</b>	<b>60.0</b>	<b>60.0</b>

### Other Prudential Indicators

Other indicators designed to control overall borrowing and exposures to interest rate movements are included in the summary table below, which will require the approval of full Council.

## Prudential and Treasury Indicators - Summary

	2017/18	2017/18
	Original Estimate	Revised Estimate
Total Capital Expenditure	£77.0m	£67.0m
Ratio of financing costs to net revenue stream	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)		
brought forward 1 April	£255.0m	£269.9m
carried forward 31 March	£241.1m	£246.7m
in year borrowing requirement (reduction in net investments for Bromley)	-£13.9m	-£23.2m
Estimated CFR as at 31 March (finance lease liability) (NB. Actual CFR as at 31 March 2017 (finance lease liability) = £3.1m)	£2.2m	£2.3m
Annual change in Cap. Financing Requirement	-£0.6m	-£0.5m
Incremental impact of capital investment decisions	£ p	£ p
Increase in council tax (band D) per annum	-	-

TREASURY MANAGEMENT INDICATORS	2017/18 Original Estimate	2017/18 Revised Estimate
Authorised Limit for external debt -		
borrowing	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m
Operational Boundary for external debt -		
borrowing	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	20%	20%
Upper limit for total principal sums invested beyond year-end dates	£170.0m	£170.0m

Report No.  
FSD17089

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Wednesday 29 November 2017

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

**Title:** BENEFITS SERVICE MONITORING REPORT

**Contact Officer:** John Nightingale, Head of Revenues and Benefits  
0208 313 48458 E-mail: john.nightingale@bromley.gov.uk

**Chief Officer:** Peter Turner, Finance Director

**Ward:** All wards

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1. Reason for report

- 1.1 This report provides information regarding the performance of the benefit services provided by Liberata during the period 1 April 2017 to 30 September 2017. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, is attached as Appendix 1. This communication provides Liberata's perspective on performance, together with an update on initiatives to be introduced in the coming months.

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2. **RECOMMENDATION(S)**

- 2.1 The PDS is requested to note the information contained within the report and the letter provided by Liberata detailed in Appendix 1.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The Benefits Service impacts on all benefit recipients including vulnerable adults and/or those with children.
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Not applicable
  2. Ongoing costs: Not applicable
  3. Budget head/performance centre: Exchequer - Benefits
  4. Total current budget for this head: £3.57m
  5. Source of funding: Existing revenue budget 2017/18 including Government Grants and Subsidy
- 

### Personnel

1. Number of staff (current and additional): 4 plus Liberata staff
  2. If from existing staff resources, number of staff hours: Not applicable
- 

### Legal

1. Legal Requirement: Statutory Requirement

The main pieces of legislation covering these services are:

Housing Benefit Regulations 2006

The Council Tax Reduction Schemes Regulations 2012

Local Government Finance Act 2012

2. Call-in: Applicable:
- 

### Procurement

1. Summary of Procurement Implications: The Benefits Service is provided by Liberata as part of the Exchequer Services contract. The contract runs until April 2020
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 20,000 Housing Benefit recipients (approx)
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable



### 3. COMMENTARY

- 3.1 The Revenues and Benefits Team monitors the contract, sets targets and performance standards, liaises with partners, progresses the development and improvement of services through leadership on specific improvement initiatives. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements. Graphical illustrations as to the level of performance being achieved are attached as appendices to this report.
- 3.2 To maintain the drive for improved service performance, service review meetings are held with operational and senior Liberata management. Weekly meetings take place between senior managers in both organisations to discuss escalated items, technological advances and further development opportunities.

#### 3.3 Outstanding Work

The target in the specification requires that the level of outstanding work is less than 5,700 documents of which 2,200 are in pending. At the end of September there were 3,997 outstanding documents. Of the 3,997 documents, 2,085 were in pending awaiting further information.

The level of outstanding work since April 2015 is illustrated at Appendix 2.

#### 3.4 Claim Processing

The speed of processing indicator is a combination of the time taken to assess new claims and change of circumstances.

The below table shows the Benefits Sections performance under the Right Time Indicator, the annual target for which is 13 days. For the first 6 months of this financial year the average performance was 9.76 days compared to 10.02 days for the same period last year.

Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
7.25	8.47	9.84	10.63	11.95	14.07

**Average 2014/15**                      **13.85 days**  
**Average 2015/16**                      **11.40 days**  
**Average 2016/17**                      **10.20 days**

Performance under the Right Time Indicator is illustrated as Appendix 3

- 3.5 As requested at the previous meeting, tabled below are the performance figures in respect of the 2 components, new claims and change of circumstances.

#### **New Claims**

Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
19.26	20.80	20.41	21.07	22.39	22.29

**Average 2014/15**                      **44 days**  
**Average 2015/16**                      **19 days**  
**Average 2016/17**                      **19 days**

### Change of Circumstances

Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
6.88	7.44	9.37	10.63	11.95	13.30

<b>Average 2014/15</b>	<b>15 days</b>
<b>Average 2015/16</b>	<b>10 days</b>
<b>Average 2016/17</b>	<b>9 days</b>

The average processing days covers a wide variance amongst claims. Appendix 4A and 4B show the “spread” in respect of new claims and change of circumstances.

- 3.6** At the July 2017 Executive & Resources PDS meeting it was requested that explanations be provided for new claims and change of circumstances that are recorded as taking in excess of 100 days to process. For the period 1 April to 30 September 2017, 2138 new claims were processed and no new claim took in excess of 100 days. Of the 33,234 change in circumstances processed, 27 (0.08%) took in excess 100 days to process and the reasons why are detailed below:

### Change in circumstances

Reason why the change was processed in excess of 100 days	Number of claims
Additional time was given for the claimant to provide information	3
Advance notification of a change	23
Late action on a notified change	1
Total	27

Attached as Appendix 5 is the latest benchmarking figures released by the DWP in respect of new claims and change of circumstances processing. The tables/graphs show performance up until the 31 March 2017, the latest date to which information is available.

### 3.7 Error rate

The Exchequer Services specification requires the contractor to ensure that financial errors are found in less than 5% of the cases checked by the Authority’s monitoring team. The level of tolerance for errors is strict compared to many other authorities; with DWP statistics indicating that the average error rate nationally is in excess of this figure. However, the tolerance was set in the knowledge that errors result in poor customer service and waste of resources through reworking.

The contractor remained within the 5% tolerance for the first 6 months of 2017/18 as shown in the monthly performance figures tabled below. A graphical illustration is entered as Appendix 6.

April 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
%	%	%	%	%	%
2.58	1.19	1.78	2.63	0	2.07

### **3.8 Complaints**

Considerable changes have occurred in both Housing Benefit legislation and Council Tax Support since April 2013, with many experiencing a reduction in entitlement. In many cases this has led to a complaint and/or an appeal as a result of the claimant not comprehending the revised entitlement is a result of changes to the scheme. However, the number of “Stage 2” complaints remains a good indication as to the service being provided given that the Section has previously been given the opportunity to address the customer’s area of discontent.

A graph showing the number of “Stage 2” complaints received is attached as Appendix 7.

### **3.9 Housing Benefit Overpayments**

At the May 2016 meeting of the Executive meeting it was agreed that the recovery target and the corresponding penalty/incentive scheme should be suspended from the 1 September 2014. The level of overpayments being created as a result of Real Time Information and projected under Optional Real Time Information making the terms included in the Exchequer Services specification unobtainable.

Appendix 8 shows the monthly recovery rates since April 2015.

### **3.10 Call Centre (Help line)**

The graph at Appendix 9 details the performance of the Call Centre from April 2014.

The average abandonment rate for the period up until the 30 September 2017 was 6%, compared to the 5% tolerance contained in the specification. Whilst outside of the target figure, it was advised in the last monitoring report that the section was encouraging the use of self-service on the automated recording at the call-centre. This was leading customers to abandon calls earlier and seek information via the self-service portal. This can be evidenced by the increased usage of the portal. We are currently exploring ways of excluding these calls from the statistics whilst continuing to monitor the service.

### **3.11 Caseload**

A graph showing the number of claims in payment is attached as Appendix 10. This illustrates that there was a significant increase in the overall caseload since Liberata first became responsible for the service in 2002. However, in recent years the number of claims has reduced and stood at 19,989 on the 30 September 2017 whereas it was 23,856 in April 2012.

### **3.12 Discretionary Housing Payments (DHP’s)**

The July 2013 meeting of the E&R PDS approved the Authority’s DHP policy together with the application form for requesting assistance. For 2017/18 The DWP has allocated Bromley £726,861 for awarding DHP’s, it is envisaged that the full sum will be used.

### **3.13 Council Tax Support/Reduction (CTS)**

The Council Tax scheme for 2016/17 was agreed at Full Council in December 2015, this increased the minimum contribution of working-age claimants to 25% of the household’s Council Tax liability.

Following a public consultation exercise the Council Meeting of the 12 December 2016 adopted a scheme for 2017/18 where the minimum contribution of working-age claimants to 25% of the household's Council Tax liability remained at 25%.

The Authority has undertaken a public consultation exercise to seek resident's views on the scheme to be operated in 2018/19. The Authority recommended in the consultation documentation that for 2018/19 the minimum contribution for working-age claimants should remain at 25%. Results of the consultation exercise together with officers recommendation are contained in a report to the 6 December 2017 meeting of the Executive.

### 3.14 Universal Credit (UC)

UC for single claimants was introduced in Bromley on the 18 January 2016. At present this had little impact on the Benefits Section as the majority of recipients have been non-householders, with no rental or Council Tax liability. As of June 2017 there were 809 clients on UC of which 234 had housing costs. Out of Borough placements by Bromley are not counted in these figures and no details can be obtained via the Benefits system.

The DWP have now advised that they will go live with the Universal Credit "full service" for new claims from May 2018. It is currently planned that the existing working-age Housing Benefit claimants will be transferred over to Universal Credit by 2022.

## 4. FINANCIAL IMPLICATIONS

- 4.1 The latest budget monitoring report shows a projected over spend of £34k. This is mainly due to the non-achievement of savings relating to delays in the implementation of the Capital Connect System. The remaining contract related budgets are expected to spend to budget.

## 5. PROCUREMENT IMPLICATIONS

- 5.1 The Benefits Service forms part of the Exchequer Services contract which expires in April 2020.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable adults and children, Policy, Legal and Personnel
Background Documents: (Access via Contact Officer)	

John Nightingale  
Head of Revenues and Benefits  
London Borough of Bromley  
Civic Centre  
Stockwell Close  
Bromley  
BR1 3UH

Date: 1st November 2017

Our Ref: AIF/GT

Dear John,

As we approach the November Executive & Resources PDS meeting where we consider and review the performance of the Benefits service, we take this opportunity to write to you with Liberata's assessment of the performance of this critical, high profile service that we provide to London Borough of Bromley (LBB) and it's citizens.

This summary covers performance for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

#### **1. Current Status of the Benefits Service**

The Benefits caseload, which measures all households receiving Housing Benefit and/or Council Tax Support, was 19,989 as at the end of September 2017. The caseload at the same time last year was 20,714.

In terms of our current position for the nationally recognised Right Time Indicator, our average performance was 9.76 days compared to 10.02 days for the same period last year. This is against an annual contractual target of 13 days. For this reporting period the average processing times for New Claims was 21.09 days and Changes was 9.09 days.

Liberata is firmly committed to delivering continuous improvement and driving down the processing days of new claims and changes where possible. The continued use of the Capita 'Insight' software enables us to ensure that claims are managed within an automated compliance process, this has a positive effect on our processing times.

As at 30<sup>th</sup> September 2017, the total amount of outstanding work was 3,977 items. This includes 2,085 items pended which are awaiting information from the claimant and/or third-party. This is a significant reduction compared to the same period last year where there were 5,481 items outstanding.

### **1.1 Temporary Accommodation**

We continue to work closely with the LBB Housing teams, Orchard and Shipman and Mears and have formed good working relationships. We meet monthly to discuss benefit issues and specific assessment queries with a view to minimising any potential delays in the processing of claims. During these meetings, Liberata promote the benefits of verification training for staff which enables them to verify a customer's evidence to the DWP's standards and reduces any delay when claim forms are submitted to us.

We have continued to build and improve the suite of automated bespoke reports which we provide to our stakeholders. These weekly reports provide an accurate position of a customer's benefit claim. This enables housing staff at the earliest opportunity to engage with their tenants to address rent arrears. The automated reporting also significantly reduces the number of queries which we previously received from our stakeholders and customers.

### **1.2 ATLAS**

ATLAS is a process of transferring data from the DWP systems to the Local Authority systems. The data reports on changes which may not have been reported by the customer. Notification of these changes ensures the entitlement of customers is correct and consistent with the information held by the DWP. We have automated the updating of the ATLAS files into our back office processing system. This has eliminated the potential of error through manual handling of this work and has provided an enhanced customer experience as claims are updated promptly and minimise the potential of overpayments being created.

### **1.3 Quality**

We continue to remain firmly focused on quality and drive to eradicate any financial error within the assessments carried out. The average financial error rate for the period April to September 2017 was 2.0% compared to 2.7% for the same period last year.

Our accuracy level demonstrates that the robust quality management framework is highly effective. We regularly review our quality procedures and remain committed to ensuring that claims are processed accurately and to a high standard, minimising the potential for error and the requirement for reworking.

#### **1.4 Overpayment Strategy**

The creation of overpayments is a natural bi-product of the administration of Housing Benefit & Council Tax Support, with recovery needing to be sought from some of the most vulnerable members of the community.

The recovery rate as at 30<sup>th</sup> September 2017 was 90.84%. Liberata continues to effectively recover debts by using a variety of techniques including Blameless Tenant recovery and Direct Earnings Attachment.

We continue to receive Real Time Information (RTI) data matches from the DWP. These include both 'Mandatory' RTI files and 'Optional' RTI files. LBB opted to receive the Optional files which were introduced last year. They have proven to be as successful as the Mandatory files in identifying undeclared or incorrect financial information pertaining to the customer.

Last year, the DWP advised that Authorities will be given access to 'Wider Use of Real Time Information' (WURTI). This system will allow benefit assessors to view a customer's working income in real time. This will reduce the delay associated with requesting further information on earned income and increase the overall processing time of claims. WURTI will also enable accurate assessments of benefit entitlement and reduce the potential for overpayments to be created.

#### **1.5 Universal Credit**

Bromley is now live with the first phase of migration to Universal Credit which only includes single working aged claimants. Whilst we have seen a slight reduction to the caseload, we continue to receive a significant amount of queries from the DWP in relation to these claims. Bromley are still on track to be fully live with Universal Credit for all new claim types from May 2018. Our dedicated Single Point of Contact (SPOC) liaises directly with the DWP by email and telephone ensuring any requests from them are dealt within the DWP service level of 5 days.

## **2. Call Centre & Customer Services**

The number of Revenues & Benefits customers seen in Customer Services for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 totalled 18,723. During this period 83% of customers were seen within 15 minutes. This is an improvement on the same period last year when 81% were seen in 15 minutes.

During the same period, the Contact Centre (Help Line) received 76,234 calls with 94% answered. The 94% is however less favourable than the previous 6 months (i.e. October 2016 to March 2017) when the abandonment rate for the period was 4%.

We do appreciate however that the 94% answered (or 6% abandonment) is over the 5% abandonment KPI target. When looking at the numbers in more depth, it is evident that we are seeing a change in customer behaviour with more customers going on-line to interface with the R&B service. We can evidence from our telephony system that customers are being less patient in waiting to have their call answered and we believe this is in part, due to the customer being directed by the IVR to use Bromley's website to interact with the R&B Service.

Throughout this year, the team have been trying to encourage more customers to use the on-line services available to them to self-serve – a facility that is available 24/7. In addition we have been meeting regularly to implement and promote the Capita ADP (automatic data processing) product which allows customers to interact on-line directly with their council tax account and/or benefits claim. The number of customer transactions using Capita ADP has increased by 90% since June 2017

This data would seem to provide evidence that our drive and promotion of on-line services is having a positive effect.

### **3. Service Developments**

Liberata's goal is to continue to improve and enhance the services provided to the Council and its citizens through the introduction of innovative and effective solutions.

Examples of current year new and ongoing initiatives;

- On-going implementation of Capita Advantage Digital product. This will enable customers to use online forms to make a new claim or report changes to an existing claim. The information on the forms will be integrated with the back office processing system
- Investigating the benefits of improved reporting capability within 'Insight' which specifically uses SHBE data
- Automation of Real Time Information (RTI) HMRC data matches
- Continued piloting of the cross working of call centre and back office staff. This enables Call Centre Advisors to assist with processing of correspondence during quieter periods throughout the day
- Implementation of WURTI (Wider Use of Real Time Information); this is a DWP initiative which allows benefit assessors to access a system and view a customer's salary information in real time
- Further investigation on how the Corporate Visiting Team (CVT) can assist other departments within LBB and Liberata

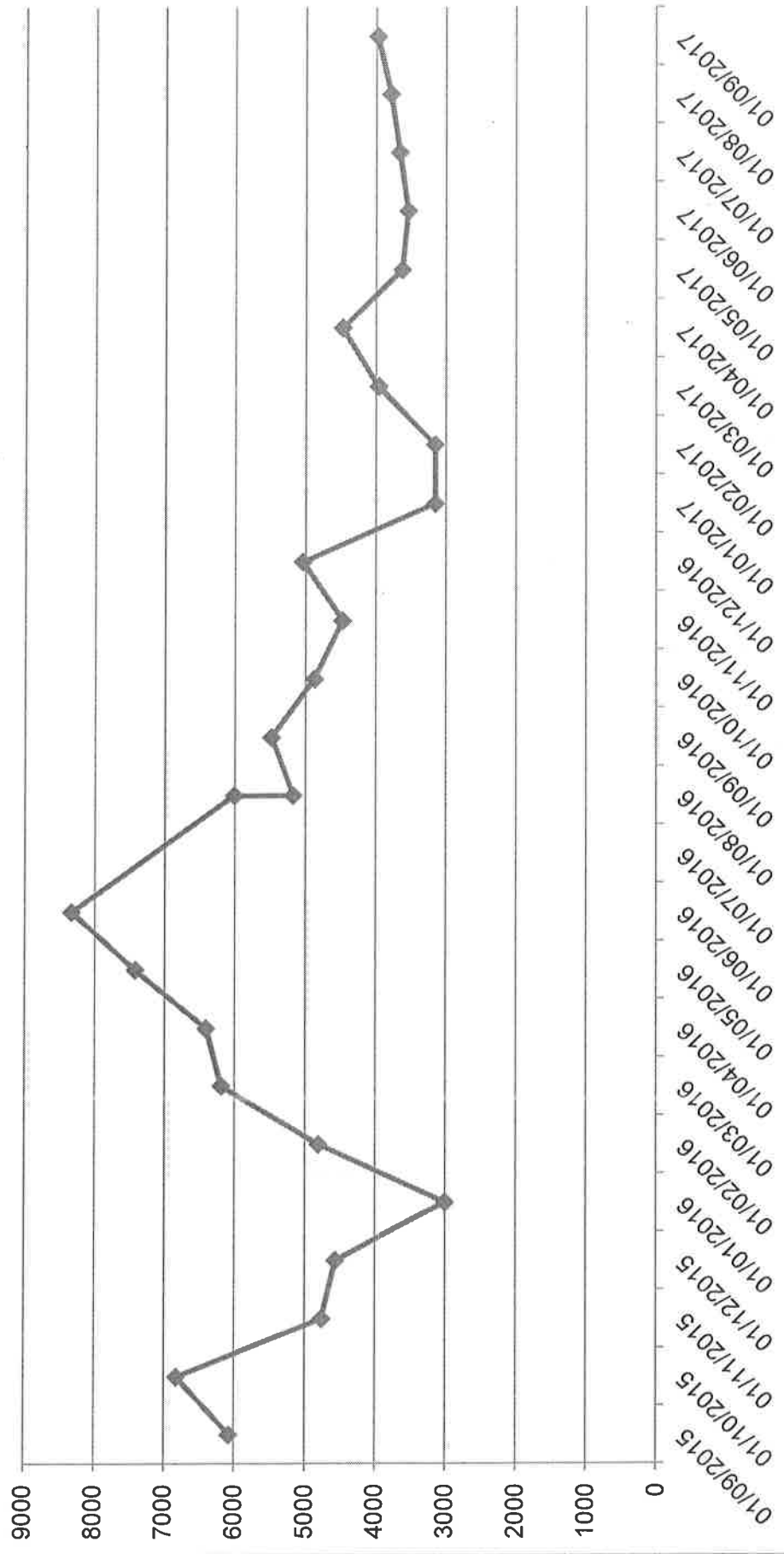


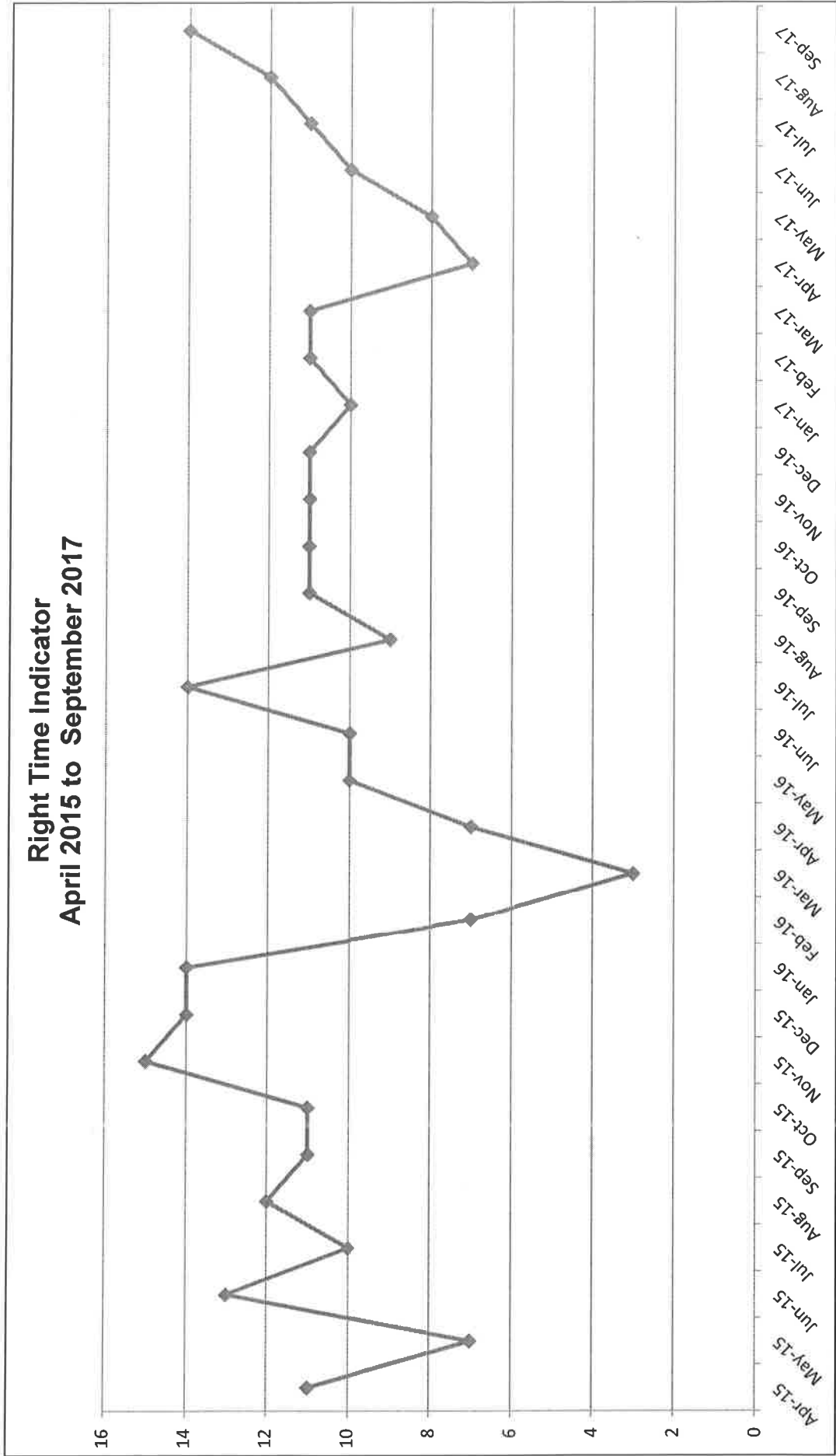
Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely,

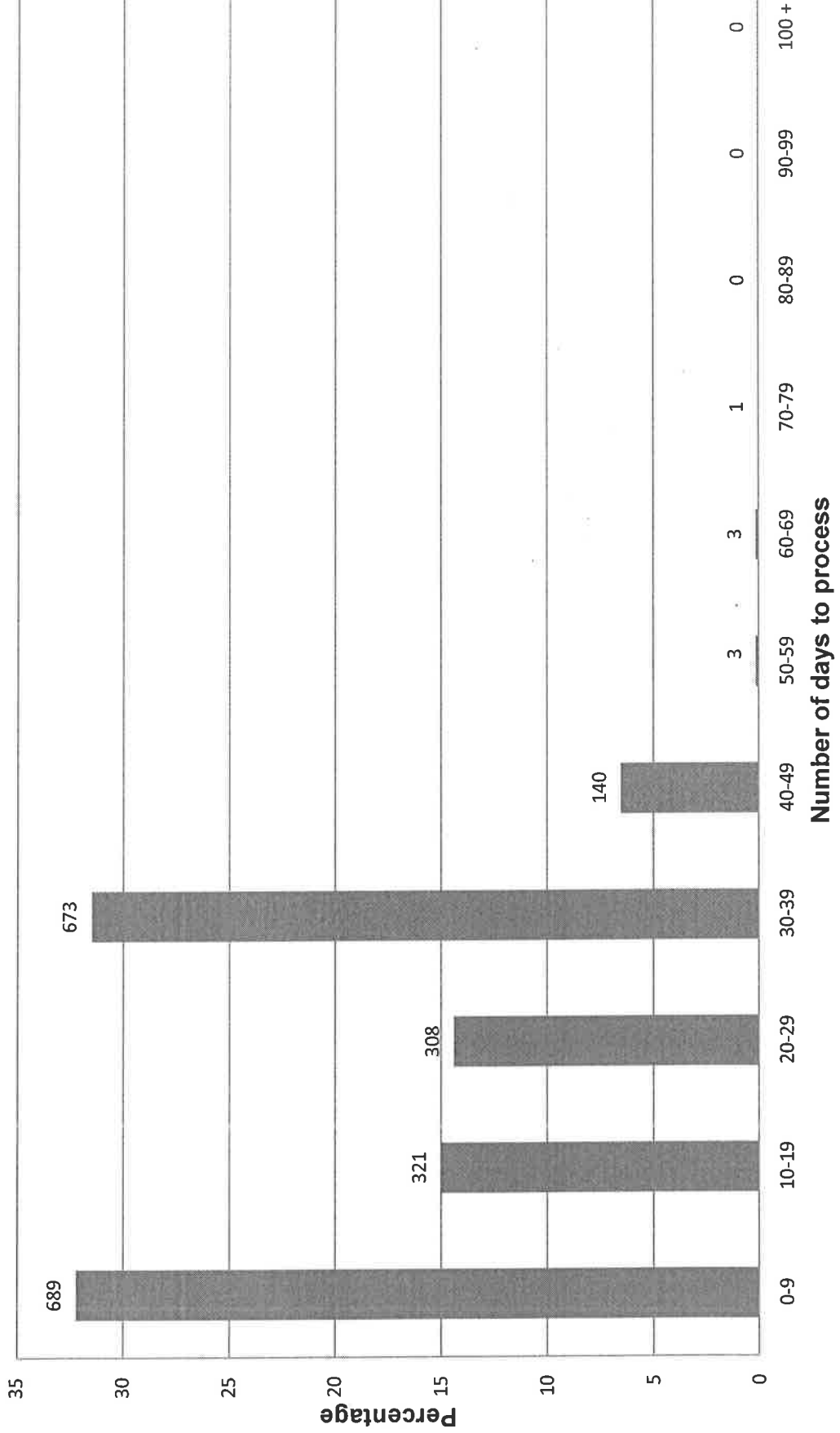
Amanda Inwood-Field  
London Regional Contract Director

### Total Pending and Outstanding Work September 2015 to September 2017

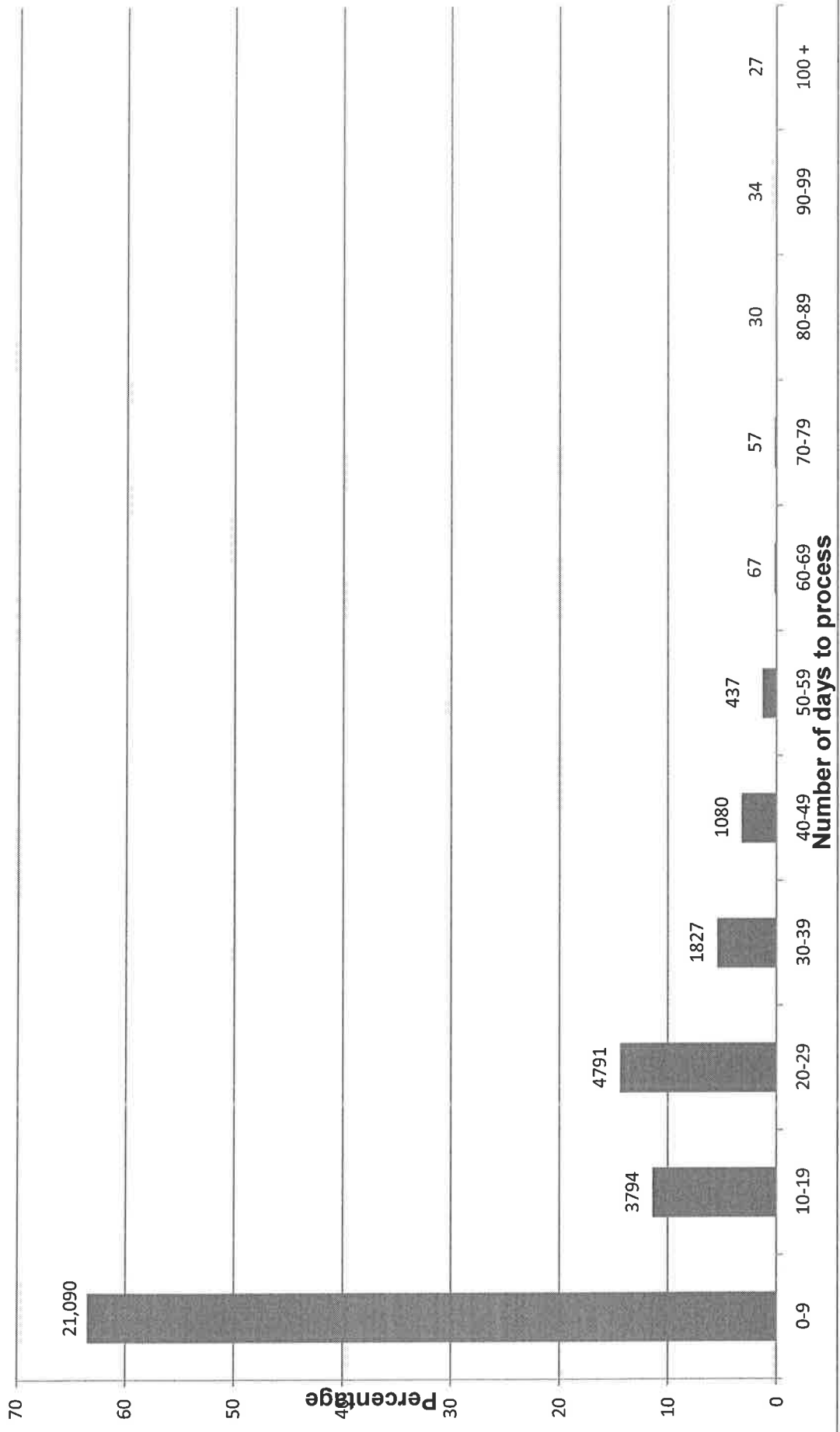




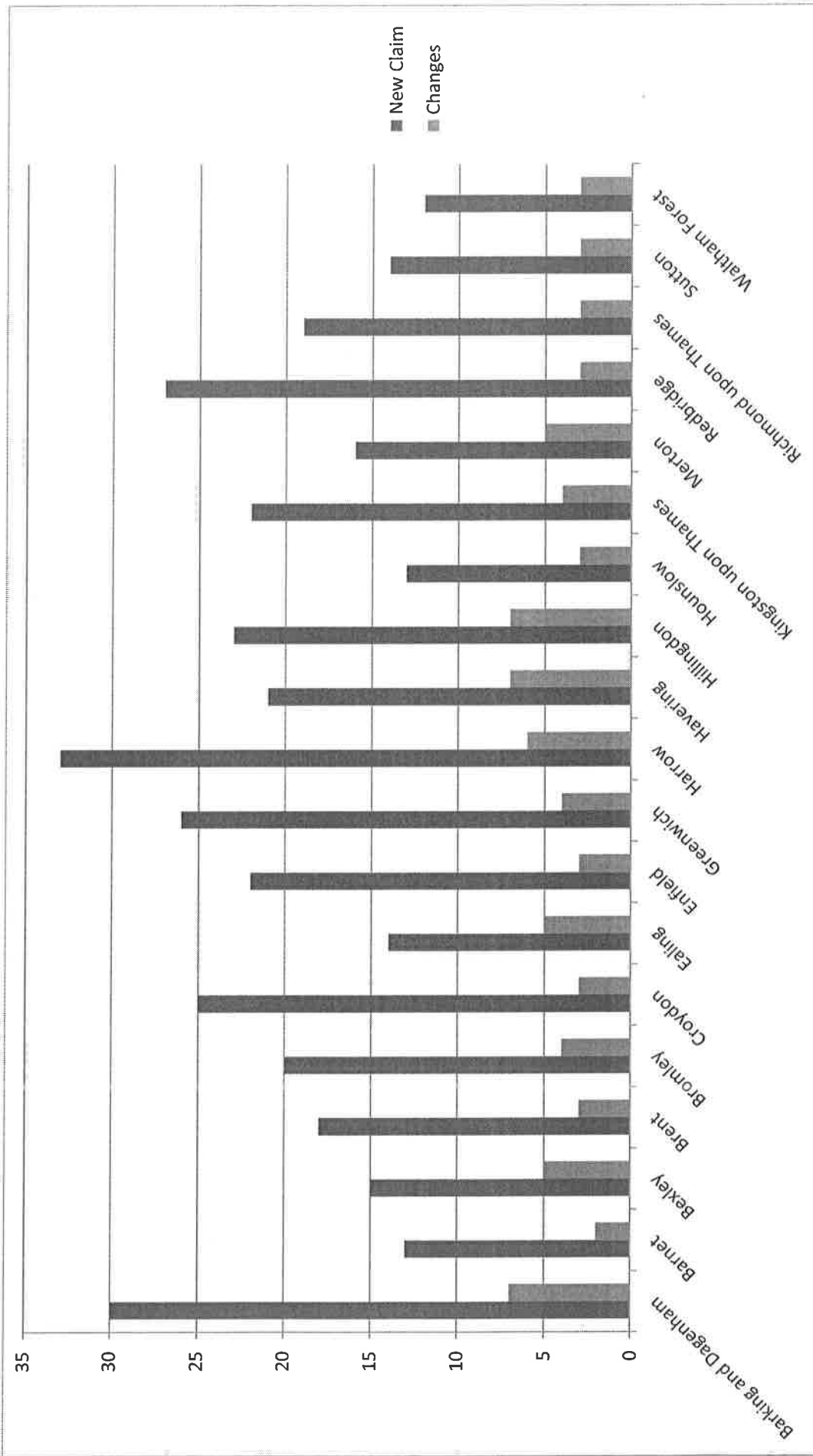
**Housing Benefit - processing time breakdown April to September 2017  
New Claims (2138 cases)**

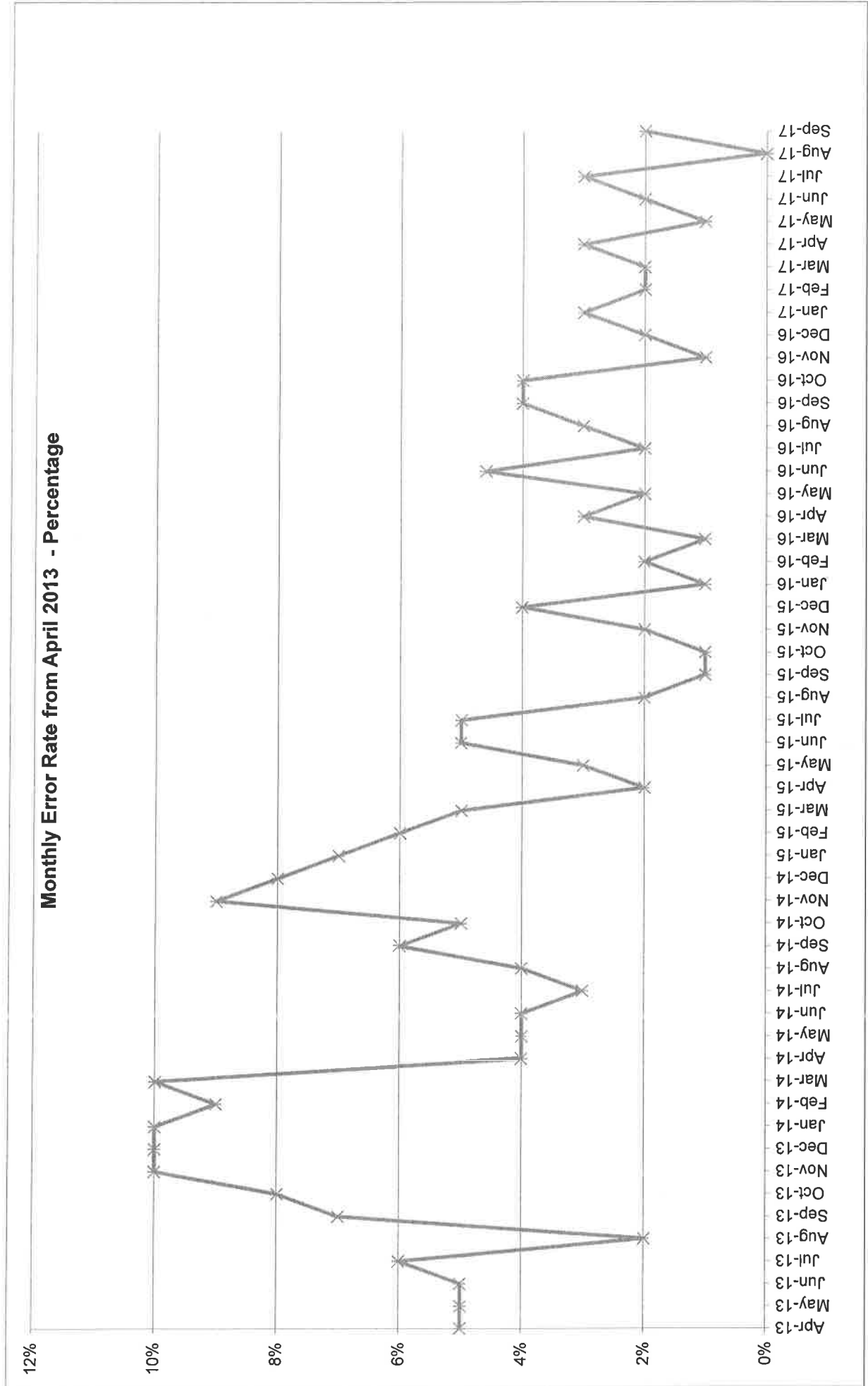


### Housing Benefit - processing time breakdown - April to September 2017 Change in Circumstances (33,234)

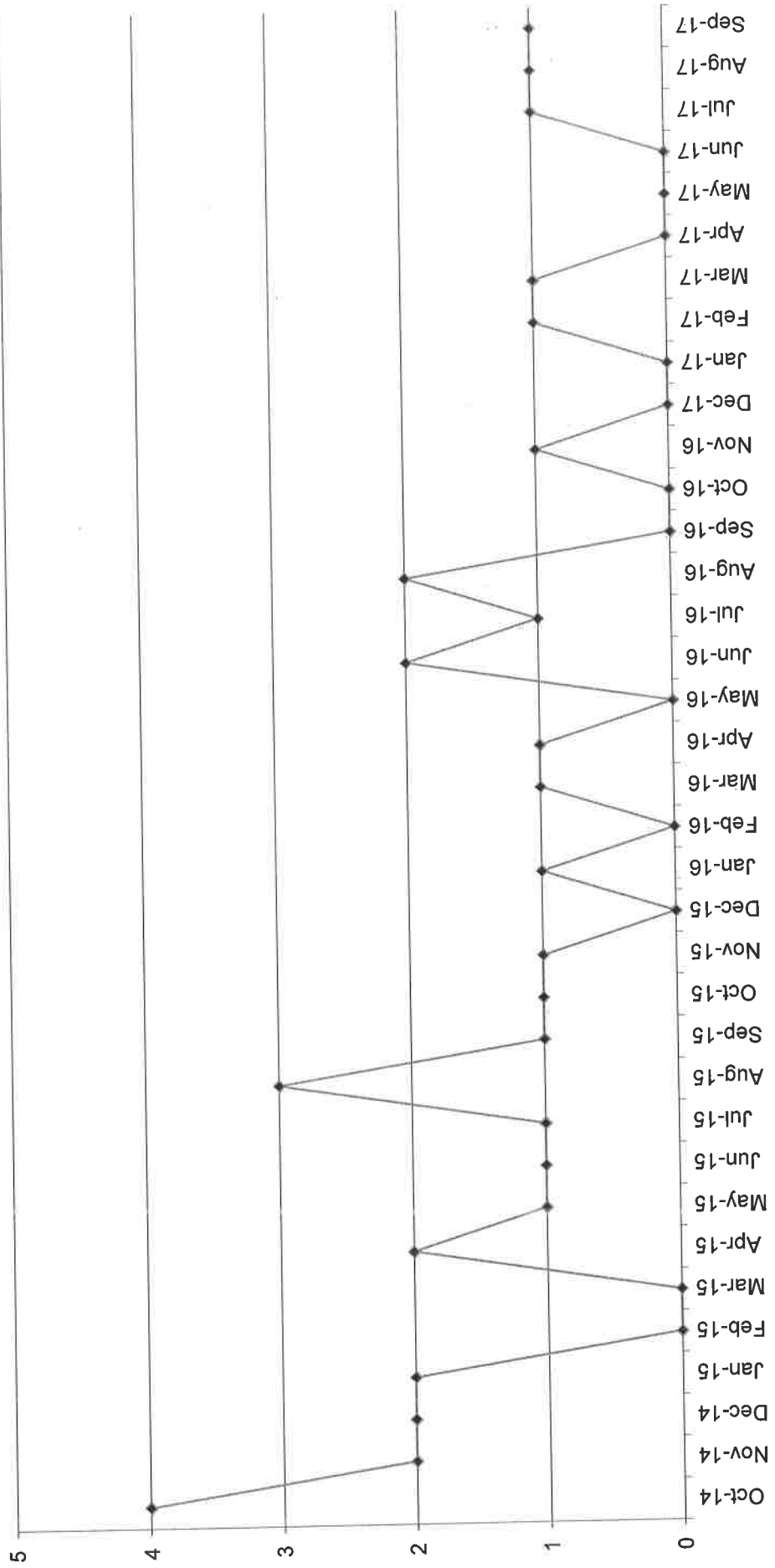


DWP Housing Benefit Speed of Processing for New Claims and Changes – Quarter 4 (Jan 2017 – Mar 2017)



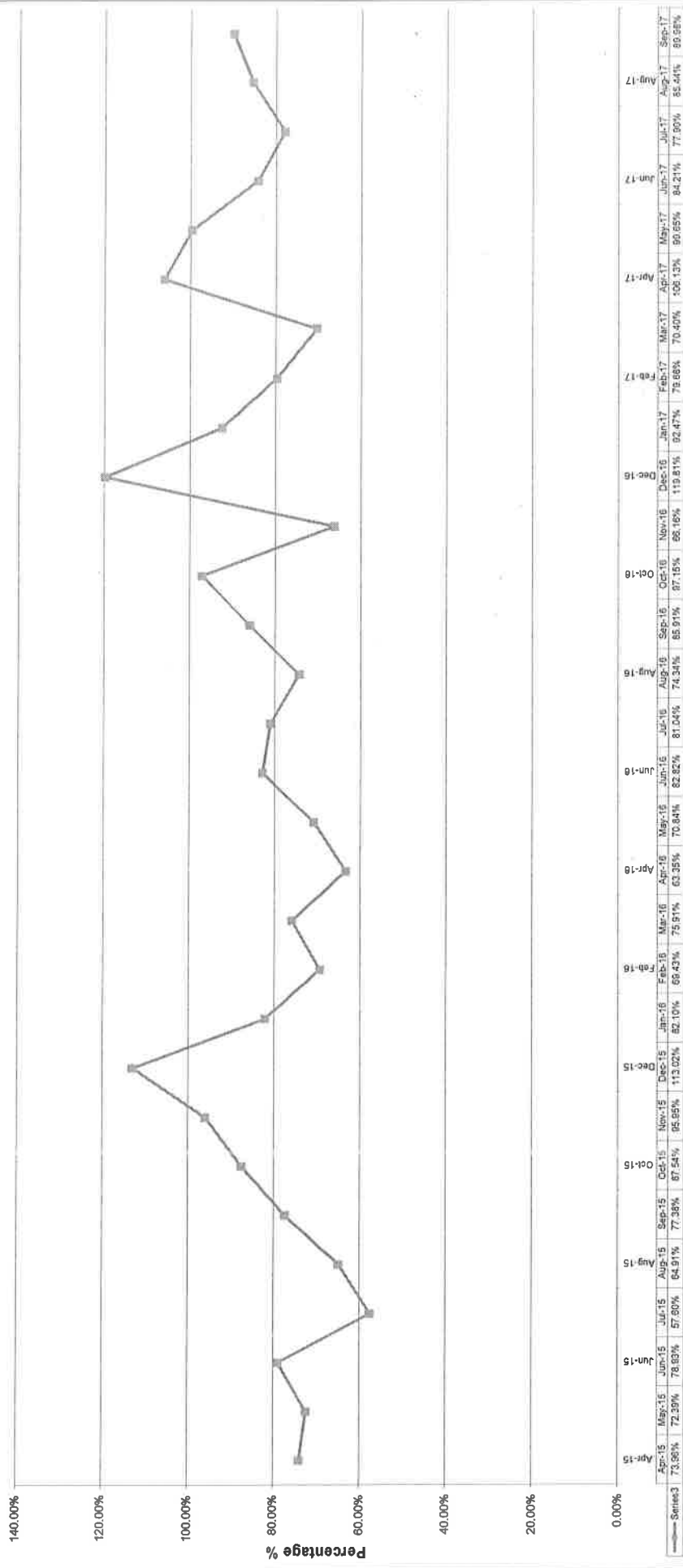


### Housing and Council Tax Support - Stage 2 Complaints from October 2014

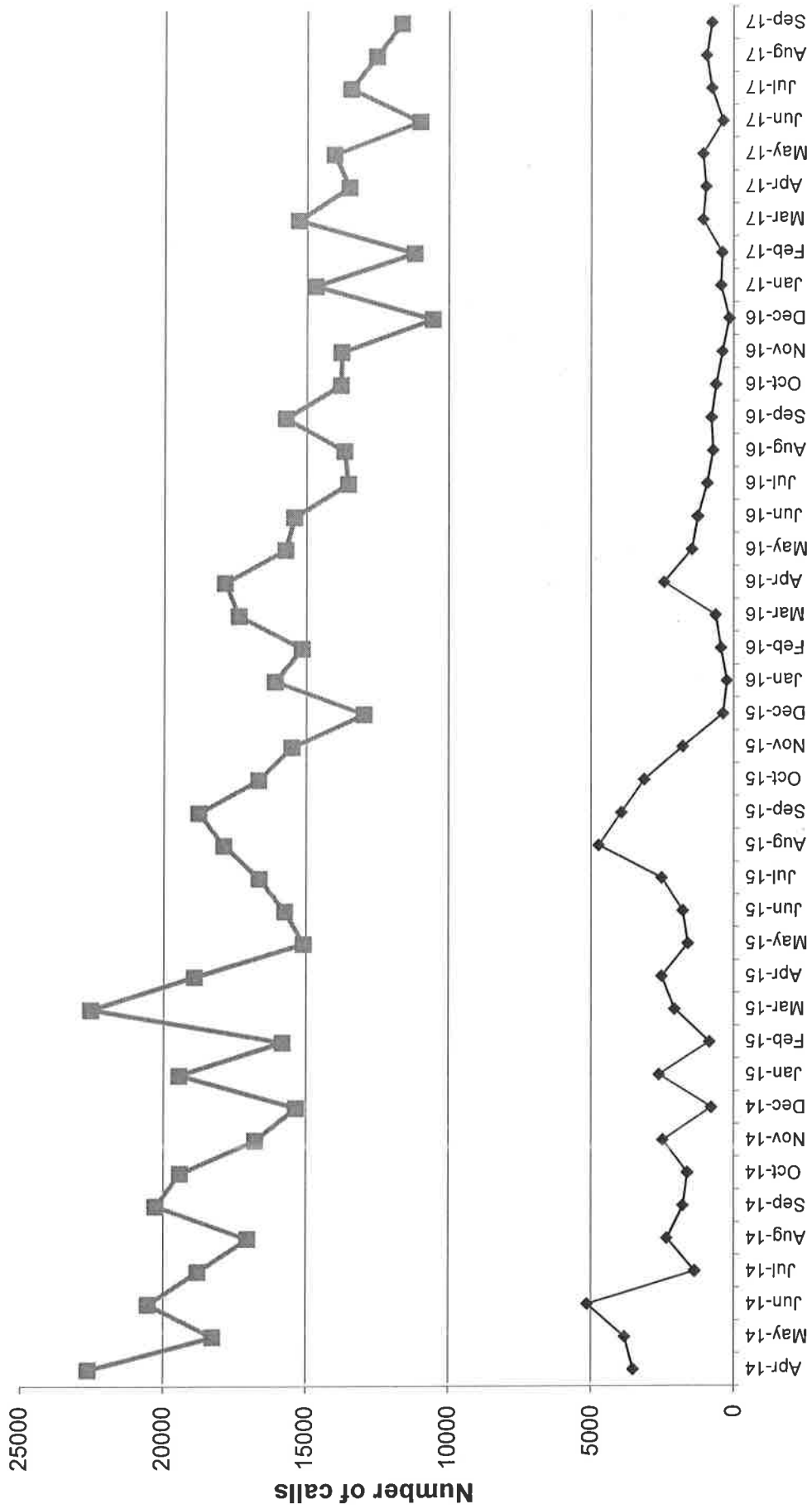




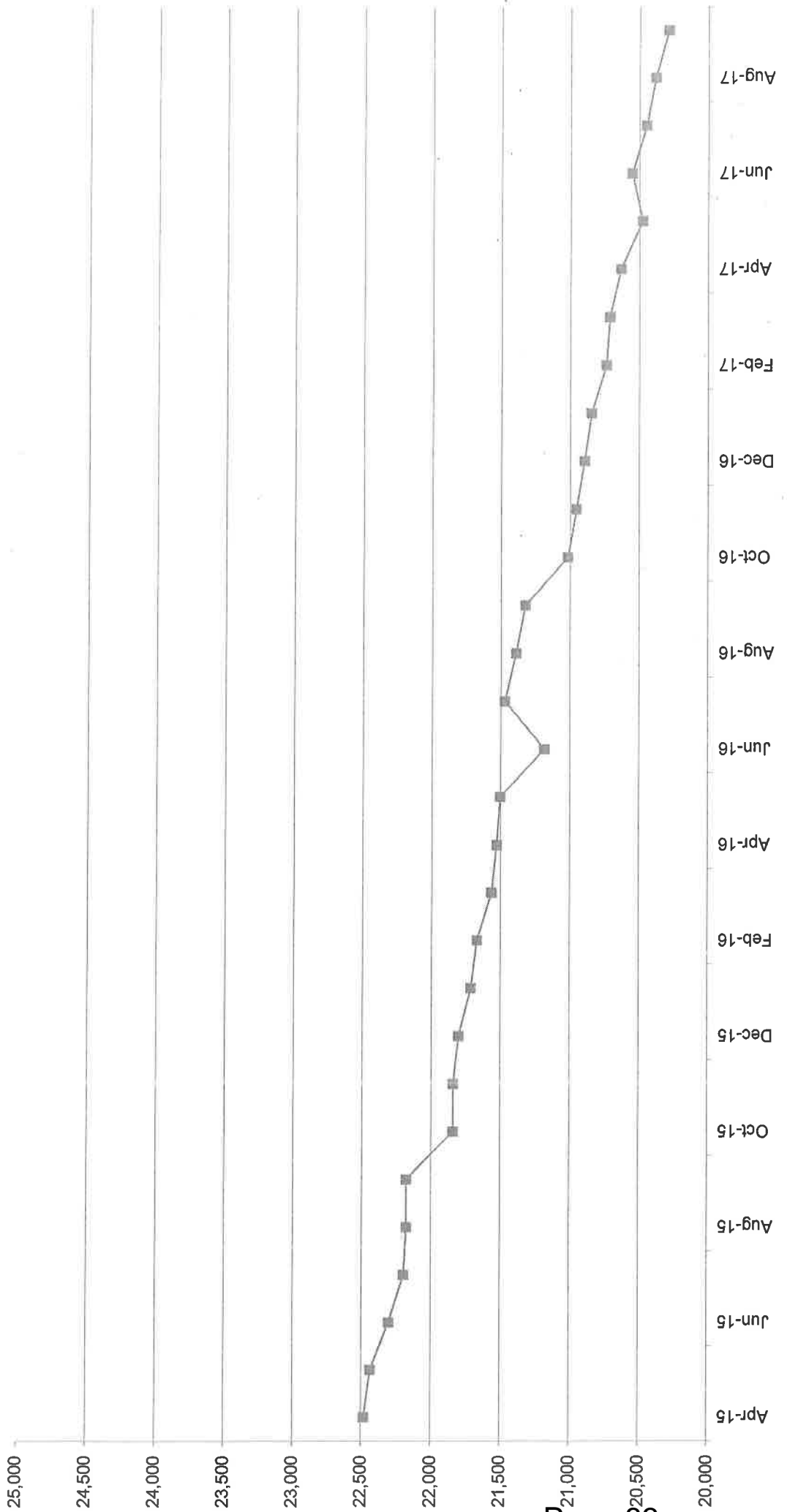
Monthly Overpayment % recovered against that created From April 2015 - every 2 months



Calls Received and Abandoned by Month from April 2014



Caseload from April 2015 - every 2 months



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Report No.  
FSD17090

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Wednesday 29 November 2017

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

**Title:** REVENUES SERVICE MONITORING REPORT

**Contact Officer:** John Nightingale, Head of Revenues and Benefits  
Tel: 020 8313 4858 E-mail: john.nightingale@bromley.gov.uk

**Chief Officer:** Peter Turner, Director of Finance

**Ward:** (All Wards);

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1. Reason for report

- 1.1 This report provides information regarding the performance of the Revenues Services provided by Liberata for the 6 months up to the 30 September 2017. A letter from Amanda Inwood-Field, Liberata's Regional Contract Director, provides an update on each individual service and is attached at Appendix 1 with statistical data relating to the Revenues Service shown in subsequent appendices.

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2. RECOMMENDATION(S)

- 2.1 The PDS is requested to note the information contained within the report and the letter provided by Liberata detailed in Appendix 1.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: the Revenues Service impacts on all residents in the Authority including vulnerable adults and/or those with children.
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Not applicable
  2. Ongoing costs: Not applicable
  3. Budget head/performance centre: Exchequer- Revenues
  4. Total current budget for this head: £3.18m
  5. Source of funding: Not applicable
- 

### Personnel

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

### Legal

1. Legal Requirement: Statutory Requirement  
Local Government Finance Act 1988

The Council Tax (Administration and Enforcement) Regulations 1992

Local Government Finance Act 2012

Rating Law and Practice: England and Wales

LGPS Regulations 2013

2. Call-in: Applicable:
- 

### Procurement

1. Summary of Procurement Implications: The Revenues Service forms part of the Exchequer Services contract which expires in April 2020.
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The Service covered in this report affects all Council Tax payers, Business rate payers, Members and Pensioners' this could amount to an estimated 140,000 households.
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable

### **3. COMMENTARY**

- 3.1 The Revenues and Benefits Team monitors the contract, sets targets and performance standards, liaises with partners, progresses the development and improvement of services through leadership on specific improvement initiatives. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements. A summary of performance by the services is contained in Appendix 2.
- 3.2 To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. The Heads of Service of Liberata and Bromley meet regularly to deal with escalated issues, review policies and develop new ideas.

#### **3.3 Council Tax**

The in-year Council Tax collection rate for the period up until the end of September 2017 was 58.05%; this is a 0.03% improvement on the same time last financial year.

No further information has been published in respect of Bromley's performance compared to other LA's since the last monitoring report.

The collection rate on current year and arrears was 58.15% which is 0.03% down on the same time in 2016/17.

In the first 6 months of this financial year the number of household registered for Council Tax increased by 354 to 139,880. In the same period the number of households receiving SPD increased by 338 to 43,105.

#### **3.4 Business Rates**

The 2017/18 in-year collection was 57.15% as at the 30 September 2017 which was 0.88% higher than at the same time last year.

No further information has been published in respect of Bromley's performance compared to other LA's since the last monitoring report.

The collection rate for current years and arrears was 56.91% as at the 30 September 2017, this was 1.64% up on the same time last year.

As at the 30/9/17 there were 7,235 registered for Business Rates a reduction of 74 on the figure of 6 months ago.

The Business Rates Section successfully implemented the 3 initiatives announced in the Spring 2017 budget:

- Public House Relief - £1,000 relief to all occupied public houses that have a rateable value less than £100,000
- Supporting Small Businesses – for ratepayers who were in receipt of Small Business Relief in 2016/17, this scheme caps any potential increase in their bill to £600
- Revaluation Support – to support ratepayers that face the steepest increase in their business rates bill as a result of Revaluation

#### **3.5 Cashiers**

The payment kiosk sited in the Civic Centre central reception continued to take high volume of payments. The number of transactions fell in the first six months of the year, with 9,429 taking

place as opposed to 9,761 in 2016/17. However, the value of those transactions increased from £1,109,243 to £1,120,396.

### 3.6 **Payroll**

The number of payments made in September 2017 was follows:

LBB General / Schools	2,746
Pensions	4,990

### 3.7 **Pensions**

Membership numbers recorded on the pensions administration system as at 30 September 2017 were 6,014 actives, 5,398 deferred and 5,149 pensioners.

### 3.8 **Credit Cards**

The Government is introducing changes which prevent local authorities from charging for the use of a credit card as a method of payment. The Council currently charge 2.25% of the value of transaction in certain circumstances. Legal advice obtained indicates that withdrawal of such facility would be problematic on grounds that it represents a “genuine willingness to discharge a debt or penalty” which is a key consideration in taking action for the recovery of debt. There is a cost implication which will need to be reflected in the 2018/19 budget as the £40k income budget will need to be removed. The current costs are estimated at £55k per annum (based on 2017/18 expenditure), but this could increase if there is higher usage of credit cards once the charge is removed.

## 4. **FINANCIAL IMPLICATIONS**

- 4.1 For 2017/18, the latest budget monitoring report is projecting an over spend of £20k. This is mainly due to the delays in achieving savings relating to the implementation of the automated services (£100k), which are partly offset by savings on the Liberata contract of £80k for various one-off in year variations.
- 4.2 This report refers to the significant income collection undertaken through the Exchequer Services contract with Liberata.
- 4.3 As mentioned above, the £40k income budget for the credit card surcharges will need to be removed for the 2018/19 budget.
- 4.4 It should be noted that if there is an increase in the use of credit cards, the current spend of £55k per annum will increase.

## 5. **PROCUREMENT IMPLICATIONS**

- 5.1 The Revenues Service forms part of the Exchequer Services contract which expires in April 2020.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children, Policy, Personnel and Legal
Background Documents: (Access via Contact Officer)	



John Nightingale  
Head of Revenues and Benefits  
London Borough of Bromley  
Civic Centre  
Stockwell Close  
Bromley  
BR1 3UH

Date: 8 November 2017

Our Ref: AIF/RJ

Dear John,

As we approach the November 2017 Executive & Resources PDS meeting where we consider and review the Exchequer service, we take this opportunity to write to you with Liberata's assessment of the performance that we have provided to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the 6 months from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

## **Council Tax**

The in-year collection for the 6 months to 30<sup>th</sup> September 2017 was 58.05% which was an increase of 0.03% compared to the previous year. This high performance was achieved despite the fact that this is the second year where working-age Council Tax Support claimants have been required to pay the higher contribution of the households Council Tax liability, which increased from 19% to 25% in 2016/17.

Our all-years collection for the year was 58.15%, which was a decrease of 0.03% on the previous year. Collection on out of year debt was made more challenging by the increase in the amount of static debt outstanding. This relates to debt that is below the level at which we issue a summons. In addition we have a large number of cases where, despite having a Liability Order in place, we are unable to take further recovery action due to the account holder lacking any realisable assets or the value of the debt being below the threshold needed to apply for Bankruptcy or a Charging Order.

We also have a number of cases where a Charging Order has been secured however, the funds can only be realised when the resident decides to sell their property, which could be many years in the future.

A pilot project has commenced which will use a number of different recovery techniques such as out of hour telephone calls, tailored pay-up letters and possible visits to try to address outstanding debt. The objective will be to encourage payment by highlighting to debtors the potential for additional interest charges to be added to their original debt and how future recovery action could impact on their credit rating.

We are continuing with our normal collection and recovery initiatives, which include reviewing the top 100 debtors, proactively chasing older debts, issuing 'pay up' letters on account balances which are below the summons threshold, reviewing cases with an attachment pending for both benefits and earnings, progressing cases held at Liability Order stage and monitoring cases sent to the enforcement agents. We are also continuing to use SMS texting as an additional reminder to prompt tax payers to pay before the issuing of the final reminder, after which they lose the right to pay by instalments.

We are continuing to run our drop-in summons surgeries each month. These provide taxpayers with a valuable opportunity to meet with our staff in order to discuss any Council Tax issues and make arrangements to pay their outstanding balance.

We completed the annual Empty Homes Review exercise whereby we sought to validate the status of properties showing as 'long term empty' (i.e. those that have been empty for at least 6 months) on the council tax database. The exercise is carried out through a combination of postal enquires, outbound telephone calls and visits undertaken by our Corporate Visiting Team. The Council receives additional funding from Central Government in the form of a New Homes Bonus for new properties built during the year. However, this funding is reduced if there is any year on year increase in the long term empty property figure. In addition, extra funding is also paid for any year on year reduction in the number of long term empty properties. As a result of the teams work we were able to report a reduction of 16 long term empty properties compared to the previous year. This meant that the Council received their full bonus for new properties as well as the additional funding for the decrease in empty properties.

We have continued to increase the functionality of the online Revenues and Benefits self-serve module since its go live in February 2017. The initial go live resulted in an increase in information and functionality being made available to residents, land lords and local businesses which resulted in the ability to:

- View Council Tax annual bills, copy bills, payment details, discount and exemptions status
- View system generated correspondence
- Apply for discounts
- Set up direct debits
- Advise of a change in address
- View Benefit account information and system generated correspondence

- View NNDR annual bills, copy bills, payment details, discount and exemptions status

So far this year we have added an online Payment Arrangement module, which means that residents can now set up their own payment arrangement rather than having to contact Customer Services. The requested arrangement is compared against pre-set parameters covering the number, value and frequency of the suggested payments in order to approve, reject or forward for manual review. In addition a fully integrated Change in Address module has been implemented which removes the need to manually rekey information that had previously been entered by residents. A further module, which will allow users to sign up to receive all correspondence and bills electronically, is expected to go live during the next few months.

We have continued to encourage residents to use online options via either the My Bromley Portal or the Councils website in order to help promote the Councils Channel Shift programme. This has been achieved by adding appropriate wording to the telephone IVR's as well as ensuring that the contact centre staff advise callers and visitors of the benefits of using the on-line options.

## **Business Rates**

The in-year collection rate for business rates for the 6 months to 30<sup>th</sup> September 2017 was 57.15%, which is a 0.88% increase on the previous year. The all-years collection rate for the year was 56.91%, which was an increase of 1.64% compared to last year.

In the last Spring Budget the Government announced a number of new reliefs that were introduced to minimise the impact of the 2017 Revaluation. Although these were all new initiatives and, in some case required the production of new policy documents to detail how they would be applied, they have all now been successfully implemented. The new measures included:

- Public House Relief – designed to provide additional relief to public houses with a rateable value of less than £100,000. We contacted all public houses that we could identify who met the criteria and invited them to apply for the relief. Of the 39 who have so far responded, all have received the award. A total of £39,000 has so far been awarded.
- Supporting Small Businesses – designed to limit this year's increase to £600 for those businesses who were in receipt of Small Business Relief in 2016/17. We were able to identify 183 accounts meeting the criteria which has resulted in over £384k being awarded in relief.
- Revaluation Support – designed to provide financial support to those smaller business most affected by the impact of the revaluation exercise. A local

policy was designed to help those businesses with a rateable value less than £200k, which had seen a gross increase in their bill from 2016/17 to 2017/18 of more than 12.5% and had a NET increase in their bill after all other discounts and reliefs had been applied. We identified and contacted over 2,500 businesses which met these criteria and invited them to apply for the relief. So far nearly 1,100 have responded resulting in over £351k of relief being awarded.

We are continuing to issue reminder letters to all businesses who have so far failed to apply for any of the above reliefs.

As a further way of promoting the reliefs we organised a stand at the Biggin Hill 'Big On Business' exhibition in the summer where we met with local businesses to explain the nature of the new reliefs and how they could apply for them. We also provided summary documents and explanatory hand-outs to a number of business associations for them to distribute to their members. The aim of the campaign was to maximise the number of local businesses who could benefit from these reliefs.

During the year our Business Rates Shared Service team, who are based in North Somerset and deliver the recovery, collection and contact centre service for the London Borough of Bromley, won the Excellence in Non-Domestic Rate award at the Institute of Revenues Rating and Valuation (IRRV) annual Performance Awards. This was in recognition of the teams work in providing expert, reliable, resilient and efficient services in order to ensure our clients achieve consistently high revenue collection results.

### **Orpington Business Improvement District (BID)**

Our collection rate for the 6 months to 30<sup>th</sup> September 2017 was 81.0%, which was an increase of 7.4% compared to the previous year. The BIDS members are invoiced in two instalments in April and September.

### **Bromley Business Improvement District**

This is the second year that the Business Improvement District scheme has been introduced for Bromley. The levy is based on the liable occupation on the 1<sup>st</sup> April of each year. As at 30<sup>th</sup> September 2017, we achieved a collection rate of 96.3% which was 1.1% down against last year. Part of this variance is due to delays in businesses advising us of vacations and new occupations which lead to the issuing of new or revised invoices.

## **Cashiers**

For the 6 months to 30<sup>th</sup> September 2017, £13.5m was collected which covered 19,290 transactions and included amounts taken via the Kiosk, post and central income.

## **Pensions and Payroll**

During the 6 month period to 30<sup>th</sup> September 2017 the Payroll Team continued to provide a valued service with an average accuracy rate of 99.9%. The Pension Team achieved an average of 99.46% service level compliance over the same period.

There have been challenges to face in the first 7 months of the year including managing the Apprenticeship Levy and assisting the Council with the implementation of Self-Service for Overtime and Expenses.

Teacher's Pension changes include the implementation of MDC (Monthly Data collection) for the Spring Trust Schools in April 2017, with other Academies gradually being added in the months following. The Council's Teachers and Bromley Schools will be added to the process from October 2017.

Annual Benefit Statements were dispatched to Active and Deferred Members in-line with the new regulatory deadline.

Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely

**Amanda Inwood-Field**  
**London Regional Contract Director**

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The key elements of the Revenues Service includes (2017/18 figures):

- **£ 201 million** – Annual amount of Council Tax raised
- **£ 95 million** – Annual amount of Business Rates raised
- **£ 12.3 million** – Annual payment of Council Tax Support
- **£ 121 million** - Annual payment of Housing Benefit
- **£ 31.2 million** – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the year from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017
- **£ 13.5 million** – Payment of Pensions from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017
- **£ 9.53 million** Year to date revenue on 19,290 transactions, this includes Kiosk (906 Loomis cash collections during the 6 months to 30<sup>th</sup> September 2017)

### Council Tax Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 07/08	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	<b>Actual 01/04/17 to 30/09/17</b>
BV9:CTAX Collected	97.1%	97.03%	97.28%	97.59%	97.65%	97.76%	97.50%	97.70%	97.79%	97.93%	<b>58.05%</b>

**Actual 30<sup>th</sup> September 2017 – 58.05%**

The amount of collectable debt raised for the year 2017/18 was **£201m** in respect of **139,305** properties.

**646 Cheque** refunds and **2,305 BACs** refunds totalling **£763,227.11** have been issued from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

The following Council Tax recovery notices were issued:

	2007/8	2008/09	2009/10	2010/11	31/03/12	31/03/13	31/03/14	31/03/15	31/3/16	31/3/17	<b>01/04/16 to 30/09/16</b>
Reminders	41,710	39,382	34,892	34,971	51,920	45,816	56,256	54,745	52,125	55,553	<b>52,038</b>
Summonses	14,244	13,432	17,061	19,774	16,436	16,168	19,267	13,158	9,543	14,052	<b>6,816</b>
Liability Orders	6,270	7,079	10,713	12,956	9,396	10,868	9,999	8,645	8,337	10,338	<b>6,411</b>
14 day letters – Enforcement Agent warning	11,276	10,761	13,127	11,823	11,757	12,518	15,816	10,103	12,214	8,247	<b>4,565</b>
Accounts passed to Enforcement Agent	6,896	6,882	9,724	9,538	All at 14 day stage	All at 14 day stage	All at 14 day stage	All at 14 day stage	All at 14 day stage	All at 14 day stage	<b>All at 14 day stage</b>

**NB:** The first 14 day letters were issued directly to the bailiffs from **11 July 2011**.

There has been a marked increase in the number of reminders issued during the period. This was partly due to the first instalment date being pushed back to 18<sup>th</sup> April which resulted in a total of 28,499 reminders being issued in May 2017 compared to 8,443 for May 2016.



The 2016/17 debt carried forward at the 1<sup>st</sup> April 2017 was **£4,290,637.42**

<b>Council Tax - Summonsed Debt</b>	
<b>Summonses / costs</b>	£691,586.70
<b>Arrangement</b>	£292,702.53
<b>Bailiff /14 DAY</b>	£1,938,672.06
<b>Attachment</b>	£66,262.58
<b>Bankruptcy</b>	£15,144.43
<b>Liability</b>	£377,112.23
<b>Un-summonsed Debt</b>	
<b>Finals</b>	£259,974.09
<b>Un-summonsed</b>	£649,182.90
<b>Total</b>	<b>£4,290,637.42</b>

The breakdown analysis of the total **2016/17** debt outstanding at the 1<sup>st</sup> April 2017 of **£4,290,637.42** is shown above.

The balance of the total **2016/17** debt outstanding as at the **30<sup>th</sup> September 2017** is **£2,979,820.43** a reduction of **£1,310,816.99**

Council Tax Arrears Breakdown as at 30<sup>th</sup> September 2017

Year	Arrears B/F 31/03/2017	Arrears carried forward as at 30/09/17	Net reduction	Actual % collection
1993	£209.79	£209.79	£0.00	
1994	£196.38	£192.77	£3.61	
1995	£174.73	£87.87	£86.86	
1996	£793.52	£594.01	£199.51	
1997	£2,092.85	£2,023.82	£69.03	
1998	£5,231.21	£5,182.09	£49.12	
1999	£9,038.54	£8,481.68	£556.86	
2000	£18,315.64	£15,945.22	£2,370.42	
2001	£36,373.25	£31,288.52	£5,084.73	
2002	£55,959.10	£48,927.50	£7,031.60	
2003	£85,777.22	£76,940.06	£8,837.16	
2004	£115,678.59	£102,222.62	£13,455.97	
2005	£159,905.10	£146,202.07	£13,703.03	
2006	£222,086.28	£195,169.35	£26,916.93	
2007	£285,222.51	£250,132.24	£35,090.27	
2008	£349,072.61	£315,964.27	£33,108.34	
<b>SUB TOTAL</b>	<b>£1,346,127.32</b>	<b>£1,199,563.88</b>	<b>£146,563.44</b>	<b>10.89</b>
2009	£405,051.75	£351,812.30	£53,239.45	<b>13.14</b>
2010	£508,578.44	£448,496.29	£60,082.15	<b>11.81</b>
2011	£699,077.03	£512,489.46	£186,587.57	<b>26.69</b>
2012	£950,074.51	£827,788.66	£122,285.85	<b>12.87</b>
2013	£1,400,236.99	£1,227,392.39	£172,844.60	<b>12.34</b>
2014	£1,828,196.35	£1,588,983.83	£239,212.52	<b>13.08</b>
2015	£2,443,069.52	£1,991,534.49	£451,535.03	<b>18.48</b>
2016	£4,290,637.42	£2,979,820.43	£1,310,816.99	<b>30.55</b>
<b>TOTAL</b>	<b>£13,871,049.33</b>	<b>£11,127,881.73</b>	<b>£2,743,167.60</b>	<b>19.78</b>

## Business Rates Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 06/07	Actual 07/08	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 01/04/17 to 30/09/17
BV10:Rates Collected	99.5%	99.8%	99.1%	99.02%	98.9%	98.81%	98.72%	98.70%	98.80%	99.05%	98.87%	<b>57.15%</b>

### Actual 30<sup>th</sup> September 2017 57.15%

The amount of collectable debt raised for the year 2017/18 is **£95 million**.

There have been 330 refunds actioned from the 1<sup>st</sup> April 2017 to the 30<sup>th</sup> September 2017 amounting to **£1,335,822.22** in respect of vacation and rateable value reductions.

The following recovery notices were issued -

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	01/04/17 to 30/09/17
Reminders Issued	4,972	4,559	3,609	3,977	3404	2,536	4,023	3,545	4,445	4,263	4,288	<b>2,624</b>
Final Notices Issued	585	1,698	1,529	1,892	1,824	1,741	2,014	2,472	2,353	1,560	1,960	<b>1,410</b>
Summonses Issued	980	894	704	903	725	1,156	987	1,091	1,053	535	1,123	<b>415</b>
Liability Orders	675	602	426	666	672	749	683	771	734	411	525	<b>319</b>
7 day letters issued	1,421	605	299	674	367	471	501	No longer used	No longer used	No longer used	No longer used	<b>No longer used</b>
Accounts passed to Enforcement Agent	542	331	130	316	430	537	645	650	444	283	184	<b>101</b>

The **2016/17** debt carried forward at 1<sup>st</sup> April 2017 was **£1,084,811.80**

<b>NNDR recovery stage</b>	<b>Amount</b>
<b>Un-summonsed</b>	<b>£188,461.95</b>
<b>Arrangement</b>	<b>£71,332.32</b>
<b>Enforcement Agent</b>	<b>£211,225.60</b>
<b>Final</b>	<b>£114,281.58</b>
<b>Liability</b>	<b>£376,745.92</b>
<b>Reminders</b>	<b>£47,658.54</b>
<b>Summonsed</b>	<b>£75,105.89</b>
<b>total</b>	<b>£1,084,811.80</b>

Movement in arrears for reporting period –

Arrears total 1990 - 2016/17 as at **01/04/17** £2,267,103.45

Arrears total 1990 - 2016/17 as at **30/09/17** £1,795,135.67

**Reduction Overall arrears** **£471,967.78**

Business Rates Arrears breakdown as at 31<sup>st</sup> March 2017

	Arrears B/F 01/04/2017	Arrears carried forward 30/09/17	Net (increase) / reduction **	Actual % collection
1991	-	-	-	0.00%
1997	£20.24	£20.24	-	0.00%
1998	£20.25	£20.25	-	0.00%
1999	£0.27	£53.02	(£52.75)	0.00%
2000	-	£2,927.56	(£2,927.56)	0.00%
2001	-	£3,250.98	(£3,250.98)	0.00%
2002	£0.02	£3,554.24	(£3,554.22)	0.00%
2003	-	£3,729.60	(£3,729.60)	0.00%
2004	-	£3,830.40	(£3,830.40)	0.00%
2005	-	£3,207.20	(£3,207.20)	0.00%
2006	£0.01	£3,290.81	(£3,290.80)	0.00%
2007	-	£3,374.40	(£3,374.40)	0.00%
2008	£5,822.64	£9,333.84	(£3,511.20)	0.00%
2009	£18,699.04	£22,385.04	(£3,686.00)	0.00%
2010	£15,687.54	£17,497.33	(£1,809.79)	0.00%
2011	£26,686.32	£25,686.66	£999.66	3.75%
2012	£108,454.46	£106,730.15	£1,724.31	1.59%
2013	£142,312.24	£145,437.28	(£3,125.04)	0.00%
2014	£298,068.50	£251,671.96	£46,396.54	15.57%
2015	£566,520.12	£396,850.65	£169,669.47	29.95%
2016	£1,084,811.80	£792,284.06	£292,527.74	26.97%
	<b>£2,267,103.45</b>	<b>£1,795,135.67</b>	<b>£471,967.78</b>	<b>20.82%</b>

\*\* Backdated revaluations and the removal of discounts and exemptions can result in a backdated increase in arrears

**Cashiers Data**

The cashiering service dealt with the following transactions in the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017

Civic Centre Total	Transactions including Kiosk
<b>£9,532,634.51</b>	<b>19,290</b>

**Payroll Data:**

The average number of payments made each month/annually is shown below:

	Monthly	Annually
Non-Teaching/Teaching	<b>2,781</b>	<b>33,372</b>
Pensions	<b>4,970</b>	<b>59,640</b>

**Complaints Data:**

Service	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	1/4/17 to 30/9/17
Council Tax	109	104	125	118	277 (210 unfounded)	372 (292 unfounded)	540 (446 unfounded)	427 (378 unfounded)	348 (274 unfounded)	(192 168 unfounded)
NNDR	2	0	2	1	7 (7 unfounded)	4 (4 unfounded)	21 (7 unfounded)	10 (9 unfounded)	6 (3 unfounded)	0
Pensions	7	9 (5 unfounded)	7 (4 unfounded)	7 (2 unfounded)	3 (2 unfounded)	4 (2 unfounded)	4 (1 unfounded)	2	4 (2 unfounded)	0
Payroll	5	10 (6 unfounded)	9 (3 unfounded)	4	9 (2 unfounded)	5 (2 unfounded)	9 (7 unfounded)	4 (2 unfounded)	1 (1 unfounded)	0
Cashiers	0	0	0	0	0	0	0	0	0	0

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Report No.  
CSD17166

London Borough of Bromley

Agenda  
Item No.

PART 1 - PUBLIC

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**Decision Maker:** EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** 29 November 2017

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

**Title:** CUSTOMER SERVICES - CONTRACT PERFORMANCE REPORT

**Contact Officer:** Duncan Bridgewater, Head of Customer Service  
Tel: 020 8461 7676 E-mail: duncan.bridgewater@bromley.gov.uk

**Chief Officer:** Mark Bowen, Director of Corporate Services  
Tel: 020 8313 4355 E-mail: mark.bowen@bromley.gov.uk

**Ward:** All

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## 1. REASON FOR REPORT

This report provides information on the performance of the Customer Service Contract provided by Liberata for the period 1<sup>st</sup> June 2017 to 31<sup>st</sup> October 2017.

A letter from Amanda Inwood-Field, Contract Director for Liberata, provides her update on each individual element and is attached at Appendix 1.

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## 2. RECOMMENDATION(S)

The Committee is requested to note and comment on the information contained within the report and the letter provided by Liberata detailed in Appendix 1.

### Corporate Policy

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

### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Customers Service Contract
  4. Total current budget for this head: £759k
  5. Source of funding: Existing revenue budget for 2017/18
- 

### Staff

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

### Legal

1. Legal Requirement: No statutory requirement or Government guidance.
  2. Call-in: Call-in is applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 64,000 visitors, 680,000 phone calls, 20,000 e-mails and 4 million web visits annually.
- 

### Ward Councillor Views

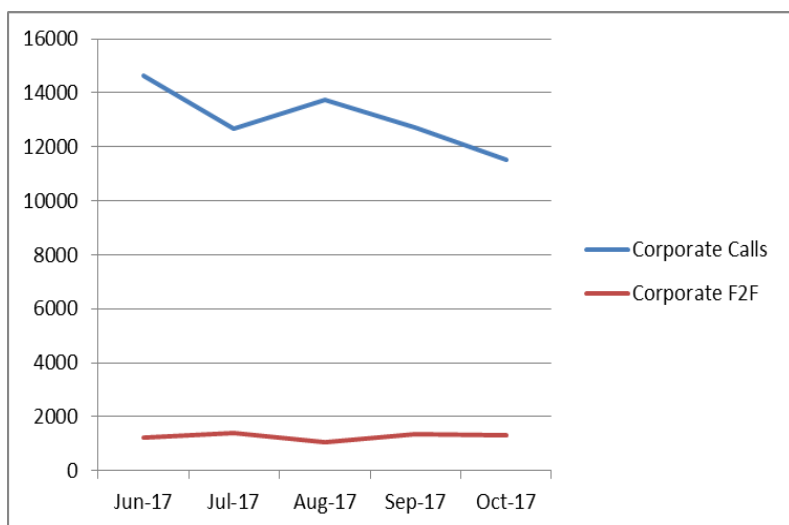
1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

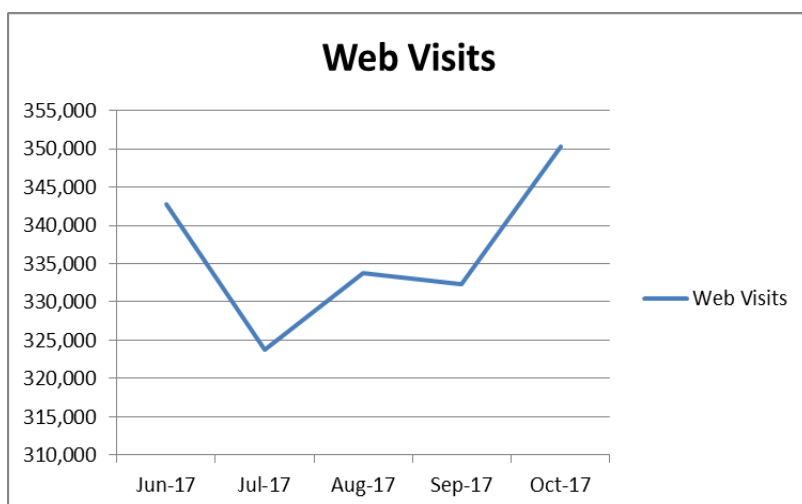
- 3.1 The Customer Services contract covers three key areas:
- 3.2 The Customer Services contract covers three keys areas: Corporate Contact Centre, Reception Services, Web Team (Bromley Knowledge) and Blue Badge/Freedom Pass processing. The Corporate Contact Centre deals with telephone enquiries regarding environmental services, electoral, registrars, parking, blue badges, disabled freedom passes as well as the switchboard and a general enquiry line.
- 3.3 Reception deals with face to face (f2f) enquiries for all areas of the council with the exception of registrars, who currently have their own reception desk on the first floor in the Stockwell building.
- 3.4 The Web Team (Bromley Knowledge) maintain the corporate website ([www.bromley.gov.uk](http://www.bromley.gov.uk)) in terms of its technical functionality, performance and accuracy of the content.
- Processing of Blue Badge and Discretionary Disabled Freedom Passes applications and renewals is also carried out within the contract.
- 3.5 Overall the contractor has performed well throughout this monitoring period. Volumes of calls and e-mails decreased over the period of the report. Web traffic noticeably increased in October. Face to face enquiries were consistent and behaved normally through this period. There have been some accuracy issues with the service provided by the out of hours call centre, which is outlined in 4.2. The contractor responded well to ensure resources were deployed where possible to achieve or closely achieve target against the monthly indicators.
- 3.6 The Key Performance Indicators for this contract are listed in the table below; they measure the headline activities within the contract in order that our customers get a quick response and access to our services efficiently and effectively.

	Measure	Definition	Target
1	Call Management	Number of calls answered by the agents within the specified timescales compared to total number of calls received	50% Calls answered within 1 minute
2	Email Management	Number of emails responded to within 5 working days compared to total number of emails received	100% responded to within 5 working day
3	Face to Face Management	Number of customers entering the reception areas must be seen within 5 minutes of their arrival compared to total number of customers, remainder within 15 minutes	80% of customers seen within 5 minutes of arrival
4	Switchboard Management	% of calls bailed to operator or requesting operator answered within 15 seconds	50% Calls answered within 1 minute
5	Customer Satisfaction	% of randomly selected customers, across different channels are either satisfied or very satisfied	90%

3.7 The graphs below are provided for general information and demonstrate the overall customer contact volumes received by the service via phone (top line) and face to face (bottom line).



3.8 The graph below shows the overall volume of visitors to [www.bromley.gov.uk](http://www.bromley.gov.uk).



#### 4. SERVICE PROFILE / DATA ANALYSIS

4.1 **Contact Centre** – the contractor delivered services above performance target throughout the period. 50% of calls should be answered within 60 seconds. Call volumes have decreased, as expected for this time of year.

Contact Centre	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Offered	16,387	14,035	14,525	13,516	11,715
Answered	14,658	12,667	13,729	12,706	11,504
% of Calls Answered	89.4%	90.3%	94.5%	94.0%	98.2%
Abandoned	1,729	1,368	796	811	211
Answered in SL	8,470	8,604	9,984	9,360	10,214
SL Target	50.0%	50.0%	50.0%	50.0%	50.0%
% of Calls Ans. in 30 sec	57.8%	67.9%	72.7%	73.7%	88.8%
Wait Time (secs)	111	98	64	66	24
Talk Time (secs)	231	232	219	222	226

- 4.2 **Out of Hours Contact Centre** – response times have fluctuated around the target, and inevitably improved as call volumes decreased more recently. 80% of calls should be answered within 30 seconds.
- 4.3 Concerns have been raised around the accuracy of information logged by the service as a result of a failure to follow procedure. This resulted in a penalty default being applied by the Contract Manager. The contractor has responded with a concise action plan to rectify the root cause, and additional monitoring to ensure the required standards are met. There have been no reported issues since then.

Out of Hours	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Offered	1,200	1,174	1,039	1,023	917
Answered	1,165	1,106	1,005	986	900
% of Calls Answered	97.0%	94.2%	96.7%	96.4%	98.1%
Abandoned	35	68	34	37	17
Answered in SL	972	910	792	809	763
SL Target	80.0%	80.0%	80.0%	80.0%	80%
% of Calls Ans. in 30 sec	82.0%	78.0%	77.0%	80.0%	84%

- 4.4 **E-mails** – performance in this area dipped in June and July as a result of an increase in customers chasing delivery of new waste containers. All e-mails should be processed within 5 days

Emails	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Emails Received	2,080	2,207	2,285	1,986	1925
Emails Processed + 5 Days	151	52	0	0	0
% Emails Processed + 5 Days	7.3%	2.4%	0.0%	0.0%	0.0%

- 4.5 **Reception** – all visitors to the civic centre should be seen within 15 minutes of arrival, with 80% seen within 5 minutes – the primary target was exceeded throughout the period in question, and the secondary (15 minute) target being almost met. The contractor has identified the cause of this to be increased customer footfall over the lunchtime period, coinciding with staff taking breaks. The contractor is looking to appoint additional resource to rectify this.

Corporate Reception	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Footfall	1,240	1,396	1,066	1,379	1,295
80% in 5 minutes	91.8%	80.1%	83.6%	84.5%	80.3%
Target	80.0%	80.0%	80.0%	80.0%	80.0%
100% in 15 minutes	99.5%	97.9%	97.5%	98.7%	97.7%
Target	100.0%	100.0%	100.0%	100.0%	100.0%

- 4.6 **Web – Bromley Knowledge** – all key targets were met by Bromley Knowledge for the period in this report.

Title	Measure	Monitoring Frequency	Reporting Frequency	Target	Performance
Critical Updates	% completed within 1 working hour	Daily	Monthly	100% within 1 working hour	100%
Urgent Updates	% completed within 1 working day	Daily	Monthly	100% within 1 working day	100%
Important Updates	% completed within 2 working days	Daily	Monthly	100% within 2 working days	100%
Regular Updates	% completed within 5 working days	Daily	Monthly	100% within 5 working days	100%

4.7 A breakdown of activity of web content changes is detailed below

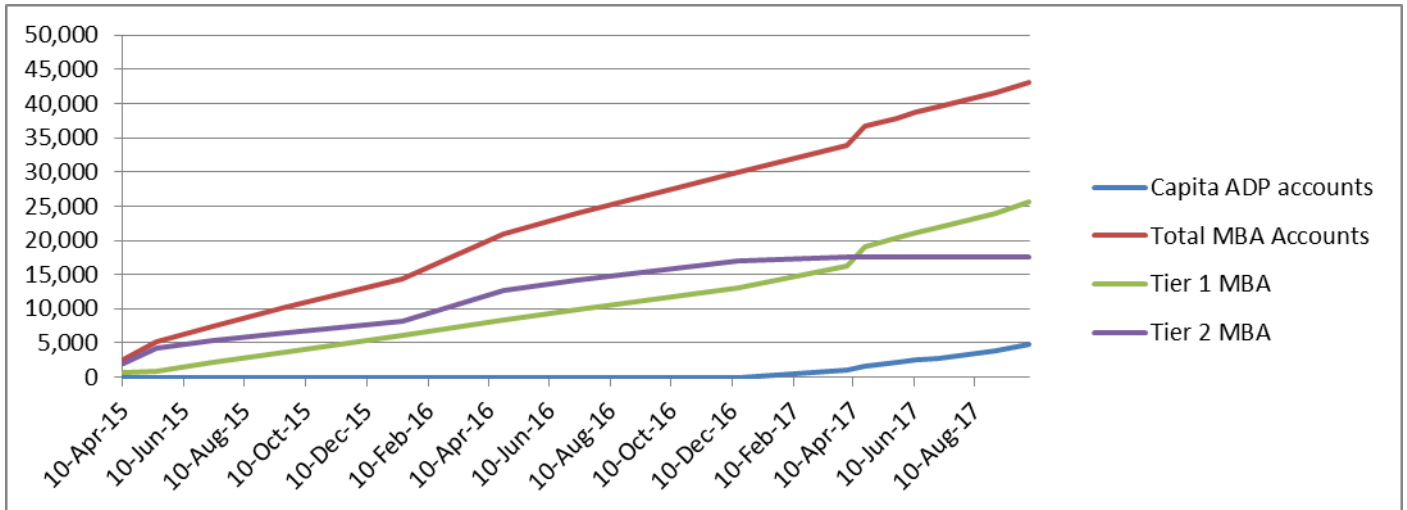
	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
New web content	10	11	11	7	3
Web page content update	50	50	86	66	56
Online form	4	3	5	3	2
Online form with payment	0	2	0	0	0
News item	5	6	5	1	3
Press release	7	7	10	6	8
Homepage carousel	0	0	3	2	1
Friendly URL	0	3	3	1	3
Social Media	18	31	15	31	20
Event	11	9	22	15	11
Other	5	8	3	3	4
<b>Totals</b>	<b>110</b>	<b>130</b>	<b>163</b>	<b>135</b>	<b>111</b>

4.8 The web site continues to be our primary channel for customer interactions, upgrade works continue and should complete towards the end of the year. Volume data is indicated below.

	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Total visits to www.bromley.gov.uk	342,699	323,706	333,713	332,262	350,376
Pages viewed www.bromley.gov.uk	1,451,399	1,436,107	1,485,342	1,497,659	1,526,796
Visits by device - desktop	152,002	140,825	141,763	146,084	154,248
Visits by device - mobile	146,106	139,624	145,531	142,492	151,466
Visits by device - tablet	44,591	43,257	46,451	43,689	44,664
% non-desktop	55.60%	56.50%	57.50%	56.00%	56.0%
Total Forms Completed (X forms)	10,508	9499	9477	9139	7762
% Forms completed by registered users	15.08%	13.10%	12.61%	12.58%	14.33%

4.9 **MyBromley Account** – there are more than 43,000 active MyBromley account holders, and almost 5,000 registrations to the new Revenues & Benefits web portal since it was launched in April. Officers are working to maximise customer functionality through the MyBromley Account as part of the web upgrade programme. Customer accounts will merge into a single system, which will provide easier on-line access to a wider range of Council services.

	12-Jun-17	04-Jul-17	30-Aug-17	03-Oct-17
<b>MBA % households</b>	28	28	30	31
<b>Capita ADP accounts</b>	2,491	2,763	3,944	4,732
<b>Total MBA Accounts</b>	38,699	39,435	41,492	43,064
<b>Tier 1 MBA</b>	21,145	21,884	23,996	25,579



#### 4.10 Blue Badge and Discretionary Freedom Pass

Application volumes were at normal levels throughout the period and performance targets were generally met.

		Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
<b>Blue Badges</b>	Blue Badge Applications Received	380	319	395	385	327
	Blue Badges Issued	170	179	153	86	60
	Blue Badges Processed in 4 Weeks	100%	100%	80%	99%	93%
<b>Freedom Pass</b>	Freedom Passes Applications Received	36	47	47	79	52
	Freedom Passes Issued	15	21	22	17	18
	Freedom Passes Processed in 4 Weeks	100%	100%	100%	94%	100%

## 5 PLANS FOR ONGOING IMPROVEMENTS IN PERFORMANCE

- 5.1 The contract has performed well throughout the period. Utilisation of staff across Bromley and Barrow sites continues to be expanded, as additional training is provided to the Barrow team.
- 5.2 Close liaison with key departmental officers continues in order to plan customer service resources for key events and service changes.

5.3 Customer comments obtained from the new customer satisfaction surveys are passed on to relevant service heads to help them improve performance and customer satisfaction.

## 6 PLANS FOR ONGOING IMPROVEMENTS IN VALUE FOR MONEY

6.1 The website upgrade, and associated changes to the MyBromley portal, will enable additional self-service options and functionality for customers to access on-line.

6.2 A new web booking system for Registrar appointments has been launched, which extends customer access to this service, as well as improves values for money.

## 7. USER / STAKEHOLDER SATISFACTION

### 7.1 Customer Satisfaction

There was a good response from customer satisfaction surveys this period, with satisfaction of the service well above 90%

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Number of Surveys Issued	690	858	990	833	686
Number of Responses Received	236	250	299	217	188
Satisfied Customers %	98.0%	97.0%	99.0%	99.0%	98.0%

### 7.2 Complaints and Compliments

Four complaints were received during the period, all relating to procedural accuracy of the out of hours service. This has been addressed in the action plan noted in 4.3. Five compliments were received by customer facing staff for delivery good standards of service.

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Complaints	0	0	0	2	2
Compliments	2	0	0	0	3

## 8. SUSTAINABILITY / IMPACT ASSESSMENTS

None

## 9. IMPACT ON VULNERABLE ADULTS AND CHILDREN

None

## 10. POLICY CONSIDERATIONS

None

## 11. COMMISSIONING & PROCUREMENT CONSIDERATIONS

11.1 Soft market testing has commenced to understand potential future supplier interest and considerations for the new contract from April 2020.

## 12. FINANCIAL CONSIDERATIONS

12.1 The cost of the contract is expected to be within the budget sum of £759k.



### 13. PERSONNEL CONSIDERATIONS

None

### 14. LEGAL CONSIDERATIONS

14.1 This report is a contract performance report for Customer Services.

14.2 Rule 23 of the Contract Procedure Rules requires an annual update report to be submitted to the Executive when the value of the contract is in excess of £1 million. This is part of the monitoring arrangements.

<b>Non-Applicable Sections:</b>	8, 9, 10, 13
Background Documents: (Access via Contact Officer)	Appendix 1 – Letter from Liberata Appendix 2 – Key Performance Indicators
	Version 3 WN June 2017

London Borough of Bromley  
Civic Centre  
Stockwell Close  
Bromley  
BR1 3UH

Date: 11<sup>th</sup> November 2017

Our Ref: AIF/TB

Dear Duncan,

As we approach the November Executive & Resources PDS meeting where we consider and review the performance of Corporate Customer Services, we take this opportunity to write to you with Liberata's assessment of the performance of this critical high profile service that we provide to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the period 1<sup>st</sup> June 2017 to 31<sup>st</sup> October 2017.

### Customer Services Performance

The Corporate Contact Centre delivered an overall service level of calls being answered within 60 seconds of 72% against a target of 50%. None of the queues fell below this target. In total 93% of calls were answered.

Liberata acknowledged that on some days the service level did fall below the standard expected and addressed this by deploying a further 75 hours per week of resource, in particular on Mondays, and further cover around lunch times. It was also noted that the service suffers the day following a bank holiday, and this was also addressed in time for the Tuesday following the August bank holiday when a robust 87% service level was delivered.

During the period, the team answered 91% of all Switchboard calls, with an overall service level of 92% against the target of 50%.

Our Customer Services business has been recognised by the industry as one of the leading providers to the UK public sector, in the form of awards by high-profile trade bodies. At the Call North West Contact Centre association, Liberata won the award for Best Use of Social Media, and one of our team-members was successful in winning the Trainer/Coach of the Year award. Earlier in the year, Liberata won two awards at the UK National Contact Centre association for Business Improvement Manager of the Year and Contact Centre Manager of the Year. Liberata has also been short-listed for two further awards (Innovation in BPO, and BPO & Outsourcing Team of the Year) at November's Contact Centre Association awards evening. This covers the entire spectrum of services – Innovation, Leadership, social Media and Performance. The judges made a particular remark about our sensitive handling of vulnerable customers; this is a result of a Transformation programme to position Liberata firmly as a leader in this space, although we do recognise that we are on a continuous journey.

Our Corporate face-to-face team have delivered a service level of 84% during the period against a target of seeing 80% of customers within 5 minutes.

The introduction of a floor walker has helped to encourage more customers to utilise the free PCs and to access our services that way. The 4 PCs located in reception are well used and have helped reduce the volume of customers needing to see an officer and contributed to channel shift.

We have continued to work closely with our out-of-hours partner, Appello, who continue to deliver a good service to the residents of Bromley.

### Website and Social Media Performance

A key measure of channel shift and digital engagement is the usage of web-site and social media channels. We are pleased to report that the council website continues to attract between 320 and 350 thousand unique visitors per month, while our Twitter followers have increased to over 13,000. Perhaps, a very positive sign is the quantum leap in our Facebook engagement, from just over 9,500 to over 20,000 users in the month of October.

The use of mobile and tablet also continue to steadily increase representing 56% of users visiting the website. Comparing to UK public sector bench-marks, the Council is on a real positive trajectory in this area.

### MyBromley Account Developments

Take up of the new portal shows a steady increase, with over 5000 new users in 7 months. The previous version of the portal has now stopped accepting any new registrations but in total there are now almost 45,000 registered users of MyBromleyAccount or almost 15% of all Bromley residents. As the portal is further developed we would expect this to increase significantly, especially as we launch paperless billing for council tax and e-notifications for Benefits and other services.

Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens. We have increased our engagement in the various forums to ensure that the Council remains at the forefront of Digital engagement amongst its peers.

Yours sincerely,

Amanda Inwood-Field  
London Regional Contract Director

## Appendix 2 - Performance Monitoring

### Customer Contact Centre - Key Performance Indicators (KPI's)

	Measure	Definition	Target
1	Call Management	Number of calls answered by the agents within the specified timescales compared to total number of calls received	50% Calls answered within 1 minute
2	Email Management	Number of emails responded to within 5 working days compared to total number of emails received	100% responded to within 5 working day
3	Face to Face Management	Number of customers entering the reception areas must be seen within 5 minutes of their arrival compared to total number of customers, remainder within 15 minutes	80% of customers seen within 5 minutes of arrival
4	Switchboard Management	% of calls bailed to operator or requesting operator answered within 15 seconds	50% Calls answered within 1 minute
5	Customer Satisfaction	% of randomly selected customers, across different channels are either satisfied or very satisfied	90%
6	Blue Badge Processing	% of Blue badge application and renewals processed within 4 weeks of receipt of complete application form	80%
7	Discretionary disabled Freedom Pass Processing	% of discretionary Disabled Freedom Pass applications and renewals processed within 4 weeks of receipt of complete application form	100%

### Web Management – Key Performance Indicators (KPI's)

Title	Measure	Monitoring Frequency	Reporting Frequency	Target
Critical Updates	% completed within 1 working hour	Daily	Monthly	100% within 1 working hour
Urgent Updates	% completed within 1 working day	Daily	Monthly	100% within 1 working day
Important Updates	% completed within 2 working days	Daily	Monthly	100% within 2 working days
Regular Updates	% completed within 5 working days	Daily	Monthly	100% within 5 working days

Report No.  
FSD17094

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Wednesday 29 November 2017

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

**Title:** EXCHEQUER SERVICE - CONTRACT PERFORMANCE REPORT

**Contact Officer:** Claudine Douglas-Brown, Exchequer Manager  
Tel: 020 8461 7479 E-mail: Claudine.Douglas-Brown@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** (All Wards);

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1. Reason for report

- 1.1 This report provides information regarding Liberata's performance in the provision of Exchequer Services for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.
- 1.2 A letter from Amanda Inwood-Field, Liberata's Contract Director, provides an update on each individual service and is attached at Appendix 1 with statistical data relating to the services shown in subsequent appendices.

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2. **RECOMMENDATION(S)**

**The Committee is requested to note the information contained within the report on the performance and the action taken to address any performance issues.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Exchequer Service – Payments & Income
  4. Total current budget for this head: £1.43m
  5. Source of funding: Existing revenue budget for 2017/18
- 

### Personnel

1. Number of staff (current and additional): 4 fte plus Liberata staff
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: Statutory Requirement: The amount of legislation is too extensive to cite in full, below are detailed the major Acts and Regulations covering the services:

Late Payment of Commercial Debts (interest) Act 1998

The County Court Act 1984

The Civil Procedure Rules

Environmental Protection Act 1990

Housing Act 2004

The Care Act 2014

2. Call-in: Not Applicable
- 

### Procurement

1. Summary of Procurement Implications: N/A
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect those who owe general income to the Council, all of the Council's suppliers and all adult social care clients. This could amount to an estimated 40,000 people.
- 

#### Ward Councillor Views

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

### 3. COMMENTARY

This report provides information regarding the performance of the Exchequer Services provided by Liberata for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

The Exchequer Team, which consists of 4 members of staff, monitor the compliance of Liberata our contractor for Exchequer Services, against the overall Contract to ensure that services are provided to the required standard, within the agreed timeframe, meeting the agreed targets and performance standards. Where there are areas of concern or underperformance, the Head of Exchequer Services will agree an action plan with Liberata to address these issues. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements.

To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. To further illustrate the commitment to the continuous improvement agenda the Contract Director and Finance Service Delivery Manager at Liberata meets with Bromley regularly to deal with escalated issues, review policies and develop new ideas.

The Exchequer Services covered in this report are:-

- Sundry Debtors, Mortgages and Corporate Debt
- Accounts Payable
- Financial Assessment and Management
- Appointee and Deputyship

### 4. SERVICE PROFILE / DATA ANALYSIS

#### 4.1 Sundry Debtors, Mortgages & Corporate Debt

Sundry debts are measured on the unpaid balances at the end of each month. At the 30<sup>th</sup> September 2017, there were 3,692 invoices outstanding totalling £7.34m. Of the total amount outstanding £2.68m (36.47%) had been outstanding for less than 30 days.

The collection rate for in-year debt as at 30<sup>th</sup> September 2017 was 83.71%. This represents a 2.62% increase on the same time last year.

The collection performance was affected by a number of factors:

- Community Infrastructure Levy debts (CIL) totalling £150k were raised before 30<sup>th</sup> September 2017 but were not payable until after this date.
- Over £251k of invoices raised in-year were either in dispute by the customer or on hold at the request of LBB officers; as such recovery action could not continue.
- Quarterly invoices for rent relating to Council Owned Properties were issued on 30<sup>th</sup> September 2017 and totalled £1.43m

If in-year collection rate is adjusted to take account of those debts where Liberata could not pursue payment (e.g. CIL), the revised collection rate would be 85.06%.

Table 1 below shows the unadjusted collection rate and table 2 shows the adjusted collection rate as at 30<sup>th</sup> September for the last 3 years for comparison.



Table 1

	2014/15	2015/16	2016/17	2017/18
30 <sup>th</sup> September Performance	68.65%	88.13%	81.09%	83.71%
End of Year Performance	88.8%	92.9%	87.5%	N/K
<b>End of Year Target</b>	<b>89%</b>	<b>90%</b>	<b>91%</b>	<b>92%</b>

Table 2

	2014/15	2015/16	2016/17	2017/18
30 <sup>th</sup> September Performance	N/A	N/A	84.27%	85.06%
End of Year Performance	91.1%	93.6%	91.4%	N/K
<b>End of Year Target</b>	<b>89%</b>	<b>90%</b>	<b>91%</b>	<b>92%</b>

Based on the current performance Liberata are expected to achieve the end of year target of 92%.

**Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2014-15 through to April to September 2017.

**Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to September for the years 2014-15 through to April to September 2017.

#### 4.1.1 Aged Debt as at 30<sup>th</sup> September 2017

The out-of-year collection rate across all financial years was 99.31% with £5.6m collected to date in 2017/18. There are a number of factors which continue to affect out-of-year collection:

- £882k remains either in dispute with the customer or on hold at the request of the service department at the end of September 2017 and as such, further recovery action remains on hold. Over 60% of this relates to CIL and utility debts which are being followed up with the relevant officers to ensure recovery action is continued at the earliest opportunity.
- £331k is secured by way of Charging Orders and can only be realised following the sale of the property. Wherever possible an order for sale will be applied for in order to obtain early settlement of the debt.
- £337k has been recommended for write off

If the collection rate was adjusted to take these factors into account it would increase to 99.67%.

Table 3 shows the profile of the out-of-year debt outstanding as at 30<sup>th</sup> September for the last 3 years along with the overall % reduction since 30<sup>th</sup> September 2016 to date, excluding unrecoverable debts. This is broken down further in table 4 below which shows the detailed breakdown of the debt and the recovery position.

Table 3

Year	Sep-15	Sep-16	Sep-17	Reduction in 2017/18
	£,000	£,000	£,000	%
Pre 2013	1,569	1,107	790	29%
2013/14	592	262	168	36%
2014/15	946	430	372	13%
2015/16	3,050	897	523	42%
2016/17		4,859	1,318	73%
<b>Total</b>	<b>6,157</b>	<b>7,555</b>	<b>3,171</b>	<b>58%</b>

Table 4

Outstanding balance and Recovery position of debts raised in the years below							
Fin Year in which the original debt was raised	Pre 2013	13-14	14-15	15-16	16-17	17-18	Grand Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Recovery being pursued	6	1	1	43	75	3,350	3,475
In Recovery, paid by instalments	27	10	10	52	129	272	500
Secured by charge on property	69	19	22	34	93		238
Appointee & Deputyship in place	11	3	5	43	24	31	116
Applying for Power of Attorney			42	3	159	18	222
Awaiting probate				1	1	19	20
Standing probate in place				8	9	6	22
Probate granted - in recovery	63	2	1		49	2	117
With LBB for instructions	7	70	70	70	150	70	437
Pre debt collector checks	16	1		24	72	42	155
With debt collector	22	1	28	30	46	32	158
Pre legal action review	2		2	5	16	8	34
Applying for County Court Judgement	20	1	11	28	104	41	205
Judgement obtained - Enforcement options in review	2						2
Judgement obtained - Attachment of Earnings							
Judgement obtained - Charging order	77	1	3	10	2	1	95
Judgement obtained - Payment arrangement	24	3					28
Judgement obtained - High Court Enforcement Agents	3			1			5
Judgement obtained -Third Party Debt Order			2	5			6
With LBB legal dept for instructions	7	4	5	51	19	26	111
Awaiting cancellation						4	4
Recommended for write off	377	43	26	54	46	6	552
Debt disputed, referred to LBB service departments	57	10	140	61	322	245	835
Admin penalty, cannot be recovered until HB and/or CTB							
Premises Licences - awaiting instruction from department						2	2
<b>Grand Total</b>	<b>790</b>	<b>168</b>	<b>368</b>	<b>523</b>	<b>1,317</b>	<b>4,174</b>	<b>7,340</b>

The largest debts outstanding from the table above are the disputed debts. Liberata continue to work with LBB officers in order to resolve queries and disputes as quickly as possible so that recovery action can continue.

4.1.2 The total debt for utilities was £392k as at 30<sup>th</sup> September 2017. This represents an increase of 26% on the previous year. Liberata have been successful in reducing the debt with most of the utility companies however the British Telecom debt remains high at £198k.

Utility debt remains one of the largest contributors to the disputed debt total with £238k being in dispute; 83% of this is relates to British Telecom, although this has decreased since 30<sup>th</sup> September 2016.

Following concerns expressed by this Committee, a report was submitted to the Environment PDS Committee on 15<sup>th</sup> November 2017 which provided an update on the progress of debt recovery from utility companies. The report states that BT Openreach have recently agreed to settle amounts totalling £70,662 and officers hope to have the balance resolved by the end of December 2017.

**Appendix 4** shows a summary of utility debt as at 30<sup>th</sup> September 2017.

#### 4.1.3 Income

The Income Team raised 6,250 sundry invoices with a value of £27.24m from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017. During the same period, 793 invoices with a value of £2.1m were subsequently cancelled. This includes invoices for charges raised in advance and the service was subsequently cancelled.

There has been a substantial decrease in the number of invoices raised over the past two years. This is attributable to the change in the billing process for the Carelink service in 2016 which moved invoicing from a quarterly basis to an annual bill in April for each client, and to a number of services transferring to external contractors.

**Appendix 5** shows the value of invoices raised month by month for the period from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 compared to the same periods in the previous three financial years.

**Appendix 6** shows the number of invoices raised month by month for the period from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 compared to the same periods in the previous three financial years.

#### 4.1.4 Trade waste

The outstanding debt for Trade Waste was £634k as at 30<sup>th</sup> September 2017. This is a reduction of 6% when compared to the same time last year. Table 5 provides an analysis of the outstanding debt.

Table 5

Analysis of Trade Balance	30/09/2016	30/09/2017	Variance	
Under 30 days old	£5K	£9K	£4K	75%
Invoices 31-365 days old	£61K	£24K	-£37K	-60%
Invoices over 1 year old	£120K	£77K	-£42K	-35%
Payment arrangements/Direct Debits	£454K	£457K	£2K	1%
Invoices in dispute	£19K	£40K	£21K	108%
Awaiting cancellation	£7K	£8K	£1K	19%
Awaiting write off	£8K	£20K	£11K	138%
<b>TOTAL</b>	<b>£674K</b>	<b>£634K</b>	<b>-£40K</b>	<b>-6%</b>

#### 4.1.5 Nightly Paid Accommodation Charges

The outstanding debt for Nightly Paid Accommodation charges as at 30<sup>th</sup> September 2017 was £4.3m for current and former occupiers. Table 6 gives a breakdown of the outstanding debt which shows an increase of £1.18m when compared to the same period last year.

Although £739k was collected in payments from the debtors in the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017; an increase of £216k (41%) on the previous year, the number of clients continues to increase which is unlikely to change due to the extended duties contained within the Homeless Reduction Act 2017.

£2.38m was collected from Housing Benefit awards from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017, which is a decrease of £808k (25%) on the previous year. This is partly attributable to a reduction of the rent levels in April 2017 for 780 current clients. This was as a result of the Housing Management Fee contained in the rent which was eligible for Housing Benefit being replaced with a Grant. The Welfare Reforms and Universal Credit have also contributed to the decrease in Housing Benefit payments.

The Housing Needs Team are in the process of recruiting two visiting officers to carry out occupancy checks and obtain evidence from clients in respect of their housing benefit claims. These additional resources will help to ensure claims are progressed to a timely award; arrears are reduced, evictions prevented and the risk of fraud is reduced.

Monthly meetings continue to be held and are attended by the Director of Housing, Heads of Service and other officers involved in the recovery of temporary accommodation debt. Changes to processes are being agreed in order to reduce the impact of the Welfare reforms and roll out of Universal Credit.

Funding was approved for a temporary recovery officer and an appointment has recently been made; this should help to increase the amount of cash collected in the remainder of 2017/18.

Orchard, the new housing system due to be implemented in July 2018, will provide recovery officers with automated arrears recovery workflows, standard letters, rent statements, direct debit facility, SMS messaging and a more sophisticated reporting tool. This will allow for more robust recovery action as well as improved performance monitoring.

Table 6

	<b>30 September 2016</b>	<b>30 September 2017</b>	<b>Variance</b>	
Charges raised for current year	£4,242,672	£3,790,674	-£451,998	-11%
Charges raised and arrears brought forward for previous years	£2,621,779	£3,772,250	£1,150,472	44%
Payments received from debtors	-£523,285	-£739,364	-£216,079	41%
Housing Benefit awards	-£3,190,573	-£2,382,743	£807,830	-25%
<b>Sub total</b>	<b>£3,150,592</b>	<b>£4,440,817</b>	<b>£1,290,225</b>	<b>41%</b>
Less combined total debts written on/off	-£23,059	-£135,140	-£112,081	486%
<b>Total</b>	<b>£3,127,533</b>	<b>£4,305,677</b>	<b>£1,178,144</b>	<b>38%</b>

## 4.2 Accounts Payable

A summary of the performance for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 against the BV8 target of 98% is shown in table 7 below. This shows that the percentage of undisputed invoices paid within 30 days has remained above the target at 99%. The percentage of invoices paid within 20 days is currently 96%.

Table 7

Manuals	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
<b>Adult and Community Services *</b>	0	8	8	100%	0	8	8	100%
<b>Corporate Services</b>	0	91	91	100%	0	91	91	100%
<b>Children &amp; Young People +</b>	0	11	11	100%	0	11	11	100%
<b>Environment and Leisure</b>	0	4	4	100%	0	4	4	100%
<b>R&amp;R (Inc. Libraries &amp; LE/PP)</b>	61	1,028	1,089	94%	226	863	1,089	79%
<b>Payroll (R05 - R20)</b>	2	519	521	100%	3	518	521	99%
<b>Utilities</b>	0	556	556	100%	1	555	556	100%
<b>Confirm (Highways, IS, Property)</b>	29	4,675	4,704	99%	65	4,639	4,704	99%
	<b>92</b>	<b>6,892</b>	<b>6,984</b>	<b>99%</b>	<b>295</b>	<b>6,689</b>	<b>6,984</b>	<b>96%</b>
<b>I-Proc</b>								
<b>Adult and Community Services *</b>	37	1,905	1,942	98%	58	1,884	1,942	97%
<b>Corporate Services</b>	15	955	970	98%	52	918	970	95%
<b>Children &amp; Young People +</b>	43	2,321	2,364	98%	104	2,260	2,364	96%
<b>Environment and Leisure</b>	14	925	939	99%	41	898	939	96%
<b>R&amp;R (Inc. Libraries &amp; LE/PP)</b>	31	869	900	97%	47	853	900	95%
	<b>140</b>	<b>6,975</b>	<b>7,115</b>	<b>98%</b>	<b>302</b>	<b>6,813</b>	<b>7,115</b>	<b>96%</b>
<b>Carefirst</b>								
<b>T01 Residential</b>	21	587	608	97%	81	527	608	87%
<b>T04 Children &amp; Young People</b>	5	1,589	1,594	100%	10	1,584	1,594	99%
<b>T05 Domiciliary Care</b>	27	3,924	3,951	99%	117	3,834	3,951	97%
	<b>53</b>	<b>6,100</b>	<b>6,153</b>	<b>99%</b>	<b>208</b>	<b>5,945</b>	<b>6,153</b>	<b>97%</b>
<b>Adults</b>								
<b>T02 Respite</b>	4	305	309	99%	23	286	309	93%
	<b>4</b>	<b>305</b>	<b>309</b>	<b>99%</b>	<b>23</b>	<b>286</b>	<b>309</b>	<b>93%</b>
<b>Cumulative YTD Total</b>	<b>289</b>	<b>20,272</b>	<b>20,561</b>	<b>99%</b>	<b>828</b>	<b>19,733</b>	<b>20,561</b>	<b>96%</b>

Table 8 below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 has increased by 1% since 31<sup>st</sup> March 2017.

Table 8

Month	2016/17				2017/18			
	BACS Count	BACS %	Cheque Count	Cheque %	BACS Count	BACS %	Cheque Count	Cheque %
Apr	2,689	91%	268	9%	2,326	90%	272	10%
May	2,381	89%	296	11%	2,537	87%	375	13%
Jun	2,958	90%	318	10%	2,337	90%	273	10%
Jul	2,662	90%	284	10%	2,417	91%	234	9%
Aug	2,578	87%	387	13%	2,593	90%	281	10%
Sep	2,312	87%	347	13%	2,378	90%	269	10%
Oct	2,326	89%	302	11%				
Nov	2,522	89%	325	11%				
Dec	2,402	92%	221	8%				
Jan	2,554	89%	300	11%				
Feb	2,200	88%	313	12%				
Mar	3,305	89%	426	11%				
	<b>30,889</b>	<b>89%</b>	<b>3,787</b>	<b>11%</b>	<b>14,588</b>	<b>90%</b>	<b>1,704</b>	<b>10%</b>

#### 4.3. Single Financial Assessment Unit (SFAU)

##### Financial Assessment & Charging

The Key Performance Indicator figures for the team covering the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 are shown below:

Table 9

Indicator	Target	Actual 2015/16	Actual 2016/17	Actual to 30/9/17
Complete Financial Assessments within 10 working days	100%	100%	92%	90.5%
Produce the charging file from CareFirst weekly	100%	100%	100%	100%

##### Appointee & Deputyship

The Key Performance Indicator figures for the team covering the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 are shown below:

Table 10

Indicator	Target	Actual 2015/16	Actual 2016/17	Actual to 30/9/17
Referral of applications received to the Panel within 14 working days	100%	97%	97%	100%
Raise invoices for charges within 2 months of the anniversary of the court order	100%	74%	100%	100%

## 5. PLANS FOR ONGOING IMPROVEMENTS IN PERFORMANCE

- 5.1 Liberata has performed well throughout the period. Where there have been dips in performance recovery plans were put in place and monitored resulting in improved performance.

## 6. USER / STAKEHOLDER SATISFACTION

### 6.1 Complaints

The table below shows the number of complaints received since April 2013 split between justified and unjustified. For the range of services being provided the numbers of complaints are relatively low. The number of complaints received by the Financial Assessment team increases each time there is a significant change to the charging policy for adult social care such as the introduction of charges for transport to the day centres in April 2016.

Table 11

	2013/14	2014/15	2015/16	2016/17	1/4/17 to 30/9/17
<b>Sundry Debtors/Income</b>					
Justified	13	15	10	7	2
Unjustified	1	1	3	4	1
<b>Total</b>	<b>14</b>	<b>16</b>	<b>13</b>	<b>11</b>	<b>3</b>
<b>Accounts Payable</b>					
Justified	2	2	-	-	-
Unjustified	2	2	2	1	-
<b>Total</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>-</b>
<b>Financial Assessment &amp; Management</b>					
Justified	28	24	14	14	11
Unjustified	8	3	3	12	3
<b>Total</b>	<b>36</b>	<b>27</b>	<b>17</b>	<b>26</b>	<b>14</b>
<b>Appointee &amp; Deputyship</b>					
Justified		3	2	-	-
Unjustified		-	-	1	-
<b>Total</b>	<b>N/A</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>-</b>

## 7. SUSTAINABILITY / IMPACT ASSESSMENTS

None

## 8. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 8.1 The SFAU carries out timely and accurate financial assessments so that the adults receiving social care and support are informed as early as possible how much they are required to pay towards their care.

- 8.2 The Accounts Payable team are responsible for making direct payments to vulnerable adults, children with disabilities, foster carers and care homes. By ensuring the correct payments are made on time there is no impact on vulnerable adults or children.
- 8.3 The Appointee and Deputyship team provides services to vulnerable adults who lack the capacity to manage their finances. Prompt submission of court and DWP applications ensures that the risk of financial abuse is removed as early as possible.

## 9. POLICY IMPLICATIONS

- 9.1 Although annual changes to the Council's Personal Budget and Contribution's policy, impact on the work undertaken by the contractor these are generally not significant enough to affect the contract price.
- 9.2 Any changes to legislation governing social care charging such as the proposed cap or including property in the financial assessment for people receiving care at home, would impact on the work undertaken by the contractor. This could lead to an increase in the current contract price and would need to be a consideration when letting the contract.
- 9.43 From 1<sup>st</sup> October 2017, changes were introduced to the Civil Procedure Rules in relation to pre-action protocols where the defendant is an individual or sole trader. The protocols clearly define how organisations (including public bodies) must communicate with a debtor before they take legal action. Failure to comply could reduce the level of costs awarded by the court where the claim is defended. Liberata have confirmed they are complying with the new protocols and there has been no impact on the contract price.

## 10. COMMISSIONING & PROCUREMENT CONSIDERATIONS

- 10.1 LBB officers have started to prepare for the expiration of the Exchequer Contract on 31<sup>st</sup> March 2020 and met with potential suppliers on 13<sup>th</sup> October 2017 as part of the soft market testing.
- 10.2 A full review will now be undertaken which will include:
- Services to be included in the Exchequer Services specification
  - Packaging of services within the specification
  - Future make-up of the project group

## 11. FINANCIAL IMPLICATIONS

- 11.1 The contract is expected to spend to budget.

## 12. PERSONNEL IMPLICATIONS

None

## 13. LEGAL IMPLICATIONS

- 13.1 This report is a contract performance report for Exchequer Services and is submitted in compliance with rule 23 of the Contract Procedure Rules which requires an annual update report to be submitted when the value of the contract is in excess of £1 million.

<b>Non-Applicable Sections:</b>	7 and 12
Background Documents: (Access via Contact Officer)	Appendices 1 - 6





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Claudine Douglas-Brown  
Head of Exchequer Services  
London Borough of Bromley  
Civic Centre  
Stockwell Close  
Bromley  
BR1 3UH

## Appendix 1

1 November 2017

Our Ref: AIF/RJ

Dear Claudine,

As we approach the November 2017 Executive & Resources PDS meeting where we consider and review the Exchequer service, we take this opportunity to write to you with Liberata's assessment of the performance that we have provided to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the 6 months to 30<sup>th</sup> September 2017.

### Debtors and Income

The in-year collection figure on Sundry Debts for the period ended 30<sup>th</sup> September 2017 was 83.71% with in-year invoices of £4.17m being outstanding. This was 5.71% above the target collection rate of 78%. Of the total in-year debt outstanding £3.16m (75.71%) related to debts which were less than 60 days old, and of this amount £2.68m (64.43% of the debt) was less than 30 days old.

There are a number of contributing factors which continue to adversely affect the in-year collection and these are as follows:

- A number of Community Infrastructure Levy (CIL) invoices, totalling £150k, were raised before 30<sup>th</sup> September 2017 all of which were only payable after this date. As such no recovery action could take place on these invoices.
- As at 30<sup>th</sup> September 2017 we had over £251k of in-year invoices which were in dispute and so were being reviewed by the service departments. In these cases all recovery action has to remain on hold until the dispute has been resolved.

If we were to adjust the in-year collection rate to take account of those debts where no recovery action could be taken by Liberata, then the revised collection rate would actually be 85.06% which is 7.06% above target.

The combined out-of-year collection rate to 30<sup>th</sup> September 2017 was 99.31% compared to a combined year-end target of 99.59%. Once again we have certain categories of debt where we are unable to carry out recovery action which adversely affects our performance; these debt types include the following:

- Debts in dispute of £882k as at the period end
- Debts secured by Charging Orders placed on the debtors property of £331k, where funds can only be realised once the owner decides to sell their property
- Debts recommended for write off of £337k where no further recovery action can be taken

If we were to adjust the out-of-year collection for the above amounts, the adjusted rate would be 99.67% which was 0.08% above the combined end of year target.

The debt owed by utility companies at the year end was £392k, which was an increase of £65k (20%) on the previous year. This increase was mainly due to a rise in the amount of debt owed by Thames Water, which rose from £41k to £147k. In addition there remains a substantial amount of debt which continues to be disputed by the utility companies. As at 30<sup>th</sup> September this figure stood at £228k, the bulk of which (£190k) related to British Telecom.

Liberata continues to work in partnership with service departments to improve collection and recovery and look at options and proposals for process changes in order to improve the service to our customers.

The demand for Nightly Paid Accommodation has continued to rise, however a reduction in rent levels for a large number of accounts resulted in a decrease in the collectable rent figure for current clients. Payments of £739k were received from debtors, which was an increase of £216k (41%) on the previous year. The amount of Housing Benefit collected has been impacted by clients moving onto Universal Credit. As a result collection for the six month period, which totalled £2.38m, has reduced by £808k (25%) compared to last year.

### **Accounts Payable**

During the year the percentage of undisputed invoices that were paid within 30 days remained at 99%. The percentage of invoices paid within 20 days was 97%.

The percentage of suppliers paid by BACS during the period has increased by 1% to 90%.

## **Financial Assessment and Management Team**

Our client base, as at 30<sup>th</sup> September 2017, totalled 765 clients receiving residential care and 2,159 clients receiving non-residential care. We completed the automatic uplift process which automated the new financial assessment for the residential clients. This automated process reduced the errors that could potentially have been created through manual assessments. As this has been the first time we have undertaken an automatic uplift, we have been producing a lessons learned document which will assist in rectifying any issues which we experienced to ensure that the process is refined for the future.

## **Appointee & Deputyship Team**

As at 31st September 2017, the team had 241 clients of which 173 were for Appointeeship and 68 were for Deputyship. We continue to utilise the Lloyds Link platform which provides us with enhanced functionality. Plans are currently in place to implement Information@Work across our Adult Social Care teams. This will enable a more robust management of the caseload.

## **Single Financial Assessment Unit (SFAU)**

Since the implementation of the SFAU, a programme of cross training and up-skilling of staff and management has been undertaken. This has enabled us to create resilience within the unit as well as promote positive working practices such as sharing customer's data with all services within the SFAU. We have now created a 'Tell Us Once' approach; this has reduced the number of times a customer has to make contact with the Council.

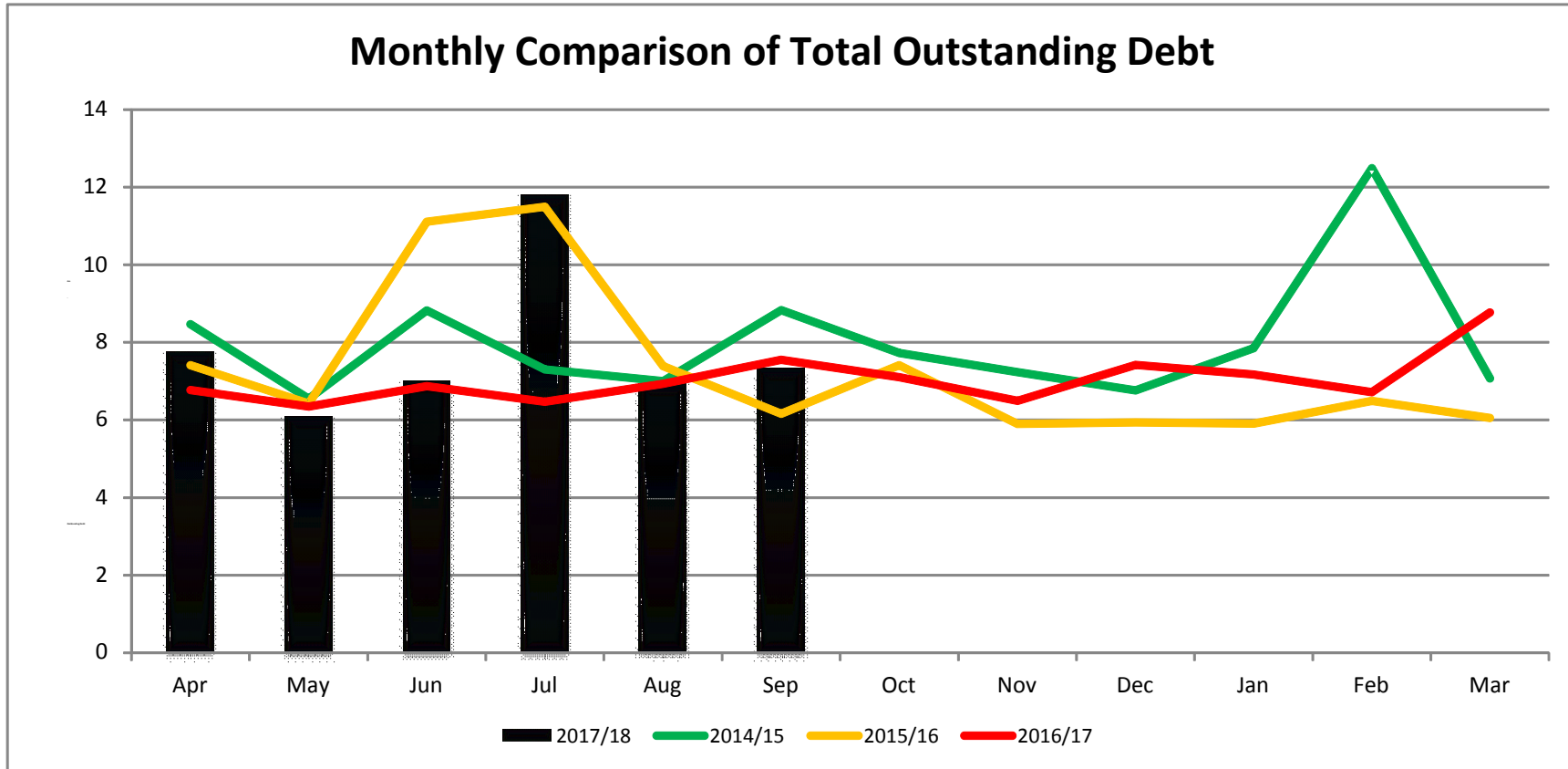
We will shortly be implementing Information@Work (Anite) Data Management System on the Financial Assessments and Appointee & Deputyship teams. This will enable the implementation of a more robust workload management process and compliance of the caseloads.

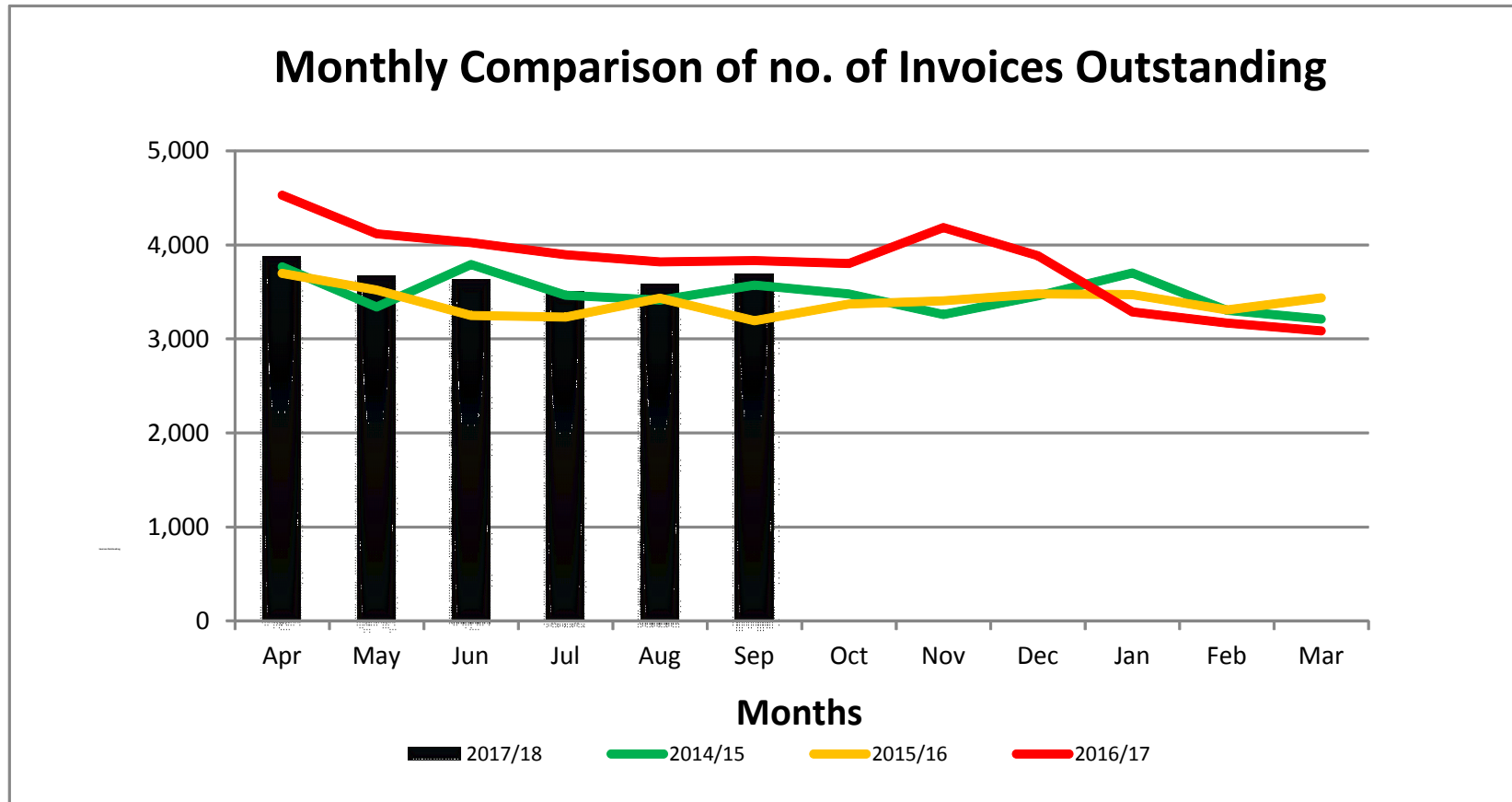
Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely

**Amanda Inwood-Field**  
**London Regional Contract Director**

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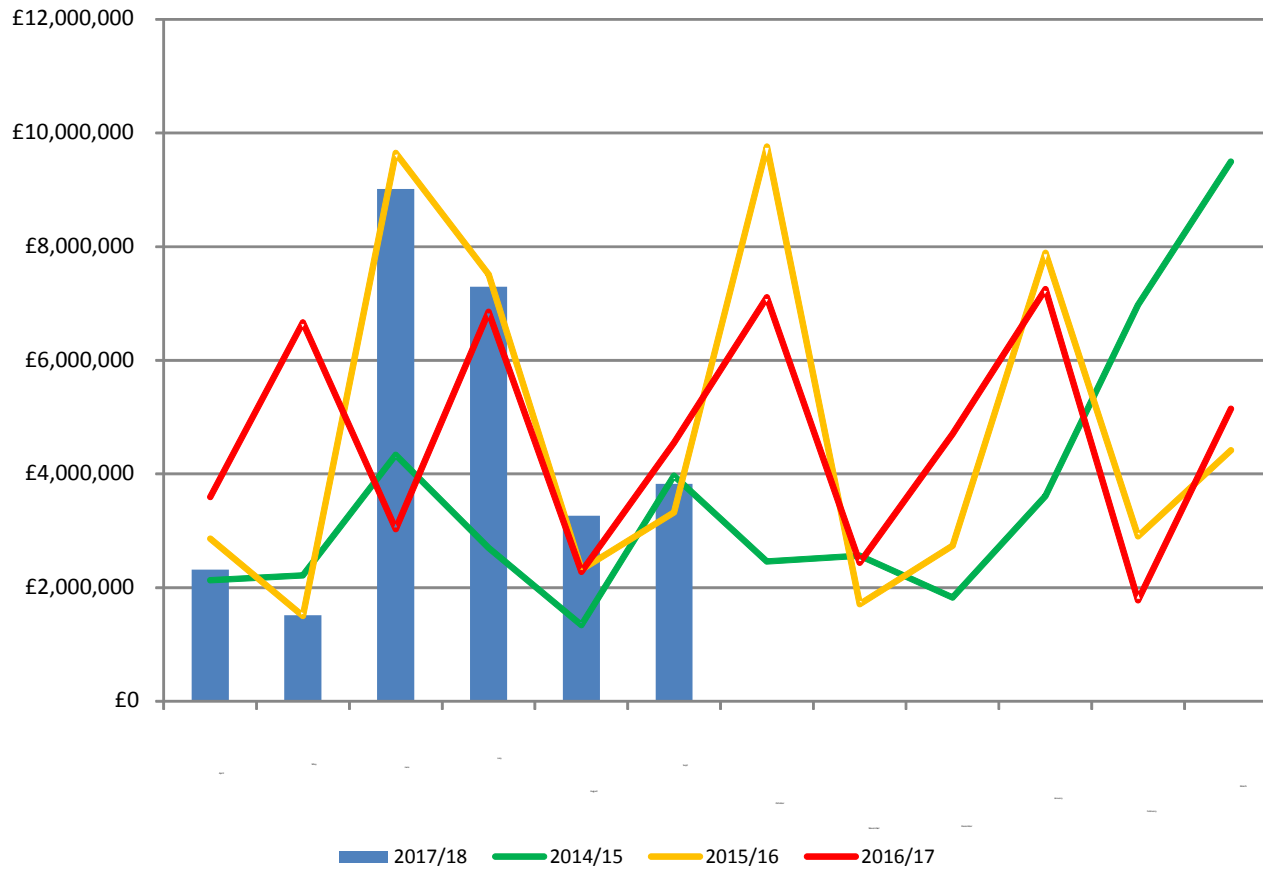
Age Profile of outstanding Utility Debts as at 30<sup>th</sup> September 2017

Utility	Pre 2013	2013-14	2014-15	2015-16	2016-17	2017-18	Total Balance
Virgin Media	NIL	NIL	NIL	NIL	£1,680	£13,153	£14,833
British Telecom	£4,736	£62,367	£49,733	£40,604	£32,950	£7,885	£198,274
UK Power Networks Ltd	NIL	NIL	NIL	NIL	£2,370	£1,899	£4,269
Southern Gas	NIL	NIL	NIL	£950	NIL	£1,680	£2,630
Thames Water	NIL	NIL	£11,960	£238	£2,565	£132,447	£147,210
Others	£95	NIL	£7,348	£7,115	£5,138	£5,076	£24,772
<b>Totals</b>	<b>£4,831</b>	<b>£62,367</b>	<b>£69,041</b>	<b>£48,906</b>	<b>£44,703</b>	<b>£162,140</b>	<b>£391,986</b>

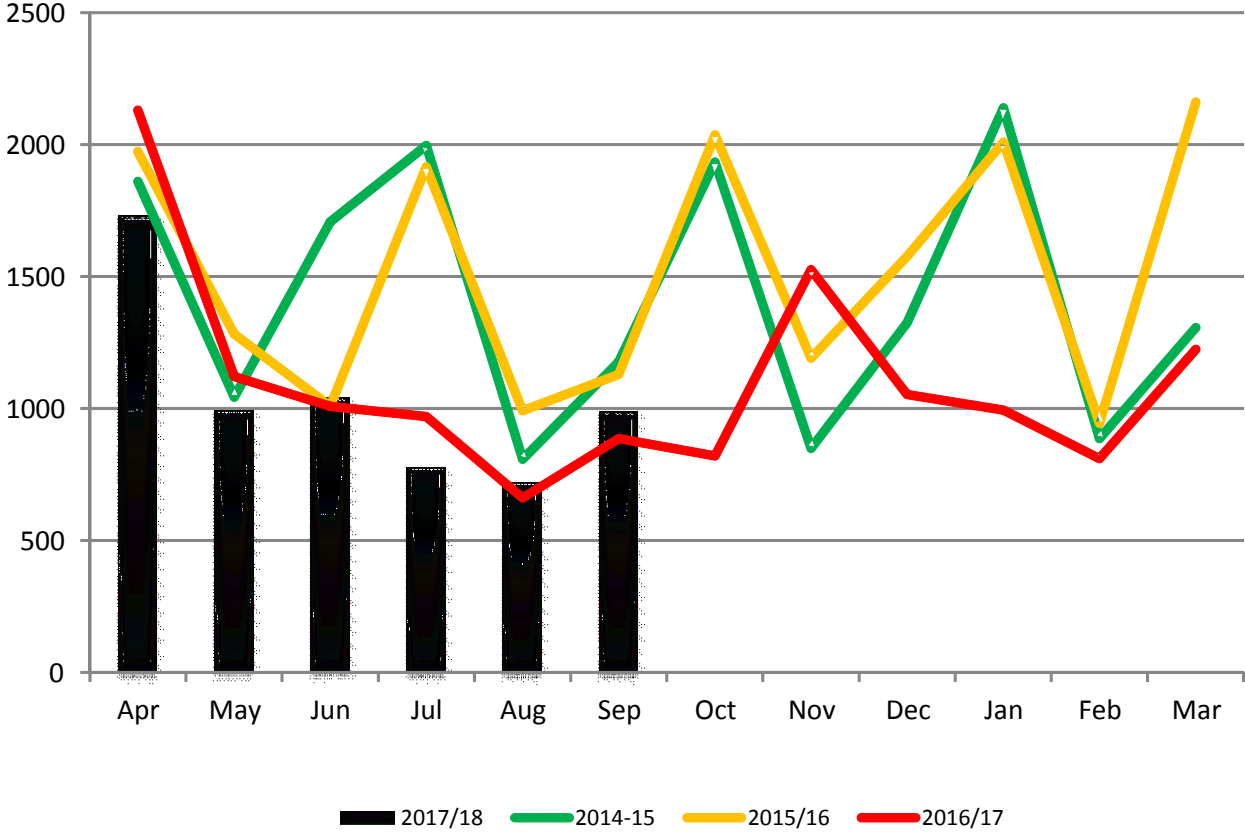
Overall Recovery Position of outstanding Utility Debts as at 30<sup>th</sup> September 2017

Utility	Total under 30 days old	Total over 30 days old	Total outstanding	No. of invoices in dispute	Value of invoices in dispute
Virgin Media	£11,020	£3,813	£14,833	2	£3,360
British Telecom	NIL	£198,274	£198,274	57	£190,389
EDF	NIL	NIL	NIL	NIL	NIL
UK Power Networks Ltd	NIL	£4,269	£4,269	3	£2,370
Southern Gas	NIL	£2,630	£2,630	1	£950
Thames Water	£83,445	£63,765	£147,210	7	£31,238
Others	£934	£23,838	£24,772	16	£9,420
<b>Totals</b>	<b>£95,399</b>	<b>£296,587</b>	<b>£391,986</b>	<b>86</b>	<b>£237,726</b>

### Monthly Comparison of the Value of invoices Raised



### Monthly Comparison of No. of Invoices Raised



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Report No.  
CSD17170

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE & RESOURCES PDS COMMITTEE

**Date:** Wednesday 29 November 2017

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

**Title:** RISK MANAGEMENT

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

Mark Bowen, Director of Corporate Services – Chief Executive’s Risk Register  
Tel: 020 8313 4461    E-mail: mark.bowen@bromley.gov.uk

Lesley Moore, Director of Commissioning and Procurement – Commissioning Risk Register  
Tel: 020 8313 4663    E-mail: lesley.moore@bromley.gov.uk

Charles Obazuaye, Director of Human Resources – HR Risk Register  
Tel: 020 8313 4355    E-mail: charles.obazuaye@bromley.gov.uk

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

**Ward:** (All Wards)

---

1. Reason for report

This report provides the Executive and Resources Policy, Development and Scrutiny Committee with the current Finance, Chief Executive’s, Commissioning and Human Resources Risk Registers (Appendices A, B, C and D), being the output of a ‘check and challenge’ process undertaken by Zurich, the Local Authority’s insurers.

2. **RECOMMENDATION(S)**

**Members of the Executive and Resources Policy, Development and Scrutiny Committee are requested to note the refreshed Risk Registers.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: There are no direct implications for Vulnerable Adults and Children arising from the attached risk registers although failure of the Council to meet its commitments in any risk area could indirectly impact on life chances.
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Finance, Chief Executive's, Commissioning and Human Resources divisions
  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: Not Applicable
  2. Call-in: Not Applicable:
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Executive and Resources Policy, Development and Scrutiny Committee
- 

### 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 Zurich were commissioned by Internal Audit to carry out a 'check and challenge' exercise on the current departmental Risk Registers. The aim of this was to provide the Departmental Management Teams (DMT) and the Corporate Leadership Team (CLT) with an independent discussion on risk and one which challenged, refreshed and validated the current risk register content.
- 3.2 Zurich attended the October Corporate Risk Management Group (CRMG) meeting to discuss their findings and recommendations prior to the Corporate Leadership Team's approval of each refreshed risk register and presentation of the same to Audit Sub Committee on 8<sup>th</sup> November.
- 3.3 The risk registers covering the areas falling under the remit of the Executive and Resources Policy, Development and Scrutiny Committee are attached as follows:
- Finance (Appendix A)
  - Chief Executives (Appendix B)
  - Commissioning (Appendix C)
  - Human Resources Risk Registers (Appendix D)

### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 There are no direct implications for Vulnerable Adults and Children arising from the attached risk registers although failure of the Council to meet its commitments in any risk area could indirectly impact on life chances.

### **5. POLICY IMPLICATIONS**

- 5.1 The Council's renewed ambition for the borough is set out in the 2016-18 update to Building a Better Bromley and the suite of Risk Registers supports delivery of all of the aims.

### **6. FINANCIAL IMPLICATIONS**

- 6.1 The Finance Division Risk Register is attached as Appendix A. Where applicable, the risk category in all registers is reflected as 'Financial, Operational'.

### **7. PERSONNEL IMPLICATIONS**

- 7.1 The Human Resources Division Risk Register is attached as Appendix D. Where applicable, the risk category in all registers is reflected as 'Personnel, Operational'.

### **8. LEGAL IMPLICATIONS**

- 8.1 Where applicable, the risk category in all registers is reflected as 'Legal, Operational'.

### **9. PROCUREMENT IMPLICATIONS**

- 9.1 The Commissioning Division Risk Register is attached as Appendix C. Where applicable, the risk category in all registers is reflected as 'Contractual and Partnership'

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	None

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## Finance Risk Register - Appendix A

										DATE LAST REVIEWED:	09/10/17		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Finance	<b>Gaps in Insurance cover</b> Failure to ensure that sufficient insurance cover is in place with the result that Council assets may not be adequately covered and that claims in excess of our current excess (£125k - Public Liability) could be turned down by our insurance company	<b>Cause(s):</b> 1. Incorrect/incomplete asset/risk data provided to insurer. 2. Total level of insurance insufficient e.g. to cover damage to multiple high value assets. 3. Uninsurable risks e.g. criminal/regulatory fines.  <b>Effect(s):</b> Inadequate or no insurance cover could have significant financial implications, dependent on the value of the asset and the extent of the damage / loss.	Financial - Operational	1	4	4	1. Maintain schedule of all property, vehicles and plan to be insured by the Council 2. Maintain a register of all insurance premiums paid each year 3. Independent check on all such records by internal / external audit and professional insurance brokers.	1	3	3		James Mullender
2	Finance	<b>Financial Market Volatility</b> Financial loss arising from the volatility of financial markets.	<b>Cause(s):</b> Market volatility, recession, banking failure  <b>Effect(s):</b> We do not maximise our interest earnings on balances and could also suffer the following issues - Liquidity, Interest rate, Exchange rate, Inflation, Credit and counterparty, Refinancing, legal and regulatory risks	Financial - Operational	3	5	15	1. Regular strategy meetings 2. Use of external advisors 3. Internal Audit review of activities 4. Quarterly reporting to E&R PDS Committee (Members) 5. Adoption of CIPFA Treasury Management Code of Practice 6. Regular meetings / discussions with external auditors 7. Treasury management strategy	2	4	8		James Mullender
3	Finance	<b>Capital Income Shortfall</b> Inability to generate capital receipts	<b>Cause(s):</b> Property price reductions as a result of the economic environment.  <b>Effect(s):</b> Financial	Economic - Strategy	3	4	12	1. Close monitoring of spend and income 2. Reporting to Members 3. Tight control of spending commitments 4. Quarterly reports on capital receipts (actual and forecast) to Executive.	2	3	6		James Mullender
4	Finance	<b>Pension Fund</b> The pension fund not having sufficient resources to meet all liabilities as they fall due	<b>Cause(s):</b> 1. Investment markets fail to perform in line with expectations 2. Market yields move at a variance with assumptions 3. Investment managers fail to achieve their targets over the longer term 4. Longevity horizon continues to expand 5. Deterioration in pattern of early retirements 6. Administering authority unaware of structural changes in an employer's membership e.g. large fall in employee members, large number of retirements  <b>Effect(s):</b> Financial	Financial - Operational	3	5	15	1. Use of external advice. 2. Financial: Monitoring of investment returns - analysis of valuation reports 3. Demographic: Longevity horizon monitored at triennial reviews - quarterly review of retirement levels 4. Regulatory: Monitor draft regulations and respond to consultations - actuarial advice on potential where appropriate 5. Internal audit review of activities, performance, controls etc. 6. Quarterly reports to Pensions Investment Sub-Committee 7. Funding Strategy Statement 8. Statement of Investment Principles 9. Communications Policy 10. Governance Policy 11. Triennial valuation by actuary 12. Strategic asset allocation review.	2	4	8	Seeking opportunities for future 'gifting'	Director of Finance
5	Finance	<b>Budgetary Failure</b> Failure to deliver 4-year financial plan.	<b>Cause(s):</b> On-going public sector austerity, government funding changes, council not being self-sufficient and a future recession.  <b>Impact(s):</b> Service cut backs and potential failures to ensure legally obligated balanced budget.	Economic - Strategy	3	5	15	Controls: 1. Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports 2. Departmental risk analysis 3. Reporting of financial forecast updates in year to provide an update of financial impact and action required 4. Obtain monthly trend / current data to assist in any early action required 5. Obtain regular updates / market intelligence 6. Reporting full year effect of budget variations 7. Analysis of government plans and changes	2	5	10	Exploring opportunities to make the council more financially self sufficient	Director of Finance

## Finance Risk Register - Appendix A

										DATE LAST REVIEWED:	09/10/17		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
6	Finance	<b>Failure to act upon Financial assessments or arrears in a timely manner</b>	<b>Cause(s):</b> 1. Severe/catastrophic IT problems 2. Loss of key staff 3. Organisation experiencing severe financial problems  <b>Effect(s):</b> Loss of income	Financial - Operational	3	3	9	Controls: 1. There is a disputed debt process that is followed to ensure that departments do not hold up debt recovery (i.e. actioning write offs and disputes). 2. All outstanding Financial Assessments are completed in accordance with the agreed timescales 3. Monitoring is carried out on a regular basis to ensure financial assessments are completed and contributions are set up on CareFirst in order for service users to be charged 4. Effective SLA is in place	2	3	6		Claudine Douglas-Brown
7	Finance	<b>Failure of Finance IT systems</b>	<b>Cause(s):</b> Failure of CareFirst or the various databases Oracle cheques not being produced Failure of BACs to pay LBB  <b>Effect(s):</b> Inability to pay creditors, calculate payments due to our suppliers / foster carers (Payments Team) or to accommodate charging information for billing clients which could result in fines, penalties and loss of goodwill / reputation.	Contractual and Partnership - Operational	3	2	6	1. CareFirst has replaced the majority of the databases used in Finance for ECHS payments 2. All systems are backed up daily 3. If systems fail, new databases can be built and/or manual calculations for charges or payments could be made 4. Manual cheque payments could be raised 5. Close liaison with Liberata (and sub contracted company Xerox) to discuss any problems - escalation procedure works well. 6. Alternative printers being available at Xerox reduces the risk of cheques not being produced due to printer failure 7. Stock control measures in place to ensure cheques are ordered in time 8. BACS payments increasing - solid and dependable	2	2	4		Claudine Douglas-Brown
8	Finance	<b>Failure of external contractors</b>	<b>Cause(s):</b> Contractor ceases to trade due financial failings.  <b>Effect(s):</b> disruption and delays to key services, financial loss and adverse publicity	Contractual and Partnership - Operational	3	4	12	1. Constant review of contractors financial standing 2. Maintaining knowledge and contact with alternative service suppliers	2	3	6		John Nightingale
9	Finance	<b>Contractor Poor Performance</b> Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	<b>Cause(s):</b> Severe catastrophic IT problems Loss of key staff Organisation experiencing severe financial problems  <b>Effect(s):</b> - Delay / non payment of suppliers, customers, staff salaries, pensions. - Increase in fraudulent payments -Delayed or non repayment from debtors  Resulting in loss of income, increased costs, increase in complaints and subsequent loss of good will and / or reputational damage.	Financial - Operational	3	3	9	1. Effective SLAs and contracts in place 2. Regular operational and strategic meetings monitoring progress and identifying action required 3. Action identified and formally agreed when monitoring key performance areas 4. Formal structures and procedures in place for monitoring and corrective action to minimise risk 5. Process reviewed on an ongoing basis 6. Weekly monitoring of complaints and patterns identified	2	3	6		Claudine Douglas-Brown / John Nightingale

Remember to consider current Internal Audit priority one recommendations when identifying, assessing and scoring risks.

## Chief Executive's Risk Register - Appendix B

											DATE LAST REVIEWED:	09/10/17	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
+	Corporate Services	<b>IT Security failure</b>	<b>Cause(s):</b> Failure of IT Security (responsibility across Bromley & BT) to manage risk of attack or intrusion leading to potential corruption / loss of data / loss of systems  <b>Effect(s):</b> Loss of service, potential fines, resident dissatisfaction	Data and Information	4	5	20	-Application of effective security management including effective application of anti-virus protection and security measures through the Facilities Management (FM) Contract with Capita - Regular Penetration Testing undertaken	2	2	4		Vinit Shukle
2	Corporate Services	<b>Telecommunications failure</b> Prolonged telecoms / switchboard failure	<b>Cause(s):</b> Power surge, contractor failure, malicious attack, IT failure  <b>Effect(s):</b> Widespread disruption across the Council	Data and Information	3	5	15	- Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in	3	3	9	- Working with Capita to implement disaster recovery arrangements as part of new backup contract - Effective application of anti-virus protection and security measures through the Facilities Management (FM) contract with Capita - Virtualisation project will help facilitate disaster recovery provision - Secondary Session Initiation Protocol (SIP) connection being added to provide resilience.	Ian Withycombe
3	Corporate Services	<b>IT System Failure (partial loss)</b> Partial loss of IT systems	<b>Cause(s):</b> Failure of Outlook or similar applications Failure of Novell Filing Registry system which carries details of all departmental files  <b>Effect(s):</b> Widespread disruption across the Council	Data and Information - Operational	4	4	16	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - System now migrated to the server	4	3	12	- Awaiting an update from IS on the ability to migrate the original filing registry Novell / Regnet system onto the Windows 7 environment. Dependent on their advice this may well upgrade the risk and present the Legal team with an operational issue of new file allocations etc.	Stuart Elsey
4	Corporate Services	<b>IT System Failure (total loss)</b> Complete failure of IT systems resulting in widespread disruption across the Council	<b>Cause(s):</b> Complete loss of data centre and related hardware  <b>Effect(s):</b> Widespread disruption across the Council Financial loss Reputational impact	Data and Information - Operational	3	5	15	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - Backup power arrangements in the event of power issues (most likely) - Server room has fire suppression, water detection and significant physical security measures have been undertaken.	2	4	8	- Property are planning additional works to resolve the issues that caused the outages, but until then we remain at an elevated risk.	Stuart Elsey
5	Corporate Services	<b>Network Loss</b> Loss of the customer service centre network as a result of a major malfunction of the council's network, leading to system access loss preventing staff from processing service requests.	<b>Cause(s):</b> Major malfunction of council's network caused by Cyber Attack or other means  <b>Effect(s):</b> Loss of system access Service Disruption Reputational impact	Data and Information - Operational	3	3	9	- Existing local resilience procedures (over Liberata network via Citrix) - Business Continuity Plan and manual procedure plans in place - Prepared for use of smart telephony messaging, web banner message and reception signage	3	2	6		Duncan Bridgewater

## Chief Executive's Risk Register - Appendix B

											DATE LAST REVIEWED:	09/10/17	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
6	Corporate Services	<b>Budgetary overspend</b>	<b>Cause(s):</b> Overspending budgets as a result of increased costs outside Council's direct control (e.g. increase in minimum wage, court / legal fees)  <b>Effect(s):</b> Financial	Economic - Strategic	4	3	12	- Effective forward budgetary planning	3	3	9	- Identify "risk areas" (e.g. contracts using low paid labour)	Director of Corporate Services
7	Corporate Services	<b>Fall in income from Registrars</b> Economic downturn, uncertainty regarding accommodation and other external factors contributing to a significant fall in income in Registrars	<b>Cause(s):</b> Uncertainty regarding accommodation Leaving Civic Centre for a less appealing venue  <b>Effect(s):</b> Reduced level of bookings Financial impact	Financial - Operational	3	3	9	- Regular budget and activity monitoring - Targeted marketing of ceremonies, venues etc. to maximise income, website videos, use of 'twitter' - Flexible use of staff to maximise income in periods of high activity - Development of civil funeral service	3	2	6		Carol Tyson
8	Corporate Services	<b>Contractor Failure</b>	<b>Cause(s):</b> Contractor (such as Liberata) cease trading due to financial or other failure.  <b>Effect(s):</b> Interruption to or deterioration of service due to failure of contractors (out of hours security guards @ Civic Centre, for example)	Contractual and Partnership - Operational	2	4	8	- Regular monitoring of performance and monthly operational meetings to identify any continued and ongoing reduction in service delivery - Core contract monitoring and overview of other elements of the contract to identify shortfalls in other areas of service delivery - Effective scrutiny of potential contractors - Appropriate performance bonds or parent company guarantees - Business continuity planning - Standardised contract letting procedures and documentation as contracts renew	2	3	6	-Identify potential alternative contractors	Duncan Bridgewater
9	Corporate Services	<b>Contractor Performance</b>	<b>Cause(s):</b> Failure to effectively manage service delivery contracts with provided such as Liberata  <b>Effect(s):</b> Continued and ongoing poor performance and/or increased customer complaints.	Contractual and Partnership - Operational	4	3	12	- Daily, weekly, monthly and annual monitoring of performance and key performance indicators - Monthly operational meetings with contractor to discuss performance and monitor against balanced score card - Escalation through core contract route of any continued and ongoing shortfalls in performance	3	2	6		Duncan Bridgewater
10	Corporate Services	<b>Failure to follow Legal Advice</b> Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	<b>Cause(s):</b> Advice not being sought and/or followed by clients.  <b>Effect(s):</b> - Breach of statutory obligations through failure of compliance with relevant legislation (e.g. 'Duty to Consult', EU Procurement Rules, Health and Safety etc.) leading to adverse publicity and significant costs including fines. - Council making unlawful decisions - Potential compensation to injured parties - Negative publicity - Potential judicial reviews	Legal - Operational	3	3	9	- Service procurement procedures - Register of all relevant statutory requirements - Regular review of compliance - Effective training of managers in requirements of relevant legislation - Systematic consultation - Robust internal customer service standards - Continuous learning and feedback	2	3	6	- Review service procurement procedures and redesign if appropriate - Regular service delivery meetings with clients - Identify, document and review all relevant statutory requirements - Identify and train all staff responsible for meeting statutory requirements	Director of Corporate Services
11	Corporate Services	<b>Maintenance of Statutory and GRO standards</b>	<b>Cause(s):</b> Increase in life events (births / deaths) within Bromley Staffing pressures  <b>Effect(s):</b> Drop in standards leading to a potential breach of statutory duty and loss of confidence from residents.	Legal - Operational	3	3	9	-Regular monitoring of registration activity and timescales.	3	3	9		Carol Tyson

## Chief Executive's Risk Register - Appendix B

											DATE LAST REVIEWED:	09/10/17	
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt &amp; return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
12	Corporate Services	<b>Disaster Recovery</b> Inadequate disaster recovery arrangements leading to dislocation of Council services	<b>Cause(s):</b> Lack of adequate disaster recovery arrangements <b>Effect(s):</b> Dislocation of council services	Data and Information - Operational	2	5	10	-Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Working with BT to review and implement disaster recovery arrangements as part of new IT contract. - Effective application of malware protection and security measures through the Facilities Management (FM) contract with BT - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Virtualisation project will help facilitate disaster recovery provision with the option of using the cloud to provide quick capacity - New Storage Area Network (SAN) gives additional replication facilities to work with suitable partners reducing the time to switch over to a DR site	2	5	10	Exploring cloud back up	Stuart Eley
13	Corporate Services	<b>Loss of Facility</b> Loss of customer service accommodation as a result of a major power failure or other incident that prevents access to the Civic Centre	<b>Cause(s):</b> Major power failure or other incident that prevents access to the Civic Centre <b>Effect(s):</b> Major disruption to council services	Data and Information - Operational	3	3	9	- Existing local resilience procedures (overflow to alternative Liberata Office)	2	2	4		Duncan Bridgewater
14	Corporate Services	<b>IT Compliance failure</b>	<b>Cause(s):</b> Failure to meet compliance regulations i.e. CoCo (Code of Connection) / London Public Services Network (LPSN) <b>Effect(s):</b> Loss of access to certain government systems	Data and Information - Operational	3	3	9	- Penetration Test (PenTest) carried out to ensure the integrity of the system and establish vulnerability - Met with Head of Public Services Network (PSN) - Carried out patching on the network to ensure security	2	3	6		Vinit Shukle
15	Corporate Services	<b>Data Protection Breach</b>	<b>Cause(s):</b> Failure to adapt to the upcoming change in legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets. <b>Effect(s):</b> 1. Distress and/or physical impact on wellbeing of customers 2. Impact on operational integrity 3. Reputational damage to services and the authority as a whole 4. Liability in law 5. Economic damage to authority and/or customers 6. Impact on service take up due to reduced confidence from the public	Data and Information - Operational	4	5	20	- LBB is currently compliant with the Public Services Network Code of Connection (PSN CoCo) and Connecting for Health Information Governance Toolkit (CfH IGT). The LBB Information Governance Board formally accepted the CfH IGT as the basis of LBB's internal information governance program at their meeting in August 2012. Both standards are based on the ISO27001 international best practice standard for managing information security and are therefore fit for purpose for assessing and managing the Council's information risk	2	3	6		Director of Corporate Services
16	Corporate Services	<b>Failure to publish Register of Electors</b>	<b>Cause(s):</b> Failure of IT systems Insufficient resources provided to Electoral Registration Officer to deliver a comprehensive canvass Failure to follow legislative and regulatory requirements <b>Effect(s):</b> Disenfranchisement of local residents Potential to challenge any election which relies on an inadequate register Reputational damage	Political - Strategic	2	3	6	<b>Controls:</b> 1. Project Plan including detailed Risk Register 2. Robust documented internal procedures 3. Monitoring by Electoral Commission through appropriate Performance Standards	1	3	3		Carol Ling

## Chief Executive's Risk Register - Appendix B

										DATE LAST REVIEWED:		09/10/17	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
17	Corporate Services	<b>Failure to manage election process</b>	<b>Cause(s):</b> Failure of Council in its duty to provide sufficient resources to the Returning Officer Failure of IT systems <b>Effect(s):</b> Cost of dealing with a challenge to election process Reputational damage Cost of re-running an election if result is set aside	Political	3	4	12	- Project Plan including detailed Risk Register specific to election underway - Staff Training - Adequate insurance (Returning Officer - personal liability) - Monitoring by Electoral Commission through appropriate Performance Standards.	2	3	6		Carol Ling
18	Corporate Services	<b>Safety of Statutory Records</b>	<b>Cause(s):</b> Fire / flooding Strong room not GRO compliant <b>Effect(s):</b> Damage to or destruction of historic statutory registration records	Operational	2	4	8		2	4	8	- We are aware the strong rooms requires investment to bring it up to General Register Office (GRO) security standards. This will be looked at during he wider accommodation review	Carol Tyson

Remember to consider current Internal Audit priority one recommendations when identifying, assessing and scoring risks.

## Commissioning Risk Register - Appendix C

										DATE LAST REVIEWED:	09/10/17		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	D	IMPACT		RISK RATING	LIKELIHOOD	D		
1	Commissioning	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	<b>Cause(s):</b> - Unclear (or lack of) commissioning strategies - Poor commissioning activities - Inability to undertake full commissioning cycles - Failure to engage and develop markets  <b>Effect(s):</b> - Service cuts required if balanced budget is not met - Reputational damage	Procurement & Contracts	5	4	20	1. Commissioning Programme developed 2. Initial pilot of 10 services identified 3. Commissioning Team represented at senior level across the Council 4. Governance arrangements and budget agreed 5. Commissioning Programme 6. Member and Officer training 7. Weekly Commissioning Board 8. Contract Sub Committee (5x per year) 9. Monitoring and progress reports to the Executive	4	3	12	1. Proposals relating to the individual services to be submitted to the respective PDS Committees for scrutiny and approval.	Director of Commissioning
2	Commissioning	Effective governance and management of contracts	<b>Cause(s):</b> - Lack of clear management across contracts - Capacity and capability - Contract management processes ineffective - Organisational culture and understanding  <b>Effect(s):</b> - Financial losses - Service disruptions - Poor quality services	Procurement & Contracts	4	4	16	1. Review of contract management and contract monitoring controls including any issues identified by internal audit 2. Database alerts to assist in monitoring 3. Contract Sub Committee	4	4	16	None Identified	Director of Commissioning
3	Commissioning	Database Utilisation	<b>Cause(s):</b> - Lack of organisational buy-in from contract managers - Lack of governance - Poor awareness / education in understanding purpose  <b>Effect(s):</b> - Impacts upon decision making and outcomes - Poor quality data - Commissioned services not fit for purpose - Increased financial costs	Procurement & Contracts	4	3	12	1. Database guidance issued to officers 2. Follow-ups issued to remind contract managers and commissioners 3. Quarterly Member reporting 4. Sign-off by CLT 5. Contract Sub Committee	4	3	12	None Identified	Director of Commissioning

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## Human Resources Risk Register - Appendix D

										DATE LAST REVIEWED:	09/10/17		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Human Resources	<b>Ability to respond to short notice industrial action, changes in government initiatives or legal requirements</b>	<b>Cause(s):</b> - Changes to staff terms and conditions (localisation agenda) - Lack of flexibility of workforce - Poor horizon scanning and networkings  <b>Effect(s):</b> - Increased costs (bank / agency usage) - Reputation damage - Impacts on service delivery	Political	3	2	6	1. Early and effective engagement with staff and trade unions 2. Sound internal and external legal advice 3. Identifying appropriate legal options 4. Pro-active intelligence gathering via London Councils and other networks	3	2	6	1. Submitting timely proposals to Chief Officers and / or members of the Industrial relations committee.	Director of HR
2	Human Resources	<b>Failure to comply with HR related legislative requirements e.g. Equalities Act 2010</b>	<b>Cause(s):</b> - Lack of awareness with legislation - Failure to effectively consult staff where appropriate - Indirect / direct discrimination - Human error / lack of understanding  <b>Effect(s):</b> - Reputation damage - Financial costs - Regulatory inspection / intervention	Legal	4	3	12	1. Bromley Council Equality Scheme in place 2. Requirement to report and record accurately equalities information 3. Equalities training in place for managers and staff	3	2	6	1. Professional updates / HR Mgt Team forward planning	Director of HR
3	Human Resources	<b>Ineffective recruitment and retention strategies for hard to fill posts e.g. Children's Social Workers</b>	<b>Cause(s):</b> - Increasingly fluid market - Increases in demand and/or reductions in supply - Lack of experienced staff in the labour pool  <b>Effect(s):</b> - Potential service delivery impacts - Increased costs due to usage of agency workers - Reduction in quality of service	Personnel / Operational	3	3	9	1. Horizon scanning to anticipate changes and trends to staff complement 2. Keeping up to date on national trends for hard to recruit professions 3. Case load promise	2	2	4	1. Implement grow your own initiatives e.g. senior practitioners progression pathway, training pathways for social workers, graduate trainees	TBC
4	Human Resources	<b>Ineffective Agency Worker Checks</b>	<b>Cause(s):</b> - Poor procedures - Inadequate monitoring - Lack of awareness / understanding  <b>Effect(s):</b> - Workers with safeguarding concerns not identified - Safeguarding incident occurs (harm / injury) - Agency worker ID fraud - Reputation damage	Personnel / Operational	4	3	12	1. Managers check identity of candidate when arriving for work, with copy of DBS and proof of identity. E.g. passport, and original copy of birth certificate. 2. Up front audits with Adecco undertaken to ensure processes are robust.	4	1	4	None identified	TBC

## Human Resources Risk Register - Appendix D

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					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
5	Human Resources	Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options)	<b>Cause(s):</b> - Lack of expertise - Unexpected delays - Changes in strategic direction - Lack of capacity to undertake in a timely manner  <b>Effect(s):</b> - New service models are ineffective / not fit for purpose - Increased costs - Legislative and legal requirements breached (e.g. TUPE) - Reduction in service quality / provision - Reputation damage	Personnel / Operational	3	2	6	1. Managing change procedure in place 2. Capacity building and additional resources to support the change process 3. Effective communication and engagement with staff and their representatives. 4. Formal consultation processes and departmental representatives 5. Regularly meetings include members	3	2	6	None identified	TBC
6	Human Resources	Inability to process / access pay and personnel records	<b>Cause(s):</b> - IT failure - Loss of power - Data breach / cyber attack - Ineffective business continuity plan for manual work around  <b>Effect(s):</b> - Delays or restriction in level of HR support available - Pay changes not made - Staff morale reduction if for a long period - Delays in ability to recruit	Data and Information	4	3	12	1. Back-up payroll processes/systems 2. Regular saving of personnel information on Resource Link 3. Business Continuity Plan in place	4	2	8	None identified	TBC

Report No.  
CSD17168

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE AND RESOURCES  
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** 29 November 2017

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

**Title:** WORK PROGRAMME 2017/18

**Contact Officer:** Philippa Gibbs, Democratic Services Officer  
Tel: 020 8461 7638 E-mail: Philippa.gibbs@bromley.gov.uk

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

**Ward:** (All Wards);

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1. Reason for report

- 1.1 This report offers the Committee an opportunity to further consider its work programme for 2017/18, including scheduled meetings and PDS working groups. Committee meeting dates for 2017/18 are set out at Appendix 1 with a draft list of items to be considered.
- 

2. RECOMMENDATIONS

**The Committee is requested to consider its work programme and indicate any changes or particular issues that it wishes to scrutinise for the year ahead.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Democratic Services
  4. Total current budget for this head: £343,810
  5. Source of funding: 2017/18 revenue budget
- 

### Personnel

1. Number of staff (current and additional): 8 posts (6.87fte)
  2. If from existing staff resources, number of staff hours: Not applicable
- 

### Legal

1. Legal Requirement: None:
  2. Call-in: Not Applicable: This report does not involve an executive decision.
- 

### Procurement

1. Summary of Procurement Implications: None
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of committee members in setting their future work programme.
- 

### Ward Councillor Views

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

### 3. COMMENTARY

#### Meeting Schedule

- 3.1 Each PDS Committee determines its own work programme, balancing the roles of (i) pre-decision scrutiny and holding the Executive to account, (ii) policy development and review and (iii) external scrutiny. E&R PDS Committee has the additional role of providing a lead on scrutiny issues and co-ordinating PDS work.
- 3.2 PDS Committees need to prioritise their key issues. The work programme also needs to allow room for items that arise through the year, including Member requests, call-ins and referrals from other Committees. Committees need to ensure that their workloads are realistic and balanced, allowing sufficient time for important issues to be properly scrutinised. Members also need to consider the most appropriate means to pursue each issue – the current overview and scrutiny arrangements offer a variety of approaches, whether through a report to a meeting, a time-limited working group review, a presentation, a select committee style meeting focused on a single key issue, or another method.
- 3.3 A schedule of the Committee’s meetings in 2017/18 is attached at [Appendix 1](#), along with draft lists of reports. The timing of meetings is tied to the need to pre-scrutinise Executive agendas. As in previous years, question sessions with the Leader, Resources Portfolio Holder and Chief Executive will be held (dates scheduled at Appendix 1).

#### Sub-Committees and Working Groups

- 3.4 The Policy Development and Scrutiny Toolkit suggests that each Committee should aim to carry out no more than two or three full scale reviews each year, and it offers guidance and techniques for prioritising reviews. At a time of pressure on Member and officer resources it is important that any additional work is carefully targeted at priority issues where improvements can be achieved. In recent years, this Committee has examined a number of issues through its Working Groups - part of the Committee’s workload may include follow-up work on some of these reviews.
- 3.5 A schedule of Sub-Committees and Working Groups across all PDS Committees is attached as [Appendix 2](#) to this report. This will be updated for future meetings as other PDS Committees meet and confirm the appointment of Working Groups.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children/Policy/Financial/Legal/Personnel/Commissioning
Background Documents: (Access via Contact Officer)	Previous work programme reports

**COMMITTEE MEETING SCHEDULE 2017/18**

**Meeting 1: Thursday 18<sup>th</sup> May 2017**

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)  
Contract for Agency Staff

**Meeting 2: Wednesday 14<sup>th</sup> June 2017**

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

**Meeting 3: Thursday 13<sup>th</sup> July 2017**

Standard items (Matters Arising/Forward Plan/Executive Agenda/ PDS Updates/Work Programme)  
Scrutiny of the Resources Portfolio Holder  
Monitoring Report: Customer Services  
Monitoring Report: Revenues Service  
Monitoring Report: Benefits Service  
Monitoring Report: Exchequer Services  
Monitoring Report: Section 106

**Meeting 4: Thursday 7<sup>th</sup> September 2017**

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)  
Expenditure on Consultants 2016/17 and 2017/18

**Meeting 5: Wednesday 11<sup>th</sup> October 2017**

Standard items (Matters Arising/Forward Plan/ Executive Agenda/PDS Updates/Work Programme)  
Contracts Register (contracts covered by the Resources Portfolio)  
Scrutiny of the Chief Executive  
TFM Contract (Amey)  
Policy in relation to Council Tax Recovery  
Benefit Service: Reasons for Delays in Progressing New Claims and Change in Circumstances

**Meeting 6: Tuesday 31<sup>st</sup> October**

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

**Meeting 7: Wednesday 29<sup>th</sup> November 2017**

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)  
Scrutiny of the Leader  
Monitoring Report: Revenues Service  
Monitoring Report: Benefits Service  
Monitoring Report: Customer Services  
Monitoring Report: Exchequer Services  
Risk Register (or any updates to the Register should it have been previously seen by Audit Sub-Committee)

**Meeting 8: Thursday 4<sup>th</sup> January 2018**

Standard items (Matters Arising/Forward Plan/Executive Agenda/Work Programme)  
Scrutiny of the Resources Portfolio Holder  
Presentation from Cushman and Wakefield  
Monitoring Report: Section 106

**Meeting 9: Thursday 1<sup>st</sup> February 2018**

Standard items (Matters Arising/Forward Plan/Executive Agenda/PDS Updates/Work Programme)  
Scrutiny of the Chief Executive

Contracts Register (contracts covered by the Resources Portfolio)

**Meeting 10: Wednesday 21<sup>st</sup> March 2018**

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

Scrutiny of the Leader

Annual PDS Report for 2017/18

**PDS SUB-COMMITTEES AND WORKING GROUPS 2017/18**

SUBJECT	DURATION	MEMBERSHIP
<b>EXECUTIVE AND RESOURCES PDS</b>		
Contracts Sub-Committee	Next meeting scheduled for 30 <sup>th</sup> November 2017.	Cllr Simon Fawthrop Cllr William Huntington-Thresher Cllr Russell Mellor Cllr Keith Onslow Cllr Neil Reddin (Vice-Chairman) Cllr Stephen Wells (Chairman) Cllr Angela Wilkins
Working Group on Revenue Generation	Task and Finish Working Group for 2017/18	Cllr Simon Fawthrop Cllr William Huntington-Thresher. (Remaining Membership to be confirmed).
<b>CARE SERVICES PDS</b>		
Health Scrutiny Sub-Committee	Next meeting scheduled for 7 <sup>th</sup> November 2017.	Cllr Ruth Bennett Cllr Mary Cooke (Chairman) Cllr Ian Dunn Cllr Judi Ellis Cllr Robert Evans Cllr Will Harmer Cllr David Jefferys Cllr Terence Nathan Cllr Charles Rideout Cllr Pauline Tunnicliffe (Vice-Chairman)
Any 2017/18 Working Groups of Care Services PDS or the Health Scrutiny Sub-Committee to be appointed by the parent bodies.		
Our Healthier South East London Joint Health Overview and Scrutiny Committee (with Bexley, Greenwich, Lambeth, Lewisham & Southwark)		Cllr Ian Dunn Cllr Judi Ellis
<b>EDUCATION, CHILDREN AND FAMILIES SELECT COMMITTEE</b>		
Education, Children and Families Budget and Performance Monitoring Sub-Committee	Next meeting scheduled for 17 <sup>th</sup> January 2018.	Cllr Nicholas Bennett Cllr Alan Collins Cllr Mary Cooke Cllr Neil Reddin (Chairman) Cllr Nicky Dykes (Vice-Chairman) Cllr Angela Wilkins Plus Co-opted Members as



		appropriate including Mr Emmanuel Arbenser (Special Schools Parent Governor).
Any 2017/18 Working Groups of the Education Select Committee or Education Budget Sub-Committee to be appointed by the parent bodies.		
<b>ENVIRONMENT PDS</b>		
Any 2017/18 Working Groups to be appointed by the Environment PDS Committee.	Working Groups likely to be appointed.	
<b>PUBLIC PROTECTION AND SAFETY PDS</b>		
Any 2017/18 Working Groups to be appointed by the Public Protection and Safety PDS Committee.		
<b>RENEWAL AND RECREATION PDS</b>		
Beckenham Working Group	Next meeting to be held on 22 <sup>nd</sup> June 2017.	Current appointments - Cllr Michael Tickner (Chairman) and Ward Councillors - to be confirmed at next meeting of the R&R PDS Committee on 5 <sup>th</sup> July 2017.

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