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DATE: 25 June 2018

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

Councillor Simon Fawthrop (Chairman)
Councillor Keith Onslow (Vice-Chairman)
Councillors Gareth Allatt, Julian Benington, Nicholas Bennett J.P.,
David Cartwright QFSM, Mary Cooke, Ian Dunn, Robert Evans, Will Harmer,
Christopher Marlow, Russell Mellor, Michael Rutherford, Stephen Wells and
Angela Wilkins

A meeting of the Executive, Resources and Contracts Policy Development and
Scrutiny Committee will be held at Bromley Civic Centre on **THURSDAY 5 JULY
2018 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 and must relate to the work of the scrutiny committee. Please ensure questions are received by the Democratic Services Team by 5pm on Friday 29th June 2018.

- 4 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETINGS HELD ON 16 MAY 2018 AND 17 MAY 2018 (EXCLUDING EXEMPT ITEMS) (Pages 5 - 16)**

5 **MATTERS ARISING AND WORK PROGRAMME** (Pages 17 - 26)

6 **FORWARD PLAN OF KEY DECISIONS** (Pages 27 - 30)

HOLDING THE RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO HOLDER TO ACCOUNT

7 **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 and must relate to the work of the Portfolio. Please ensure questions are received by the Democratic Services Team by 5pm on Friday 29th June 2018.

8 **RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO - PRE-DECISION SCRUTINY**

Portfolio Holder decisions for pre-decision scrutiny.

a **BUDGET MONITORING 2018/19 - DRAWDOWN OF CARRY FORWARDS FROM CENTRAL CONTINGENCY**_(Pages 31 - 36)

b **TREASURY MANAGEMENT - ANNUAL REPORT 2017/18**_(Pages 37 - 54)

HOLDING THE EXECUTIVE TO ACCOUNT

9 **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

10 **SCRUTINY OF THE RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO HOLDER**

11 **BENEFITS SERVICE MONITORING REPORT** (Pages 55 - 74)

12 **REVENUES SERVICE MONITORING REPORT** (Pages 75 - 92)

13 **EXCHEQUER SERVICE - CONTRACT PERFORMANCE REPORT** (Pages 93 - 114)

14 **CUSTOMER SERVICES - CONTRACT PERFORMANCE REPORT** (Pages 115 - 126)

15 **SECTION 106 AGREEMENTS : UPDATE - PART 1** (Pages 127 - 144)

- 16 **RISK REGISTER** (Pages 145 - 158)
- 17 **TERMS OF REFERENCE FOR THE CONTRACTS AND COMMISSIONING SUB COMMITTEE** (To follow)

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

- | | |
|--|---|
| <ul style="list-style-type: none"> 19 EXEMPT MINUTES OF THE MEETING HELD ON 17 MAY 2018 (Pages 159 - 162) 20 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS 21 SECTION 106 AGREEMENTS : UPDATE - PART 2 (Pages 163 - 174) | <p>Information which is likely to reveal the identity of an individual.</p> |
|--|---|

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 8.00 pm on 16 May 2018
following the annual meeting of the Council

Present:

Councillor Simon Fawthrop (Chairman)
Councillors Gareth Allatt, Julian Benington,
Nicholas Bennett J.P., David Cartwright QFSM,
Mary Cooke, Ian Dunn, Will Harmer, Christopher Marlow,
Russell Mellor, Keith Onslow (Vice-Chairman),
Michael Rutherford, Stephen Wells and Angela Wilkins

Also Present:

Other Members of the Council

1 PROPORTIONALITY OF SUB-COMMITTEE

RESOLVED that the following proportionality be agreed.

| | Size | Conservative | Labour | Independent |
|---|------|--------------|--------|-------------|
| Contracts and Commissioning Sub-Committee | 7 | 6 | 1 | 0 |

2 MEMBERSHIP OF SUB-COMMITTEE

RESOLVED that the following Schedule of Members to serve on the Sub-Committee of the Executive, Resources and Contracts PDS Committee be agreed.

(i) CONTRACTS AND COMMISSIONING SUB-COMMITTEE

| | Councillors |
|---|----------------------|
| 1 | Stephen Wells (Ch) |
| 2 | Neil Reddin (VC) |
| 3 | Christopher Marlow |
| 4 | Russell Mellor |
| 5 | Michael Tickner |
| 6 | Gary Stevens |
| 7 | Angela Wilkins (LAB) |

**3 APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN OF
SUB-COMMITTEE**

RESOLVED that the following Councillors be appointed as Chairman and Vice Chairman of the Sub-Committee of the Executive, Resources and Contracts PDS Committee.

| | | |
|--|---------------|-------------|
| CONTRACTS AND COMMISSIONING SUB- COMMITTEE | Stephen Wells | Neil Reddin |
|--|---------------|-------------|

The Meeting ended at 8.01 pm

Chairman

EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 17 May 2018

Present:

Councillors Gareth Allatt, Julian Benington, Nicholas Bennett J.P., Mary Cooke, Ian Dunn, Robert Evans, Simon Fawthrop, Will Harmer, Christopher Marlow, Russell Mellor, Keith Onslow (Vice-Chair, in the Chair), Michael Rutherford, Stephen Wells and Angela Wilkins

Also Present:

Councillor Graham Arthur and Councillor Colin Smith

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

The Chairman opened the meeting and welcomed both returning and new Members to the Committee.

The Chairman explained that he was required to act as Chairman for the Plans 4 meeting that was simultaneously taking place and would therefore handover Chairmanship of the Committee to the Vice-Chairman.

Vice-Chairman, Councillor Keith Onslow took the Chair.

Apologies for absence were received from Councillor Cartwright. Councillor Rutherford and Councillor Mellor also submitted apologies for lateness as they were also required to speak to items at the Plans 4 meeting.

2 DECLARATIONS OF INTEREST

Councillor Onslow declared that he worked part-time for the Royal Borough of Greenwich and was a pensioner of Zurich Municipal Insurance.

Councillor Benington declared that he was a Trustee of Biggin Hill Memorial Museum Trust.

3 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING

There were no questions.

17 May 2018

4 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 21 MARCH 2018(EXCLUDING EXEMPT ITEMS)

The minutes of the meeting held on 21st March 2018, were agreed, subject to a minor amendment on page 106, and signed as an accurate record.

5 MATTERS ARISING AND WORK PROGRAMME

CSD18069

The Committee considered a report setting out matters arising from previous meetings and the Committee's work plan for 2018/19.

In response to a question concerning the apparent discrepancy between the carry forward request of £1.27m listed in the Budget Monitoring report considered by the Committee in March and the figure reflected in Provisional Final Accounts on the Executive agenda for May, the Chief Accountant explained that the report considered by the Committee in March had been based on January's figures. It was reported that a reconciliation had been circulated to the Chairman and Vice-Chairman of the Executive, Resources and Contracts PDS Committee the day before the meeting. It was noted that the figures set out in the Provisional Final Accounts represented the final position rather than the budget monitoring position.

In reference to the update that the Committee had received from Amey in relation to the TFM Contract, the Committee noted that the Director of Regeneration had not yet circulated the detailed list of issues reported for action. In addition, the Service Improvement Plan had not been provided to Members as requested. It was agreed that an email would be sent to the Director of Regeneration seeking a response to the issues raised and an item added to the agenda for the next meeting to enable the Committee to further discuss outstanding issues with the Director of Regeneration. The Committee requested that, as there appeared to be no visible improvement in the service received from Amey, that representatives from Amey, including the Chief Executive, be asked to attend the Committee's September meeting.

Action 1: That an email be sent to the Director of Regeneration seeking a response to the issues raised at the meeting on 21 March 2018 and that an item be added to the agenda for the next meeting.

Action 2: That representatives from Amey be invited to the meeting on 5 September 2018.

The Committee noted that following the last meeting, the Director of Commissioning had provided further clarification to a Member around the response to the question that was set out in the minutes. Members highlighted that Gateway 0 reports were provided to Members and at this

stage individuals Members were able to challenge the 60/40 cost/quality split. The Vice-Chairman highlighted that a 60/40 split was a standard CIPFA statement.

The Monitoring Officer was also asked to provide further clarification surrounding the need to keep minutes within Part 2 and therefore exempt from publication once sensitive issues had been dealt with.

RESOLVED: That

- 1. Progress on matters arising from previous meetings be noted; and**
- 2. The 2018/19 work programme be noted.**

6 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period May to August 2018.

It was noted that neither the Chipperfield Road Regeneration Scheme report, nor the Retendering of the Exchequer Services Contract report which were scheduled for May appeared on the Executive agenda.

The Director of Commissioning reported that the Retendering of the Exchequer Services contract was on track with Officers currently reviewing some outstanding issues. The report would come to a future meeting.

7 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 21st May 2018:

**(7) PROVISIONAL FINAL ACCOUNTS 2017/18
Report FSD18040**

The Committee considered the 2017/18 provisional outturn as well as the potential implications for the Council's financial position in 2018/19. The 2017/18 provisional outturn provided no variation in general fund balances, subject to the recommendations in the report being agreed.

In response to a question from the Vice-Chairman concerning the rationale for setting aside £2m as a further contribution to the Transformation Fund, the Chief Accountant explained to the Committee that the Transformation Fund had been in existence for a number of years and was used to support payments such as redundancy, severance and early release of pension arising from efficiencies. Over time the fund had significantly reduced and the additional contribution was being proposed to ensure that further funding would be available in coming years if required.

In relation to the Investment Fund, the Vice-Chairman queried whether the rates of return on property investment that had previously been achieved were sustainable in the long-term or whether alternative investments should be considered. The Vice-Chairman suggested that the Executive should consider expanding the scope of the fund so there was no longer a primary reliance on property.

A Member noted that there was currently a significant problem with potholes and road surfaces across the Borough. It was suggested that some of the proposed contribution to the Investment Fund should instead be diverted to potholes and road surfaces.

The Portfolio Holder for Resources, Commissioning and Contracts confirmed that a complete review of the Investment Portfolio was currently underway and the Strategic Asset Management Group would look at all property investments and recommend changes as necessary.

Turning to the issue of roads, the Portfolio Holder highlighted that the road maintenance programme was on track and funding had been accelerated with three years of spend being brought forward to support improvements. It was hoped that this investment in the road network across the Borough would deliver savings in the future as a result of lower maintenance costs. The Portfolio Holder acknowledged that it may be beneficial to publicise better the roads where improvements were being delivered and to encourage residents to report any issues through 'Fix My Street'.

The Leader of the Council further noted that the programme for renewing the road surfaces that were in the worst condition was well advanced. The Leader noted that the term 'pothole' was often misused and overused. Proper potholes - those that were dangerous - were a priority and, once reported, could be fixed within 24 hours.

In response to a question, the Chief Account reported that the Executive, Resources and Contracts Committee received a Treasury Management Annual Investment Strategy report in addition to quarterly monitoring updates.

In response to a question concerning the earmarked reserve for Income Equalisation, the Chief Accountant confirmed that this was being proposed following a change in accounting rules and was intended to smooth any volatility that may be experienced in the return on investments due to changes in the accounting requirements.

The Chief Accountant confirmed that there had been no changes to the overall bottom line budget as the variation between the original and final approved Portfolio budgets reflected allocations from the Central Contingency.

A Member queried how progression with the growth fund was monitored and it was agreed that a report setting out this information should be presented to the Renewal, Recreation and Housing PDS Committee.

The Committee noted that the full year effect of the ban on credit card payment surcharges was in the region of £50,000. This loss was unrecoverable and resulted from a change in legislation.

In response to a question from the Vice-Chairman concerning the balance of £38k needed to meet the costs of testing the Debt Management System in 2018/19, the Director of Commissioning reported that the final balance would not be paid to the supplier until final testing and sign off of the system had been completed.

A Member suggested that it may be helpful to know how the balance of the underspend on the Schools Budget would be spent. It was agreed that the Head of ECHS Finance should be asked to provide an update to the Children, Education & Families Budget and Performance Monitoring Sub-Committee.

The Committee joined the Portfolio Holder for Resources, Commissioning and Contracts in thanking the Chief Accountant and finance Team for their incredibly hard work to deliver the final accounts in a much shorter timescale than previous years.

RESOLVED: That the Executive be recommended to:

- 1. Consider the provisional revenue and capital outturns for the 2017/18 financial year and the earmarked balances on the General Fund as at 31st March 2018;**
- 2. Note that a more detailed analysis of the 2017/18 final outturn will be reported for each Portfolio to the Relevant PDS committees;**
- 3. Consider the variations in 2017/18 impacting on the Council's 2018/19 financial position;**
- 4. Consider the comments from Chief Officers;**
- 5. Approve the requests for carry forwards totalling £1,124k (net), subject to the funding being allocated to the Central Contingency in 2018/19 to be drawn down on the approval of the relevant Portfolio Holder;**
- 6. Agree the release of £80k from the 2017/18 Central Contingency;**
- 7. Approve a further contribution of £550k to the Joint Initiatives and Pump Priming (BCF) earmarked reserve;**
- 8. Recommend to Council that a sum of £1,086k be set aside in an earmarked reserve for Income Equalisation (Treasury Management);**

- 9. Recommend to Council that a sum of £2,000k be set aside as a further contribution to the Transformation Fund earmarked reserve;**
- 10. Recommend to Council that a sum of £5,000k be set aside as a further contribution to the Financial Planning & Risk Reserve;**
- 11. Recommend to Council that a sum of £2,319k be set aside as a further contribution to the Growth Fund;**
- 12. Recommend to Council that a sum of £2,609k be set aside as a further contribution to the Investment Fund, and consider expanding the scope of the fund so there is no longer a primary reliance on property.**

**(8) CAPITAL PROGRAMME OUTTURN 2017/18
Report FSD18041**

The Committee considered a report setting out the final outturn on capital expenditure and receipts for 2017/18. Capital expenditure in the year was £40.3m, compared to the final approved budget of £51.6m, agreed in February resulting in a total net variation of Cr £11.3m. For funding purposes, £3.5m slippage was assumed in the Quarter 3 capital monitoring report, so there was an overall variation of Cr £7.8m in the use of capital receipts and external and revenue contributions.

Members of the Committee expressed concern surrounding the source of contributions to the Biggin Hill Memorial Museum. It was agreed that a further update on whether the contingency funds had been spent should be included in the Quarter One Capital Programme Monitoring Report presented to the Renewal, Recreation and Housing Committee. The Leader of the Council requested that officers seek further clarification concerning the source of the funding.

RESOLVED: That the Executive be recommended to

- 1. Note the report;**
- 2. Approve the following amendments to the Capital Programme for 2018/19:**
 - a) Increase of £15k to the 30 hours childcare IT scheme funded from the revenue grant underspend in 2017/18;**
 - b) Addition of £178k to the capital programme to reflect additional Disabled Facilities Grant received;**
 - c) Addition of £116k to the Biggin Hill Memorial Museum scheme funded from revenue (£54k) and external contributions (£62k), subject to further clarification surrounding the source of funding.**

3. Note that the Provisional Final Accounts 2017/18 report elsewhere on the agenda recommends that Council approves contributions of £2.6m to the Investment Fund and £2.3m to the Growth Fund.

**(9) FORMAL CONSULTATION ON THE PROCUREMENT STRATEGY FOR INSURANCE POLICIES
Report FSD18039**

The Committee considered a report seeking approval to tender for the Council's current insurance policies, as well as approval to vary the Council's Total Facilities Management (TFM) contract to include an asset valuation review that would help inform the tender and ensure appropriate levels of cover were maintained. The Council's current policies for insurance cover were due to expire on 30th April 2019. It was proposed to re-tender the policies for a period of five years, with an option to extend for a further period of three years. With a potential eight year contract term, the total value of the policies was estimated to be approximately £5.6m.

In response to a question from the Vice-Chairman, the Principal Accountant confirmed that RB Greenwich would be highly involved in drawing up the specification.

The Vice-Chairman noted that the valuations for rebuilding costs set out in paragraph 3.4.4 of the report seemed high in comparison to charges levied by insurance companies. It was suggested that this should be reviewed separately as substantial savings could be made, although not all insurance companies offered this service. The Principal Accountant advised that it was expected that the valuations would require onsite visits as valuations had not been undertaken for a long time.

In response to a question the Principal Accountant confirmed that the Council's brokers would be asked to present options for consideration taking account of the Council's risk profile.

The Head of Legal Services clarified that the Council's Legal Services would be consulted on any contract terms and conditions in order to provide assurance around the tender process.

The Principal Accountant agreed to provide details surrounding claims for pothole damage to vehicles to a Member following the meeting. The Leader of the Council reported that the number of claims was low and any claim was vigorously defended with the result that very little was paid out.

Action Point 4: that details surrounding claims for pothole damage be provided following the meeting.

RESOLVED: That the Executive be recommended to:

- 1. Consider the contents of the report;**
- 2. Agree that the contracts for the Council's insurance policies be tendered using a restricted OJEU process;**
- 3. Agree that the contract length will be for a period of five years with the option to extend for a further period of three years at an estimated annual value of £694k (gross) and an estimated whole life value, inclusive of extension option, of £5.6m (gross);**
- 4. Delegate authority to the Director of Finance to approve the optional three year extension in consultation with the Portfolio Holder for Resources, Director of Commissioning and Director of Corporate Services;**
- 5. Agree a variation of the Council's TFM contract with Amey for Cushman and Wakefield to undertake an asset valuation review for insurance purposes, the value of the variation being estimated at £200k;**
- 6. Agree that the tender documentation to be used is that provided by the Council's Insurance Broker, JLT; and**
- 7. Agree that contracts for the policies will be predominantly on the tenderers' proposed terms.**

*(10) CONTRACT AWARD FOR SUBSTANCE MISUSE SERVICES – LOT 1
ADULTS/LOT 2 YOUNG PEOPLE – PART 1*

The Committee considered the summary to the Part 2 "Contract Award for Substance Misuse Services, Lot 1 Adults and Lot 2 Young People report. The summary provided an overview of the tendering process for the Substance Misuse Service Lot 1 and Lot 2, in accordance with the Council's financial and contractual procedure rules.

Members noted and supported the recommendation to award contracts for a term of three years with a possible extension of up to a further two years.

RESOLVED: That the Executive be recommended to note the summary when considering the recommendations in the Part 2 report that details the tender outcome.

*(11a) CONTRACT AWARD OF LEARNING DISABILITY SUPPORTED LIVING
SCHEMES
Report CS18136*

The Committee considered a summary to the Part 2 'Contract Award of Learning Disability Supported Living Schemes'. The summary provided an overview of the process for the tendering of the learning disability supported living schemes at 34 Padua Road, 44 Bromley Road and 15 Brosse Way in accordance with the Council's financial and contractual requirements.

Members noted and supported the recommendation.

RESOLVED: That Executive be recommended to note the Part 1 summary when considering the recommendations in the Part 2 report to award the tender.

8 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**

9 EXEMPT MINUTES OF THE MEETING HELD ON 21 MARCH 2018

The Part 2 (exempt) minutes from the meeting held on 21st February 2018, were agreed and signed as a correct record.

A Member requested that further advice be sought as to whether the minutes had to remain in Part 2 and therefore exempt from publication.

10 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

(14) CONTRACT AWARD FOR SUBSTANCE MISUSE SERVICES – LOT 1 ADULTS/LOT 2 YOUNG PEOPLE

The Committee considered the report and supported the recommendations.

**(15) AWARD OF CONTRACT FOR PHASE 2 WORKS AT STEWART FLEMING PRIMARY SCHOOL
Report ED18047**

The Committee considered the report and supported the recommendations.

**(17) CONTRACT AWARD – SUPPORTED LIVING SCHEMES AT PADUA ROAD, BROSE WAY AND BROMLEY ROAD
CS18136**

The Committee considered the report and supported the recommendations.

*Executive, Resources and Contracts Policy Development and Scrutiny
Committee
17 May 2018*

The Meeting ended at 8.27 pm

Chairman

Report No.
CSD18097

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive & Resources PDS Committee

Date: 5 July 2018

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

Title: **MATTERS ARISING & FORWARD WORK PROGRAMME**

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);

1. Reason for report

This report deals with the Committee's business management including:

- Monitoring progress against actions arising from previous meetings;
 - Developing the 2017/18 Forward Work Programme; and
 - A schedule of Sub-Committees and Working Groups across all PDS Committees
-

2. **RECOMMENDATION(S)**

That PDS Committee reviews and comments on:

1. Progress on matters arising from previous meetings;
2. The 2018/19 work programme, indicating 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: £350,650
 5. Source of funding: 2018/19 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

| | |
|---|---|
| Non-Applicable Sections: | Impact on Vulnerable People and Children/Policy/Financial/Legal/Personnel/Procurement |
| Background Documents: (Access via Contact Officer) | Minutes of previous meetings |

3. COMMENTARY

Matters Arising from Previous Meetings

- 3.1. **Appendix 1** provides a progress update on requests made by the Committee at previous meetings. This list is checked after each meeting so that any outstanding issues can be addressed at an early stage and timely progress made.

Work Programme

- 3.2 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.
- 3.3 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.
- 3.4 **Appendix 2** sets out the E&R PDS Committee Work Programme for 2018/19, including: the provisional report title (or activity); the lead division; and Committee's role. Committee is invited to comment on the proposed schedule and suggest any changes it considers appropriate.
- 3.5 Other reports will be added to the 2018/19 Work Programme as items arise. In addition, there may also be references from other committees, the Resources Portfolio Holder, or the Executive.

Sub-Committees and Working Groups

- 3.6 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.
- 3.7 A schedule of Sub-Committees and Working Groups across all PDS Committees is attached as **Appendix 3** to this report. This will be updated for future meetings as other PDS Committees meet and confirm the appointment of Working Groups.

Appendix 1

| Minute Number/Title/Date | Action/PDS Request | Update | Action by | Expected Completion Date |
|---|---|--|---|---------------------------------|
| 149 TFM Contract (21 March 2018) | That the detailed list of issues reported for action be circulated to the Committee. | See actions below. | Director of Regeneration | |
| 5 Matters Arising and Work Programme (17 May 2018) | That an email be send to the Director of Regeneration seeking a response to the issues raised at the meeting on 21 March 2018 and that an item be added to the agenda for the next meeting. | A telephone call was made to the Director of Regeneration on 22/05/18. The issues raised by the Chairman and Vice-Chairman of the Committee were outlined to the Director who has agreed to send an email to the chairman and Vice-Chairman to clarify issues. | Democratic Services Officer/ Director of Regeneration | |
| 5 Matters Arising and Work Programme (17 May 2018) | That representatives from Amey be invited to the meeting on 5 September 2018. | The Director of Regeneration was asked to action this on 22/05/18 | Director of Regeneration | 05/09/18 |
| 7(9) Formal Consultation on the Procurement Strategy for Insurance Policies (17 May 2018) | That details surrounding claims for pothole damage be provided following the meeting. | Information was sent to the Member on 19/05/18. | Principal Accountant | 19/05/18 |

**EXECUTIVE AND RESOURCES PDS COMMITTEE
WORK PROGRAMME 2018/19**

| Meeting Date: 5 July 2018 | Division | Committee Role |
|---|---------------------|-----------------------------------|
| Matters Arising/Work Programme/Forward Plan | Democratic Services | Standard Items |
| Executive Agenda | Various | Pre-decision scrutiny |
| Treasury Management - Annual Report 2017/18 | Finance | Pre-decision scrutiny (PH) |
| Scrutiny of the Resources, Commissioning & Contract Management Portfolio Holder | N/A | PDS Committee |
| Budget Monitoring 2018/19 | Finance | Pre-decision scrutiny (PH) |
| Benefits Service Monitoring Report And Update On Council Tax Support\Reduction | Revenues & Benefits | Pre-decision scrutiny (PH) |
| Customer Services - Contract Performance Report | Customer Services | PDS Committee – Monitoring Report |
| Revenues Service Monitoring Report | Revenues & Benefits | PDS Committee – Monitoring Report |
| Exchequer Service - Contract Performance Report | Finance | PDS Committee – Monitoring Report |
| Section 106 Agreements: Update* | E&CS | PDS Committee – Monitoring Report |
| Terms of Reference for the Contracts and Commissioning Sub-Committee | Democratic Services | PDS Committee |
| Meeting Date: 5 September 2018 | Division | Committee Role |
| Matters Arising/Work Programme/Forward Plan | Democratic Services | Standard Items |
| Executive Agenda | Various | Pre-decision scrutiny |
| Capital Programme Monitoring - 1st Quarter 2018/19 | Finance | Pre-decision scrutiny (PH) |
| Treasury Management - Quarter 1 Performance 2018/19 | Finance | Pre-decision scrutiny (PH) |
| Scrutiny of the Chief Executive | Chief Execs | PDS Committee |

| | | |
|---|---------------------|-----------------------------------|
| BT/ICT Contract Monitoring Report | IT | PDS Committee – Monitoring Report |
| Expenditure on Consultants 2017/18 and 2018/19 | Finance | PDS Committee |
| Meeting Date: 11 October 2018 | Division | Committee Role |
| Matters Arising/Work Programme/Forward Plan | Democratic Services | Standard Items |
| Executive Agenda | Various | Pre-decision scrutiny |
| Insurance Fund - Annual Report 2017/18 | Finance | Pre-decision scrutiny (PH) |
| TFM Contract (Amey) | Property | PDS Committee – Monitoring Report |
| Contracts Register and Contracts Database Update | Procurement | PDS Committee |
| Meeting Date: 22 November 2018 | Division | Committee Role |
| Matters Arising/Work Programme/Forward Plan | Democratic Services | Standard Items |
| Executive Agenda | Various | Pre-decision scrutiny |
| Treasury Management - Quarter 2 Performance 2018/19 & Mid-Year Review | Finance | Pre-decision scrutiny (PH) |
| Scrutiny of the Leader | N/A | PDS Committee |
| Benefits Service Monitoring Report | Revenues & Benefits | PDS Committee – Monitoring Report |
| Revenues Service Monitoring Report | Revenues & Benefits | PDS Committee – Monitoring Report |
| Customer Services - Contract Performance Report | Customer Services | PDS Committee – Monitoring Report |
| Exchequer Service - Contract Performance Report | Finance | PDS Committee – Monitoring Report |
| Risk Register | Audit | PDS Committee |
| Meeting Date: 10 January 2019 | Division | Committee Role |
| Matters Arising/Work Programme/Forward Plan | Democratic Services | Standard Items |
| Executive Agenda | Various | Pre-decision scrutiny |

| | | |
|---|---------------------|-----------------------------------|
| Scrutiny of the Resources, Commissioning & Contract Management Portfolio Holder | N/A | PDS Committee |
| BT/ICT Contract Monitoring Report | IT | PDS Committee – Monitoring Report |
| Capital Programme Monitoring - 2nd Quarter 2018/19 | Finance | Pre-decision scrutiny (PH) |
| Meeting Date: 7 February 2019 | Division | Committee Role |
| Matters Arising/Work Programme/Forward Plan | Democratic Services | Standard Items |
| Executive Agenda | Various | Pre-decision scrutiny |
| Scrutiny of the Chief Executive | Chief Execs | PDS Committee |
| Contracts Register and Contracts Database Update | Procurement | PDS Committee |
| Section 106 Agreements: Update | E&CS | PDS Committee – Monitoring Report |
| Meeting Date: 20 March 2019 | Division | Committee Role |
| Matters Arising/Work Programme/Forward Plan | Democratic Services | Standard Items |
| Executive Agenda | Various | Pre-decision scrutiny |
| Scrutiny of the Leader | N/A | PDS Committee |
| Annual PDS Report 2018/19 | Democratic Services | PDS Committee |

*Part 2 (Exempt) Report

PDS SUB-COMMITTEES AND WORKING GROUPS 2018/19

| SUBJECT | DATE OF NEXT MEETING | MEMBERSHIP |
|--|-----------------------------|---|
| EXECUTIVE, RESOURCES & CONTRACTS PDS | | |
| Contracts and Commissioning Sub-Committee | 17 th July 2018 | Cllr Wells (Chairman) Cllr Reddin (Vice-Chairman) Cllr Marlow Cllr Mellor Cllr Tickner Cllr Stevens Cllr Wilkins |
| ADULT CARE & HEALTH PDS | | |
| Health Scrutiny Sub-Committee | 11 th July 2018 | Cllr Cooke (Chairman) Cllr McIlveen (Vice-Chairman) Cllr Allatt Cllr Cuthbert Cllr Dunn Cllr Ellis Cllr Evans Cllr Jefferys Cllr Page |
| Any 2018/19 Working Groups of Adult Care & Health 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) | | TBC |
| CHILDREN, EDUCATION & FAMILIES SELECT COMMITTEE | | |
| Children, Education and Families Budget and Performance Monitoring Sub-Committee | 18 July 2018 | Cllr Reddin (Chairman) Cllr Ahmed Cllr Bear Cllr Bennett Cllr Ellis Cllr Rowlands Cllr Wells |
| Any 2018/19 Working Groups of the Education Select Committee or Education Budget Sub-Committee to be appointed by the parent bodies. | | |

| | | |
|---|----------------------------|---|
| ENVIRONMENT PDS | | |
| Any 2018/19 Working Groups to be appointed by the Environment PDS Committee. | | |
| PUBLIC PROTECTION AND SAFETY PDS | | |
| Any 2018/19 Working Groups to be appointed by the Public Protection and Safety PDS Committee. | | |
| RENEWAL AND RECREATION PDS | | |
| Beckenham Working Group | 26 th July 2018 | Cllr Tickner (Chairman) Cllr Dunn Cllr Mellor Cllr Wells Cllr Wibberley |

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LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 12TH JUNE 2018

PERIOD COVERED: July 2018 - October 2018

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 14TH August 2018

| 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? |
|--|----------------------------|---|---------------------------------------|--|---|---|
| COUNCIL | | | | | | |
| EXECUTIVE | | | | | | |
| CORPORATE PARENTING | Executive | 11 July 2018 Executive, Resources & Contracts PDS Committee | Meetings | Contact Officer: Janet Bailey Tel: 020 8313 4779 Janet.Bailey@bromley.gov.uk | <u>Public Meeting</u> | Report and relevant background documents |
| GATEWAY REPORT - DOMICILIARY CARE | Executive | 11 July 2018 Adult Care and Health PDS Committee | Meetings | Contact Officer: Paul Feven Tel: 0208 313 4677 Paul.Feven@bromley.gov.uk | <u>Public meeting</u> | Report and relevant background documents |
| GATEWAY REPORT - EXCHEQUER SERVICES CONTRACT | Executive | 11 July 2018 Executive, Resources and Contracts PDS Committee | Meetings | Contact Officer: Claudine Douglas-Brown Tel: 020 8461 7479 Claudine.Douglas-Brown@bromley.gov.uk | <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? |
|---------------------------------------|----------------------------|---|---------------------------------------|--|--|---|
| HEALTH SUPPORT TO SCHOOL AGE CHILDREN | Executive | 11 July 2018 Executive, Resources & Contracts PDS Committee | Meetings | Contact Officer: Dr Jenny Selway Tel: 0208 313 4769 jenny.selway@bromley.gov.uk | <u>Public meeting</u> | Report and relevant background documents |
| BASIC NEED PROGRAMME UPDATE | Executive | 11 July 2018 Executive, Resources & Contracts PDS Committee | Meetings | Contact Officer: Robert Bollen Tel: 020 8313 4697 Robert.Bollen@bromley.gov.uk | <u>Public meeting</u> | Report and relevant background documents |
| DEPOT STRATEGY - CAPITAL WORKS | Executive | 11 July 2018 Environment & Community Services PDS Committee | Meetings | Contact Officer: Paul Chilton Tel: 020 8313 4849 paul.chilton@bromley.gov.uk | <u>Public meeting</u> | Report and relevant background documents |
| GROWTH FUND REVIEW | Executive | 11 July 2018 Renewal, Recreation & Housing PDS Committee | Meetings | Contact Officer: Kevin Munnelly Tel: 020 8313 4582 kevin.munnelly@bromley.gov.uk | <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? |
|--|----------------------------|---|---------------------------------------|--|---|---|
| CULTURE PROJECTS CONTRACT | Executive | 11 July 2018 Renewal, Recreation and Housing PDS Committee | Meetings | Contact Officer: Hannah Jackson Tel: 0208 313 4456 Hannah.Jackson@bromley.gov.uk | <u>Private meeting - Exempt information - Financial/business affairs of a person or body.</u> | Part 2 Report - Confidential |
| CUSTOMER SERVICES IT SYSTEMS | Executive | 12 September 2018 Executive, Resources & Contracts PDS Committee | Meetings | Contact Officer: Duncan Bridgewater Tel: 0208 461 7676 Duncan.Bridgewater@bromley.gov.uk | Public Meeting | Report and Relevant Background Documents |
| HOUSING - PRIVATE SECTOR LEASING | Executive | 12 September 2018 Adult Care & Health PDS Committee | Meetings | Contact Officer: Sara Bowrey Tel: 020 8313 4013 sara.bowrey@bromley.gov.uk | <u>Private meeting - Exempt information - Financial/business affairs of a person or body.</u> | Part 2 Report - confidential |
| AWARD OF CONTRACT FOR PHASE 1 WORKS AT OAKLANDS PRIMARY SCHOOL | Executive | 12 September 2018 Executive, Resources & Contracts PDS Committee | Meetings | Contact Officer: Robert Bollen Tel: 020 8313 4697 Robert.Bollen@bromley.gov.uk | <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? |
|--|----------------------------|---|---------------------------------------|--|---|---|
| ADULT CARE & HEALTH PORTFOLIO | | | | | | |
| CHILDREN, EDUCATION & FAMILIES PORTFOLIO | | | | | | |
| ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO | | | | | | |
| PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO | | | | | | |
| RENEWAL, RECREATION & HOUSING PORTFOLIO | | | | | | |
| RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO | | | | | | |

London Borough of Bromley: 020 8464 3333 www.bromley.gov.uk

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

Report No.
FSD18050

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **Resources, Commissioning & Contract Management Portfolio Holder**
for pre-decision scrutiny by Executive and Resources PDS Committee on

Date: **5 July 2018**

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2018/19 - DRAWDOWN OF CARRY FORWARDS FROM CENTRAL CONTINGENCY**

Contact Officer: Claire Martin, Head of Finance
Tel: 020 8313 4286 E-mail: claire.martin@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Boroughwide

1. Reason for report

- 1.1 This report requests approval for drawdown from the central contingency of underspends carried forward from 2017/18 to be allocated to the Resources, Commissioning and Contract Management (RCCM) Portfolio.
-

2. **RECOMMENDATION(S)**

- 2.1 **The Resources, Commissioning and Contract Management Portfolio Holder is requested to agree the drawdown from the Central Contingency of 2017/18 carry forward sums totalling £777k (net of grant income) as detailed in para. 3.3.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None directly arising from this report.
-

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: RCCM Portfolio
 4. Total current budget for this head: £42.1m 2018/19 Latest Approved Budget
 5. Source of funding: Controllable Revenue Budget for the RCCM Portfolio
-

Personnel

1. Number of staff (current and additional): 205.5 FTEs
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 2015; the Local Government Act 2000; and the Local Government Act 2002.
 2. Call-in: Applicable
-

Procurement

1. Summary of Procurement Implications:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2017/18 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 On 21st May 2018, Executive approved the carry forward of 2017/18 underspends totalling £1.124m (net) subject to the funding being allocated to the Central Contingency to be drawn down on the approval of the relevant Portfolio Holder. In addition, on 28 March 2018 Executive agreed that £183k (net) could be carried forward and on 26 February 2018, Council agreed that £152k would be carried forward to meet the cost of waiving rent charges for Day Centres. Further details are provided in the 2017/18 Provisional Final Accounts report.
- 3.2 As part of the first budget monitoring report for 2018/19 (Executive on 11th July 2018), Executive are requested to note the carry forwards being requested to be drawn down and allocated to Portfolio budgets this cycle. These are summarised in the table below and details have been reported to the relevant PDS Committees on the dates shown.

| | £'000s |
|---|---------------|
| Renewal, Recreation & Housing (26th June 2018) | 419 |
| Executive, Resources & Contract (5th July 2018) | 815 |
| Environment (10th July 2018) | 280 |
| Public Protection & Enforcement (3rd July 2018) | 67 |
| Education (4th July 2018) | 678 |
| Care Services (27th June 2018) | 4,226 |
| Total Expenditure | 6,485 |
| Government Grant Income | Cr 5,361 |
| Total net carry forwards requested for drawdown this cycle | 1,124 |

- 3.3 The total sum relating to the Resources Portfolio being requested this cycle is £815k and £38k of this sum is funded by government grant providing a net carry forward of £777k. Details are provided in the table below:

| 2017/18 Carry Forward Sums - Request to Drawdown | | £'000 |
|---|--|--------------|
| Contract Register/Summaries Database | A sum of £50k was previously carried forward to top up existing resources to assist with the development of the Contracts Database (CDB). This was to improve contract management, generate the registers used for reporting key information to Contracts Sub-Committee and the PDS committees and contribute to the Commissioning agenda. £50k has been carried forward into 2018/19 in order to enable the completion of the scheme. | 50 |
| Debt Management System Project - Transformation Grant | Transformation grant of £344k was received during March 2016 and was set aside to fund the new Debt Management System. To date £306k has been spent however the balance of £38k is needed to meet the costs of final testing of the system during 2018/19. | 38 |
| Exchequer Revenue & Benefits - Exchequer Contract | £91k has been carried forward to meet the potential costs of retendering the Exchequer contract. | 91 |
| Continued overleaf | | 179 |

| 2017/18 Carry Forward Sums - Request to Drawdown (cont'd) | | £'000 |
|--|--|--------------|
| Biggin Hill Airport Noise Action Plan | A sum of £44k was carried forward from 2016/17 to fund the contracted specialist expert acoustic advice and other potential advice needed relating to the introduction of the Noise Action Plan for Biggin Hill Airport. Work activity, mostly for legal costs, has continued into the current financial year with the peak of this work occurring later than originally envisaged and beyond the Council's control. The Executive agreed in principle on 21 May 2018 to carry forward the underspend of £25k on the Biggin Hill Airport project. | 24 |
| Information Systems & Telephony GDPR | The Executive on 6th December 2017 approved funding for GDPR compliance work of £495k, which required draw down from Central Contingency. £426k of the funding related to IT Systems, staffing and training work. No spend was incurred on the project in 2017/18 and, as agreed at the Executive on 21 May 2018, £426k has been carried forward to fund the GDPR work relating to IT in 2018/19. | 426 |
| Legal Staff Costs GDPR | Of the £495k funding for GDPR compliance work approved by the Executive on 6th December 2017, £69k related to Legal staffing. £17k was spent during 2017/18 and £52k has been carried forward to enable the legal GDPR work to be carried out in 2018/19. | 52 |
| Merit Awards | As part of the introduction of Localised Pay, Members agreed a merited reward for exceptional performers and a provision of £200k was included in the Central Contingency. £28k has been allocated for initiatives to benefit staff, as put forward by the Departmental Representatives, including an initiative for a staff survey to be carried out in 2018/19. The remaining £8k is for the staff Merit Reward vouchers. | 36 |
| Exchequer Revenue & Benefits - Upgrade of Academy System | A sum of £98k is requested, which has been met from underspends on Revenue & Benefits to fund an essential system upgrade. The Academy system is used for the collection of council tax and business rates as well as the payment of housing benefits and council tax support. The current system will no longer be supported from Autumn 2018 without an essential upgrade. There is a benefit from the upgrade relating to moving to a 'cloud' based system which will assist in future disaster recovery planning as well as support more flexible working. | 98 |
| Total Expenditure | | 815 |
| Grant Income | | Cr 38 |
| Total (net of Grant Income) | | 777 |

3.4 The Resources Portfolio Holder is requested to approve that the items set out in the table above be drawn down and allocated to Resources Portfolio budgets.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The 2018/19 budget reflects the financial impact of the Council's strategies and service plans which impact on all of the Council's customers and users of our services.

5. POLICY IMPLICATIONS

- 5.1 The “Building a Better Bromley” objective of being an Excellent Council refers to the Council’s intention to provide efficient services and to have a financial strategy that focuses on stewardship and sustainability.

6. FINANCIAL IMPLICATIONS

- 6.1 The sums carried forward relate to underspends in 2017/18 where expenditure is likely to be incurred in 2018/19. Further details are provided in the 2017/18 Provisional Final Accounts report to Executive on 21 May 2018.

- 6.2 In addition to the net carry forward sums of £777k detailed in the table within 3.3, three other carry forward sums were previously agreed, that have automatically been added to the 2018/19 RCCM Portfolio budget as follows: -

Previously Approved Carry Forwards Requests

APPROVED BY COUNCIL 26TH FEBRUARY 2018

£'000

| | | |
|--------------------------------------|---|-----|
| Short Term Assistance to Day Centres | Agreement to waive rent charges for Day Centres for a period of 12 months whilst finalising the Council's longer term plans in the 'Strategy for the Older Person'. Council agreed that the funding would be met from underspends in the 2017/18 Central Contingency. | 152 |
|--------------------------------------|---|-----|

APPROVED BY EXECUTIVE 28TH MARCH 2018

| | | |
|-----------------------|---|-----|
| Repairs & Maintenance | There is an underspend of £163k on the planned maintenance budget due to the delay on works relating to the central depot wall. Executive, on 28th March 2018, agreed to carry forward this balance. | 163 |
| Democratic Services | Executive, in March 2018, agreed to carry forward £20k of the underspend in the Democratic Representation budget into 2018/19 to support the purchase of IT equipment for any new Council Members following the May 2018 local elections. | 20 |

Total Expenditure

335

| | |
|---|--|
| Non-Applicable Sections: | Legal, Personnel, Procurement |
| Background Documents: (Access via Contact Officer) | Provisional final Accounts - Executive 21 May 2018; Budget Monitoring 2018/19 – Executive 11 th July 2018; Financial Management Budget Monitoring files with Resources finance section. |

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Report No.
FSD18054

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: Resources, Commissioning and Contracts Management
Portfolio Holder
Council

Date: For pre-decision scrutiny by Executive, Resources and Contracts
Policy Development and Scrutiny Committee on 5 July 2018
Council 16th July 2018

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - ANNUAL REPORT 2017/18

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

Chief Officer: Director of Finance

Ward: All wards

1. Reason for report

- 1.1 This report summarises treasury management activity during the March quarter and includes the Treasury Management Annual Report for 2017/18, which is required to be reported to full Council. The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 31st March 2018 totalled £284.8m and there was no external borrowing. For information and comparison, the balance of investments stood at £310.6m as at 31st December 2017 and £269.9m as at 31st March 2017, and, at the time of writing this report (25th June 2018) it stood at £315.7m.
-

2. **RECOMMENDATION(S)**

2.1 **The Portfolio Holder and Council are asked to:**

- (a) **Note the Treasury Management Annual Report for 2017/18;**
(b) **Approve the actual prudential indicators within the report.**

Corporate Policy

1. Policy Status: Existing policy. To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rates 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 budget (net interest earnings) in 2017/18; surplus of £1.158m achieved in 2017/18. Budget for 2018/19 £3.491m
 5. Source of funding: Net investment earnings
-

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. This report includes details of investment performance in the final quarter of 2017/18 and the annual report for the whole of the financial year 2017/18.
- 3.1.2 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, and was subsequently amended following approval by Council in December 2017 to reflect an increase in the limit for pooled funds/collective investment vehicles to £100m.
- 3.1.3 Recent changes in the regulatory environment place a much greater onus on Members for 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 further 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, £5.6m in 2017/18 and is projected to achieve £5.6m for 2018/19. 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 investment 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 and year ended 31st March 2018

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 third quarter of 2017/18 and the whole of the 2017/18 financial year:

| | Qtr ended 31/03/18 | | 2017/18 financial year | | Ref para |
|--|--------------------|-------------|------------------------|-------------|----------|
| | Deposits | Ave Rate | Deposits | Ave Rate | |
| | £m | % | £m | % | |
| Balance of "core" investments b/f | 205.00 | 1.11 | 193.00 | 1.42 | |
| New investments made in period | 20.00 | 1.15 | 135.00 | 0.85 | |
| Investments redeemed in period | -45.00 | 0.48 | -148.00 | 1.40 | |
| "Core" investments at end of period | 180.00 | 1.00 | 180.00 | 1.00 | |
| Money Market Funds | 22.50 | 0.42 | 22.50 | 0.30 | 3.4.1.1 |
| CCLA Property Fund* | 40.00 | 8.21 | 40.00 | 7.00 | 3.4.4.6 |
| Diversified Growth Funds* | 10.00 | -9.20 | 10.00 | -0.81 | 3.4.4.8 |
| Multi-Asset Income Funds* | 30.00 | -10.47 | 30.00 | -1.86 | 3.4.4.12 |
| Project Beckenham Loan | 2.30 | 6.00 | 2.30 | 6.00 | 3.4.3.1 |
| "Alternative" investments at end of period | 104.80 | -0.52 | 104.80 | 2.26 | |
| Total investments at end of period | 284.80 | 0.44 | 284.80 | 1.46 | |
| * The rates shown here are the total return i.e. dividend income received, plus change in capital value. Only dividend income will be recognised during the year; the change in capital value is held in the Available for Sale Financial Assets reserve, and will be recognised on the sale of the investments. A more detailed breakdown of the rates for these investments is shown in the relevant paragraphs. | | | | | |

3.2.3 Details of the outstanding investments at 31st March 2018 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), and with officers' views. The return on the two new "core" investment placed during the third quarter of 2017/18 was 0.48%, both of which were for 3 months. This compares to the average LIBID rates of 0.36% for 7 days, 0.44% for 3 months, 0.53% for 6 months and 0.74% for 1 year.

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 2014/15, 2015/16 and 2016/17 (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 on the Council's list now comprise only 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 1st 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, September 2019, June 2020 and November 2020.

| Date | LATEST FORECAST (May18) | | | | PREVIOUS FORECAST (Nov17) | | | |
|--------|-------------------------|---------------|---------------|--------------|---------------------------|---------------|---------------|--------------|
| | Base Rate | 3 month Libid | 6 month Libid | 1 year Libid | Base Rate | 3 month Libid | 6 month Libid | 1 year Libid |
| Jun-18 | 0.50% | 0.60% | 0.70% | 0.80% | 0.50% | 0.40% | 0.50% | 0.80% |
| Dec-18 | 0.75% | 0.90% | 1.00% | 1.10% | 0.75% | 0.60% | 0.80% | 1.00% |
| Jun-19 | 0.75% | 0.90% | 1.00% | 1.20% | 0.75% | 0.60% | 0.80% | 1.10% |
| Dec-19 | 1.00% | 1.20% | 1.40% | 1.47% | 1.00% | 0.90% | 1.00% | 1.30% |
| Jun-20 | 1.25% | 1.40% | 1.50% | 1.60% | 1.00% | 1.00% | 1.10% | 1.40% |
| Dec-20 | 1.50% | 1.60% | 1.70% | 1.80% | 1.25% | 1.20% | 1.30% | 1.50% |

3.4 Other Investments

3.4.1 Money Market Funds

3.4.1.1 The Council currently has 7 AAA-rated Money Market Fund accounts, with Prime Rate, Ignis, Insight, Blackrock, Fidelity, Morgan Stanley 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. The Ignis and Prime Rate funds currently offer the best rate at around 0.53%. The total balance held in Money Market Funds has varied during the year, moving from £6.9m as at 31st March 2017 to £29.3m as at 30th June 2017, £14.1m as at 30th September 2017, £23.3m at 31st December 2017 and £22.5m as at 31st March 2018. 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 | Ave. Rate 2017/18 | Ave. Daily balance 2017/18 | Actual balance 31/03/18 | Latest Balance 25/06/18 | Latest Rate 25/06/18 |
|--------------------|---------------------|-------------------|----------------------------|-------------------------|-------------------------|----------------------|
| | | % | £m | £m | £m | % |
| Prime Rate | 15/06/2009 | 0.29 | 11.4 | - | 15.0 | 0.53 |
| Ignis | 25/01/2010 | 0.29 | 13.2 | 15.0 | 15.0 | 0.53 |
| Insight | 03/07/2009 | 0.28 | 3.0 | 7.5 | 14.9 | 0.52 |
| Legal & General | 23/08/2012 | 0.28 | 4.5 | - | 14.5 | 0.51 |
| Blackrock | 16/09/2009 | 0.17 | - | - | - | 0.42 |
| Fidelity | 20/11/2002 | 0.22 | - | - | 1.2 | 0.43 |
| Morgan Stanley | | 0.24 | - | - | - | 0.45 |
| TOTAL | | | 32.1 | 22.5 | 60.6 | |

3.4.2 Housing Associations

3.4.2.1 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.

3.4.3 Loan to Project Beckenham

3.4.3.1 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.

3.4.4 Pooled Investment Schemes

3.4.4.1 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, £80m in June 2017 and £100m in December 2017. Such investments would require the approval of the Director of Finance in consultation with the Resources Portfolio Holder.

3.4.4.2 Until March 2018, accounting rules required that the change in capital value of these investments be held in the Available for Sale Financial Assets Reserve, and only recognised in revenue on the sale of the investment. In year projections for interest on balances therefore only reflected the dividends from these investments.

3.4.4.3 However, from 2018/19 onwards, local authorities have to account for financial instruments in accordance with IFRS9. One of the results of this is that changes in the capital value of pooled fund investments would have to be recognised in revenue in-year.

3.4.4.4 To mitigate the effect of this, and to smooth the volatility in these investments, interest/dividend earnings above 2.5% (£1,086k) during 2017/18 relating to the CCLA Property Fund and Fidelity Multi-Asset Income Fund were set aside in an Income Equalisation earmarked reserve. There is the potential that the effect of this change in accounting will be nullified by a statutory override; however at the time of writing MHCLG have yet to issue a consultation on this, and the new requirements remain in place.

CCLA Property Fund

3.4.4.5 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, £5m in October 2016 and £10m in October 2017. The investment in the CCLA Fund is viewed as a medium to long-term investment and dividends are paid quarterly. A breakdown of the dividend earned and capital growth is provided in the table below.

| Annualised net return | Dividend % | Capital Growth % | Total return % |
|-----------------------|------------|------------------|----------------|
| 01/02/14 - 31/03/14 | 4.29 | -29.64 | -25.35 |
| 01/04/14 - 31/03/15 | 5.03 | 3.44 | 8.47 |
| 01/04/15 - 31/03/16 | 5.02 | 1.63 | 6.65 |
| 01/04/16 - 31/03/17 | 4.55 | -2.50 | 2.05 |
| 01/04/17 - 31/03/18 | 4.59 | 2.41 | 7.00 |
| Cumulative return | 4.71 | 0.58 | 5.29 |

3.4.4.6 The negative “growth”, particularly in the first two months, was mainly a result of the bid-offer spread that is inherent in property funds when the original and subsequent investments were made. This has less of an effect over the longer term that these investments are expected to be held, and overall there has been modest capital growth of 0.6%.

Diversified Growth Funds

3.4.4.7 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.

3.4.4.8 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 of -1.98% in 2015/16, 1.25% in 2016/17, 0.76% in 2017/18, with overall net returns since inception of 1.30%, as shown in the table below.

| Annualised net return | Newton % | Standard Life % | Combined % |
|-----------------------|----------|-----------------|------------|
| 22/12/14 - 31/03/15 | 21.25 | 21.64 | 21.44 |
| 01/04/15 - 31/03/16 | 0.81 | -4.77 | -1.98 |
| 01/04/16 - 31/03/17 | 2.08 | 0.37 | 1.25 |
| 01/04/17 - 31/03/18 | -2.23 | 0.71 | -0.76 |
| Cumulative return | 1.99 | 0.62 | 1.30 |

3.4.4.9 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 and 2017/18. However, it should be noted that these types of investments should be considered as longer term investments over a three to five year period.

3.4.4.10 As previously reported, 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 further Multi-Asset Income Funds.

Multi-Asset Income Fund

3.4.4.11 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 12th July 2017 in the Fidelity Multi-Asset Income Fund following the agreement of the Resources Portfolio Holder. The fund return for the quarter to 31st March 2018 was capital growth of -14.73% and dividends paid of 3.98%, resulting in a total return of -10.47%. Since inception, dividends paid have totalled 4.44%, with a reduction of -6.30% to the capital value, resulting in a total return of -1.86%. The capital value has since recovered somewhat, and there was a total return since inception of 0.25% as at 30th April 2018.

3.4.5 Investment with Heritable Bank

3.4.5.1 Members will be aware from previous updates to the Resources Portfolio Holder and the Executive that the Council had £5m invested with the Heritable Bank, a UK subsidiary of the Icelandic bank, Landsbanki. In October 2008, the bank was placed in administration and the investment was frozen. To date, a total of £4,985k has been received (98% of the total claim of £5,087k), leaving a balance of £102k (2%). Officers and the Council’s external advisers remain hopeful of a full recovery.

3.5 **Actual prudential indicators for 2017/18**

3.5.1 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 the Executive and the Council in March 2017 and were revised and updated in December 2017. Appendix 4 sets out the actual performance in 2017/18 against those indicators.

3.6 **Economic Background during 2017/18 (provided by Link Asset Services)**

3.6.1 UK: The outcome of the EU referendum in June 2016 resulted in a gloomy outlook and economic forecasts from the Bank of England based around an expectation of a major slowdown in UK GDP growth, particularly during the second half of 2016, which was expected to push back the first increase in Bank Rate for at least three years. Consequently, the Bank responded in August 2016 by cutting Bank Rate by 0.25% to 0.25% and making available over £100bn of cheap financing to the banking sector up to February 2018. Both measures were intended to stimulate growth in the economy. This gloom was overdone as the UK economy turned in a G7 leading growth rate of 1.8% in 2016, (actually joint equal with Germany), and followed it up with another 1.8% in 2017, (although this was a comparatively weak result compared to the US and EZ).

3.6.2 During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year; quarter 1 came in at +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y), which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up in quarter 3 to 0.5% before dipping slightly to 0.4% in quarter 4.

3.6.3 Consequently, market expectations during the autumn rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The MPC meeting of 14 September provided a shock to the markets with a sharp increase in tone in the minutes where the MPC considerably hardened their wording in terms of needing to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered on this warning by withdrawing the 0.25% emergency rate cut which had been implemented in August 2016. Market debate then moved on as to whether this would be a one and done move for maybe a year or more by the MPC, or the first of a series of increases in Bank Rate over the next 2-3 years. The MPC minutes from that meeting were viewed as being dovish, i.e. there was now little pressure to raise rates by much over that time period. In particular, the GDP growth forecasts were pessimistically weak while there was little evidence of building pressure on wage increases despite remarkably low unemployment. The MPC forecast that CPI would peak at about 3.1% and chose to look through that breaching of its 2% target as this was a one off result of the devaluation of sterling caused by the result of the EU referendum. The inflation forecast showed that the MPC expected inflation to come down to near the 2% target over the two to three year time horizon. So this all seemed to add up to cooling expectations of much further action to raise Bank Rate over the next two years.

3.6.4 Further information on the economic background is included as Appendix 5.

3.7 Regulatory Framework, Risk and Performance

3.7.1 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 8th November 2007.

3.7.2 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

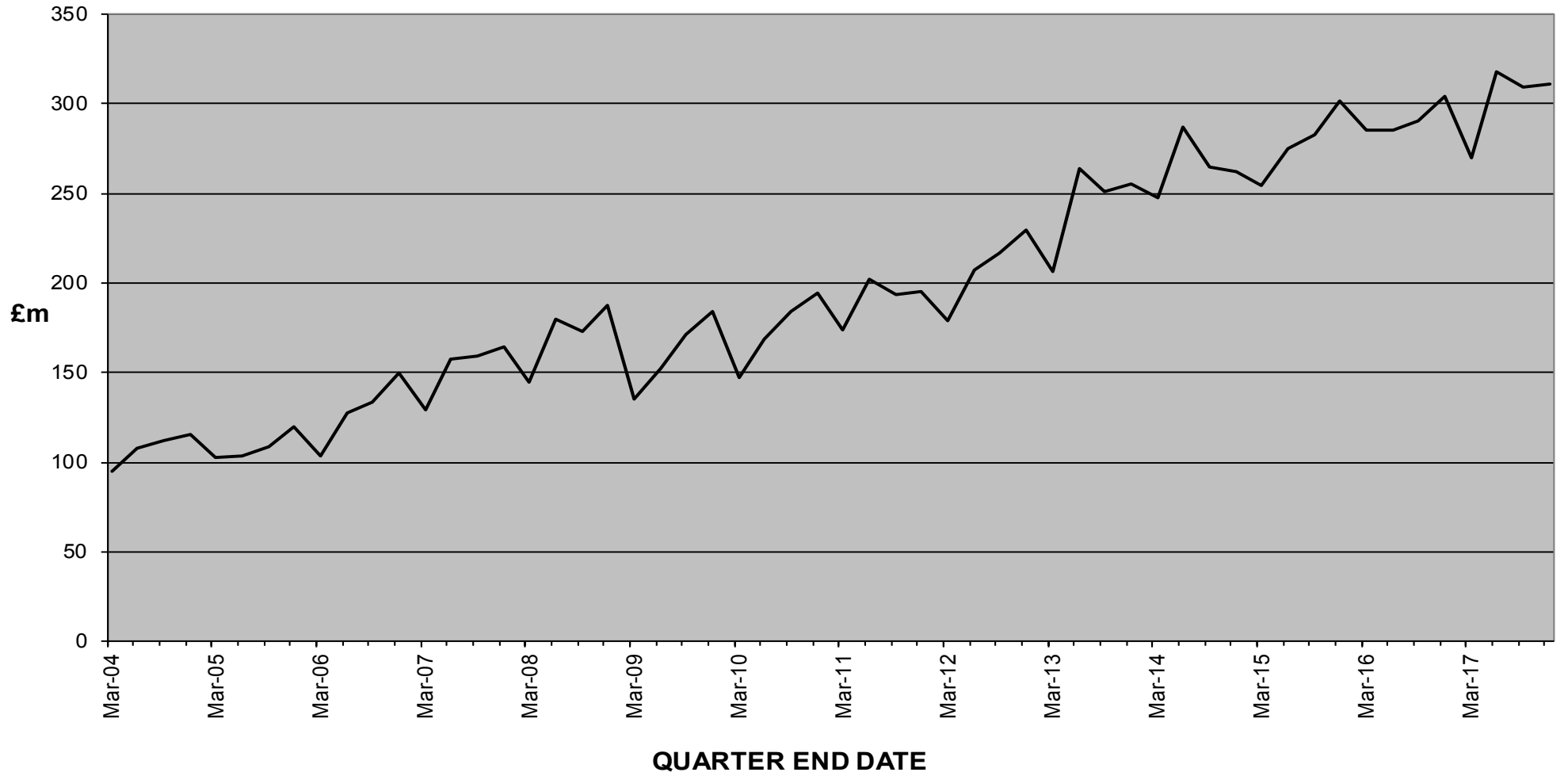
5.1 At the time of setting the 2017/18 budget, there was still no sign of interest rates improving following the reduction to the Bank of England base rate and coupled with the ability of banks to borrow from the Bank of England at very low rates through its Term Funding Scheme, so an average rate of 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 The final outturn for net interest on investments and borrowing in 2016/17 was £4,049k compared to the budget of £2,891k, 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.

- 5.3 To reflect the increased level of interest earnings from alternative investments as set out above, in part offset by an expected reduction in balances available for investment as a result of the utilisation of capital receipts and grants/contributions as well as earmarked revenue reserves, and an increase of £600k has been included in the 2018/19 budget.

| | |
|---|---|
| Non-Applicable Sections: | Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children |
| Background Documents: (Access via Contact Officer) | Treasury Management - Annual Investment Strategy 2017/18, Council, 1 st March 2017 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 |

TOTAL INVESTMENT PORTFOLIO



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INVESTMENTS HELD AS AT 31ST MARCH 2018

| Counterparty | Start Date | Maturity Date | Rate of Interest % | Amount £m |
|---|------------|---------------|--------------------|--------------|
| FIXED DEPOSITS | | | | |
| 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 |
| SKIPTON BUILDING SOCIETY | 03/11/2017 | 02/11/2018 | 0.92 | 10.0 |
| 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 |
| CLOSE BROTHERS | 02/03/2018 | 01/03/2019 | 1.15 | 20.0 |
| RBS | 09/10/2017 | 09/04/2019 | 1.00 | 20.0 |
| 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 |
| TOTAL FIXED INVESTMENTS | | | | 180.0 |
| OTHER FUNDS | | | | |
| STANDARD LIFE (IGNIS) LIQUIDITY FUND | | | | 15.0 |
| INSIGHT STERLING LIQUIDITY FUND | | | | 7.5 |
| CCLA LOCAL AUTHORITY PROPERTY FUND | 30/01/2014 | | | 40.0 |
| 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 |
| TOTAL INVESTMENTS | | | | 284.8 |

INVESTMENTS HELD AS AT 31ST MARCH 2018

| | Start Date | Maturity Date | Rate of Interest % | Amount £m | Total £m | Limit £m | Remaining £m |
|---|------------|---------------|--------------------|--------------|--------------|----------|--------------|
| <u>UK BANKS</u> | | | | | | | |
| 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 |
| 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 | 19/09/2017 | 18/09/2018 | 0.95 | 5.0 | 20.0 | 20.0 | 0.0 |
| SKIPTON BUILDING SOCIETY | 03/11/2017 | 02/11/2018 | 0.92 | 10.0 | 10.0 | 10.0 | 0.0 |
| CLOSE BROTHERS | 02/03/2018 | 01/03/2019 | 1.15 | 20.0 | 20.0 | 30.0 | 10.0 |
| RBS | 09/10/2017 | 09/04/2019 | 1.00 | 20.0 | 20.0 | 80.0 | 60.0 |
| <u>LOCAL AUTHORITIES</u> | | | | | | | |
| LANCASHIRE COUNTY COUNCIL | 18/12/2015 | 18/12/2018 | 1.50 | 10.0 | 10.0 | 15.0 | 5.0 |
| <u>HOUSING ASSOCIATIONS</u> | | | | | | | |
| 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 |
| <u>OTHER INVESTMENTS</u> | | | | | | | |
| STANDARD LIFE (IGNIS) LIQUIDITY FUND | 25/01/2010 | | | 15.0 | 15.0 | 15.0 | 0.0 |
| INSIGHT STERLING LIQUIDITY FUND | 15/06/2009 | | | 7.5 | 7.5 | 15.0 | 7.5 |
| CCLA LOCAL AUTHORITY PROPERTY FUND | 30/01/2014 | | | 40.0 | | | |
| 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 | 80.0 | 100.0 | 20.0 |
| PROJECT BECKENHAM LOAN | 09/06/2017 | | | 2.3 | 2.3 | 2.3 | 0.0 |
| TOTAL INVESTMENTS | | | | 284.8 | 284.8 | | |

Prudential and Treasury Indicators – Actual 2017/18

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. The table below shows the actual performance in relation to the indicators in 2016/17 and compares the actual in 2017/18 with the original estimates approved in March 2017 and with the revised estimates (“probable”) reported in the mid-year review in December 2017. Further details on capital expenditure outturn were reported to the Executive on 21st May 2018.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009 and updated in 2011 and 2017) was adopted by full Council on 15th February 2010.

| PRUDENTIAL INDICATORS | 2016/17 | 2017/18 | 2017/18 | 2017/18 |
|--|---------|----------|----------|---------|
| | actual | estimate | probable | actual |
| Total Capital Expenditure | £53.0m | £77.0m | £67.0m | £40.3m |
| Ratio of financing costs to net revenue stream | 0% | 0% | 0% | 0% |
| Net borrowing requirement (net investments for Bromley) | | | | |
| brought forward 1 April | £261.1m | £255.0m | £269.9m | £269.9m |
| carried forward 31 March | £269.9m | £241.1m | £246.7m | £284.8m |
| in year borrowing requirement /movement in net investments | £8.8m | -£13.9m | -£23.2m | £14.9m |
| Capital Financing Requirement as at 31 March | £3.1m | £2.2m | £2.3m | £2.3m |
| Incremental impact of capital investment decisions | £ p | £ p | £ p | £ p |
| Increase in council tax (band D) per annum | - | - | - | - |

| TREASURY MANAGEMENT INDICATORS | 2016/17 | 2017/18 | 2017/18 | 2017/18 |
|--|---------|----------|----------|---------|
| | actual | estimate | probable | actual |
| Authorised Limit for external debt - | | | | |
| borrowing | £30.0m | £30.0m | £30.0m | £30.0m |
| other long term liabilities | £30.0m | £30.0m | £30.0m | £30.0m |
| TOTAL | £60.0m | £60.0m | £60.0m | £60.0m |
| Operational Boundary for external debt - | | | | |
| borrowing | £10.0m | £10.0m | £10.0m | £10.0m |
| other long term liabilities | £10.0m | £20.0m | £20.0m | £20.0m |
| TOTAL | £20.0m | £30.0m | £30.0m | £30.0m |
| Actual external debt | £3.1m | £2.2m | £2.3m | £2.3m |
| Upper limit for fixed interest rate exposure | 100% | 100% | 100% | 100% |
| Upper limit for variable rate exposure | 20% | 20% | 20% | 20% |
| Upper limit for total principal sums invested for more than 364 days beyond year-end dates | £170.0m | £170.0m | £170.0m | £170.0m |

Further Information on the Economic Background during 2017/18 (provided by Link Asset Services)

GDP growth in the second half of 2017 came in stronger than expected, while in the new year there was evidence that wage increases had started to rise. The **8 February MPC meeting** minutes therefore revealed another sharp hardening in MPC warnings focusing on a reduction in spare capacity in the economy, weak increases in productivity, higher GDP growth forecasts and a shift of their time horizon to focus on the 18 – 24 month period for seeing inflation come down to 2%. (CPI inflation ended the year at 2.7% but was forecast to still be just over 2% within two years.) This resulted in a marked increase in expectations that there would be another Bank Rate increase in May 2018 and a bringing forward of the timing of subsequent increases in Bank Rate. This shift in market expectations resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

As for **equity markets**, the FTSE 100 hit a new peak near to 7,800 in early January before there was a sharp selloff in a number of stages during the spring, replicating similar developments in US equity markets.

The major UK landmark event of the year was the inconclusive result of the **general election** on 8 June. However, this had relatively little impact on financial markets. However, **sterling** did suffer a sharp devaluation against most other currencies, although it has recovered about half of that fall since then. Brexit negotiations have been a focus of much attention and concern during the year but so far, there has been little significant hold up to making progress.

The **manufacturing sector** has been the bright spot in the economy, seeing stronger 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. However, the manufacturing sector only accounts for around 11% of GDP so expansion in this sector has a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

EU. Economic growth in the EU, (the UK's biggest trading partner), was 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 quantitative easing to stimulate growth. However, growth eventually picked up in 2016 and subsequently gathered further momentum to produce an overall GDP figure for 2017 of 2.3%. Nevertheless, despite providing this massive monetary stimulus, the ECB is still struggling to get

inflation up to its 2% target and in March, inflation was still only 1.4%. It is, therefore, unlikely to start an upswing in rates until possibly towards the end of 2019.

USA. Growth in the American economy was volatile in 2015 and 2016. 2017 followed that path again with quarter 1 at 1.2%, quarter 2 3.1%, quarter 3 3.2% and quarter 4 2.9%. The annual rate of GDP growth for 2017 was 2.3%, up from 1.6% in 2016. Unemployment in the US also fell to the lowest level for 17 years, reaching 4.1% in October to February, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has been the first major western central bank to start on an upswing in rates with six increases since the first one in December 2015 to lift the central rate to 1.50 – 1.75% in March 2018. There could be a further two or three increases in 2018 as the Fed faces a challenging situation with GDP growth trending upwards at a time when the recent Trump fiscal stimulus is likely to increase growth further, consequently increasing inflationary pressures in an economy which is already operating at near full capacity. In October 2017, the Fed also became the first major western central bank to make a start on unwinding quantitative easing by phasing in a gradual reduction in reinvesting maturing debt.

Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus and 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. GDP growth has been improving to reach an annual figure of 2.1% in quarter 4 of 2017. However, it is still struggling to get inflation up to its target rate of 2% despite huge monetary and fiscal stimulus, although inflation has risen in 2018 to reach 1.5% in February. It is also making little progress on fundamental reform of the economy.

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Report No.
FSD18051

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE, RESOURCES AND CONTRACTS POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Thursday 5 July 2018

Decision Type: Non-Urgent Executive Key

Title: BENEFITS 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);

1. Reason for report

- 1.1 This report provides information regarding the performance of the benefit services provided by Liberata during the period 1 October 2017 to 31 March 2018. 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.

RECOMMENDATION(S)

2.1 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; and
- support a consultation exercise being held in August 2018 for the Authority's 2019/20 Council Tax Support/Reduction scheme based on the scheme being the same as currently in place i.e. the minimum contribution of working age claimants remaining at 25% of a household's Council Tax liability.

2.2 The Portfolio Holder to approve that the scheme to be recommended in the consultation exercise for the Authority's 2019/20 Council Tax Support/Reduction scheme be the same as currently in place.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Benefits Service impacts on all benefit recipients including vulnerable adults and/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: £3.8m
 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 this service 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, monthly service review meetings are held with operational and senior Liberata management. Regular 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 2nd April 2018 there were 4,550 outstanding documents. Of the 4,550 documents, 1,435 were in pending awaiting further information.

- 3.4 The level of outstanding work since April 2016 is illustrated at Appendix 2.

3.5 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.

| Oct 17 | Nov 17 | Dec 17 | Jan 18 | Feb 18 | Mar 18 |
|--------|--------|--------|--------|--------|--------|
| 13.06 | 13.65 | 11.84 | 10.42 | 9.91 | 2.75 |

Average 2014/15 **13.85 days**
Average 2015/16 **11.40 days**
Average 2016/17 **10.20 days**
Average 2017/18 **8.53 days**

Performance under the Right Time Indicator is illustrated as Appendix 3

- 3.6 Tabled below are the performance figures in respect of the 2 components, new claims and change of circumstances.

New Claims

| Oct 17 | Nov 17 | Dec 17 | Jan 18 | Feb 18 | Mar 18 |
|--------|--------|--------|--------|--------|--------|
| 22.05 | 20.58 | 18.84 | 18.98 | 19.36 | 19.76 |

Average 2014/15 **44 days**
Average 2015/16 **19 days**
Average 2016/17 **19 days**
Average 2017/18 **20 days**

Change of Circumstances

| | | | | | |
|--------|--------|--------|--------|--------|--------|
| Oct 17 | Nov 17 | Dec 17 | Jan 18 | Feb 18 | Mar 18 |
| 12.14 | 12.63 | 10.96 | 9.51 | 2.44 | 9.07 |

Average 2014/15 **15 days**
Average 2015/16 **10 days**
Average 2016/17 **10 days**
Average 2017/18 **10 days**

3.7 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.

As requested at the July 2017 Executive & Resources PDS, detailed below are explanations for those new claims and change of circumstances that are recorded as taking in excess of 100 days to process. For the period 1 October 2017 to 31 March 2018, 2050 new claims were processed and no new claim took in excess of 100 days. Of the 48,194 changes in circumstances processed, 19 (0.04%) took in excess of 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 | 5 |
| Incorrect data input | 4 |
| Advance notification of a change | 9 |

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 for Quarter 3 of 2017/18 which is the latest date to which information is available.

3.8 **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 throughout the period, as shown in the monthly performance figures tabled below. A graphical illustration is entered as Appendix 6.

| | | | | | |
|--------|--------|--------|--------|--------|--------|
| Oct 17 | Nov 17 | Dec 17 | Jan 18 | Feb 18 | Mar 18 |
| % | % | % | % | % | % |
| 3.9 | 1.8 | 1.2 | 0.6 | 2.3 | 1.8 |

3.9 **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.

3.10 **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 deeming the targets included in the Exchequer Services specification inappropriate.

Appendix 8 shows the monthly recovery rates since October 2015.

3.11 **Call Centre (Help line)**

The graph at Appendix 9 details the performance of the Call Centre from April 2015.

The average abandonment rate for the 2nd half of 2017/18 was 3% compared to the 5% tolerance contained in the specification. This was an improvement on the period April 2017 to September 2017 and reduced the annual abandonment rate to 5%

3.12 **Caseload**

A graph showing the number of claims in payment is attached as Appendix 10. There was a significant increase in the overall caseload following Liberata first becoming responsible for the service in 2002. However, in recent years the number of claims has shown a consistent reduction and was 19,653 on the 31 March 2018.

3.13 **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 allocated Bromley £726,861 for awarding DHP’s, the Authority’s actual expenditure for the year was £727,013.

The DWP have allocated Bromley funding of £725,249 for the financial year 2018/19. As in previous years, it is envisaged that the full sum will be allocated.

3.14 **Council Tax Support/Reduction (CTS)**

The Council Tax scheme for 2018/19 was agreed at Full Council on the 11 December 2017, this retained the minimum contribution of working-age claimants to 25% of the household’s Council Tax liability.

The Authority is required to undertake an annual public consultation exercise to seek resident’s views on the scheme to be operated in the following financial year. It is recommended that the Authority commences a consultation exercise in August 2018 based on the scheme for 2019/20 being the same as for the current year.

3.15 Universal Credit (UC)

Universal Credit 'Full service' starts in Bromley on 25th July 2018. Preparations have been on-going with the Jobcentre Plus to ensure that residents that are affected by this will receive the support needed to claim Universal Credit.

LB Bromley has a partnership with Bromley Citizens Advice Bureau (CAB) for them to provide Budgeting Support to those on Universal Credit. The intention being that the recipients are able to pay their rent and not get into debt.

An advice HUB is being created at the Jobcentre staffed by the Jobcentre, Clarion Housing Association, CAB, LB Housing and Children's Project.

Awareness sessions have been planned for landlords and partner organisations. During these sessions landlords will be advised as to what they can expect if they have a tenant on UC and providing them opportunity to raise any questions that they might have.

It is currently planned that the existing working-age Housing Benefit claimants will be transferred over to Universal Credit by 2023.

4. FINANCIAL IMPLICATIONS

4.1 For 2017/18 there were no variations reported for the contract budget of £3.8m.

5. PROCUREMENT IMPLICATIONS

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

| | |
|---|---|
| Non-Applicable Sections: | 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: 14th June 2018

Our Ref: AIF/GT

Dear John,

As we approach the July 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 its citizens.

Liberata is firmly committed to delivering continuous improvement and driving down the processing days of new claims and changes where possible. Since the formation of the Single Financial Assessment Unit (SFAU) we have reconciled a number of services which are means tested or have a common assessment criteria, this has enabled us to effectively share data within the teams. This new process has identified a number of discrepancies with either financial or household data and as result we now have more consistent data held across the various systems used to assess claims.

The newly formed Corporate Visiting Team (CVT) has enabled us to use additional visiting officers to verify requested benefit information and to provide advice to customers in their homes. This has positively assisted in ensuring information is obtained quickly to reduce time taken to process a benefit claim.

The automated compliance process which has been introduced through the use of the 'Insight' software which is part of the Capita processing system has proven to be effective in ensuring a positive effect on the claim processing times.

This summary covers performance for the period 1st April 2017 to 31st March 2018.

1. Current Status of the Benefits Service

The Benefits caseload, which measures all households receiving Housing Benefit and/or Council Tax Support, was 19,653 as at the end of March 2018. The caseload at the same time last year was 20,287.

In terms of our current position for the nationally recognised Right Time Indicator, our average performance was 9 days compared to the 10 days we achieved in the previous 12 months. This is against an annual contractual target of 13 days. For this reporting period the average processing times for New Claims was 20 days and Change in Circumstances was 10 days.

As at 2nd April 2018, the total amount of outstanding work was 4,550 items. This includes 1,435 items pending which are awaiting information from the claimant and/or third-party.

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. Our monthly meetings enable us to discuss benefit issues and specific assessment queries with a view to minimising any potential delays in the processing of claims.

The reporting we provide assist the team(s) with an accurate position of a customer's benefit claim. This enables housing staff at the earliest opportunity to proactively engage with tenants to manage any rent arrear issues..

1.2 ATLAS

ATLAS is a process of transferring data from the DWP systems to the Local Authority systems. The data advises of changes which may not have been reported by the customer. The ATLAS files which we receive are imperative to accurately update our back office processing system and ensure the level of benefit in payment is accurate. The automation of these files eliminates the potential of error through the manual handling by assessment staff. This also ensures that any potential overpayments are significantly reduced and provides an enhanced customer experience.

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 2017 to March 2018 was 1.8% compared to 2.6% 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 Housing Benefit recovery rate as at 31st March 2018 was 97.04%. This is a significant improvement for the same period last year when it was 79.48%. Liberata continues to effectively recover debts by using a variety of techniques including Blameless Tenant recovery, Direct Earnings Attachment and Debt Collection Agencies.

We continue to receive Real Time Information (RTI) data matches from the DWP. These include both 'Mandatory' RTI files and 'Optional' RTI files. However the RTI files will become obsolete and be replaced by 'Verify Earnings and Pensions' (VEP) files. These files will include alerts which provide real time notifications of changes to a customer's financial information and place greater responsibility on customers to advise the Benefits Service of changes to their circumstances.

Liberata now access the 'Wider Use of Real Time Information' (WURTI) system. This is a DWP system enables assessment staff to view a customer's working income in real time. The use of this system has a positive effect on claim processing times as this information can be obtained without the need for further information requested from the customer. The use of WURTI enables accurate assessments and also minimises the creation of potential overpayments.

1.5 Universal Credit

The DWP have advised that Universal Credit "Full Service" will commence on the 25 July 2018 in Bromley. This means from that date the majority of working-age claimants commencing a claim for assistance with their rent will receive Universal Credit rather than Housing Benefit. Existing working-age Housing Benefit recipients will transfer over to Universal Credit on a change in their circumstances.

To date there has been a slight reduction to the benefits caseload resultant from Universal Credit. However, this is expected to accelerate on introduction of the "Full Service". In the same way, the section is expecting an increase in enquiries from the DWP in regards to housing costs. We have a dedicated Single Point of Contact (SPOC) that liaises directly with the DWP by email and telephone to ensure that 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 1st April 2017 to 31st March 2018 totalled 37,634. During this period 84% of customers were seen within 15 minutes. This is an improvement on the same reporting period last year when 74% were seen in 15 minutes. It is also worth noting that during the period ending March 2018 footfall reduced by 14%.

During the same period, the Contact Centre (Help Line) received 150,547 calls with 95% answered. Call volumes have fallen by 17% compared to the same previous period.

We have previously reported that the team have been encouraging customers to use the on-line services available to them to self-serve, and we believe this has been and continues to be successful as evidenced by the reduction in footfall and call volumes. As at the end of March 2017, less than 1% of households had signed-up to use the online service MyBromley, this figure has since increased significantly with over 13% registered as at the end of May 2018.

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;

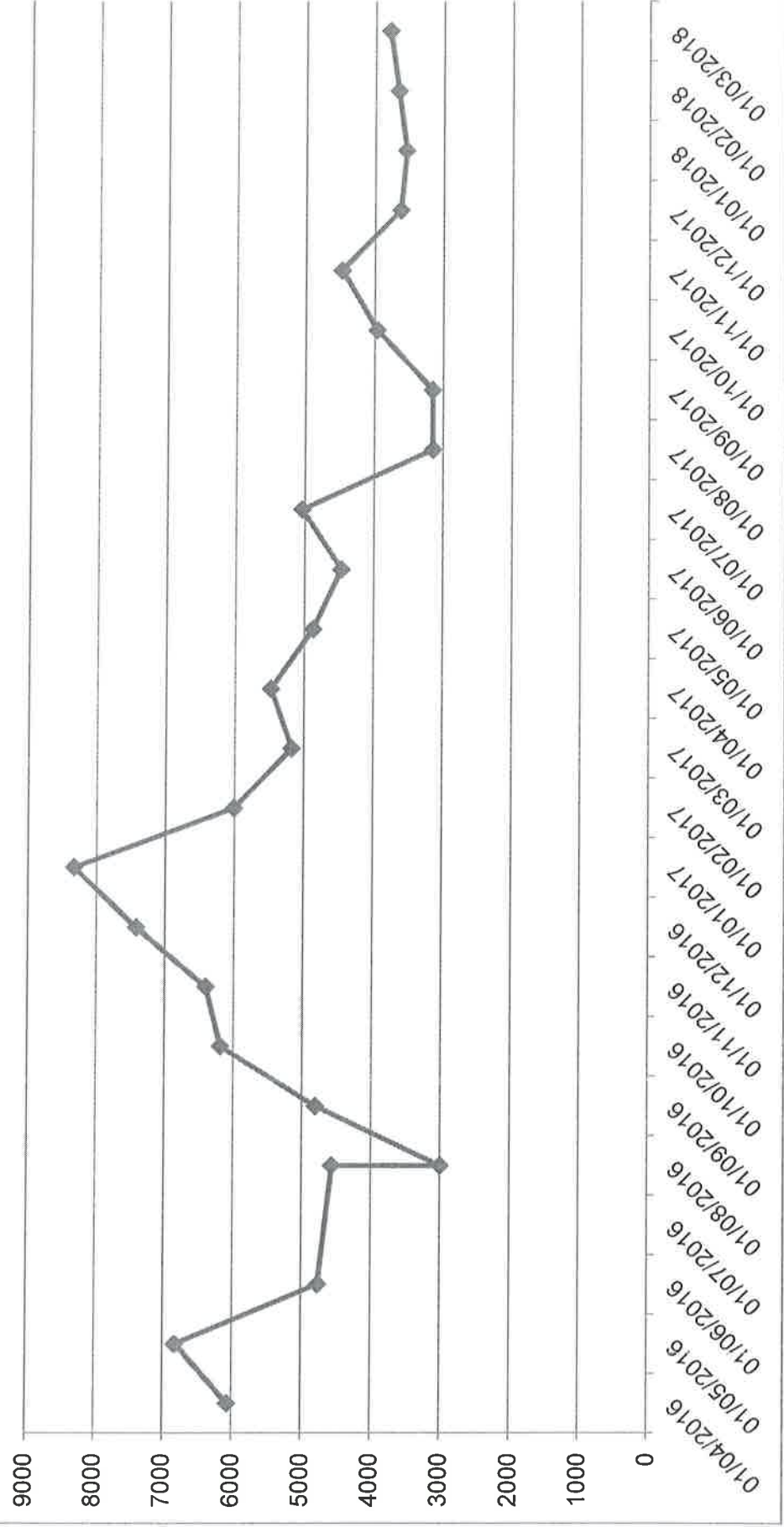
- Implementation of Verify Earnings & Pensions (VEP) files. This is a DWP service which provides real time identification of changes in income and replaces the RTI files
- On-going implementation of Capita Advantage Digital product. This will enable customers to use online forms to make a new claim or report changes to an existing claim. The information on the forms will be integrated with the back office processing system
- Implementation of improved reporting capability within 'Insight' which specifically uses SHBE data
- Proposal on how the Corporate Visiting Team (CVT) can assist other departments within LBB and Liberata

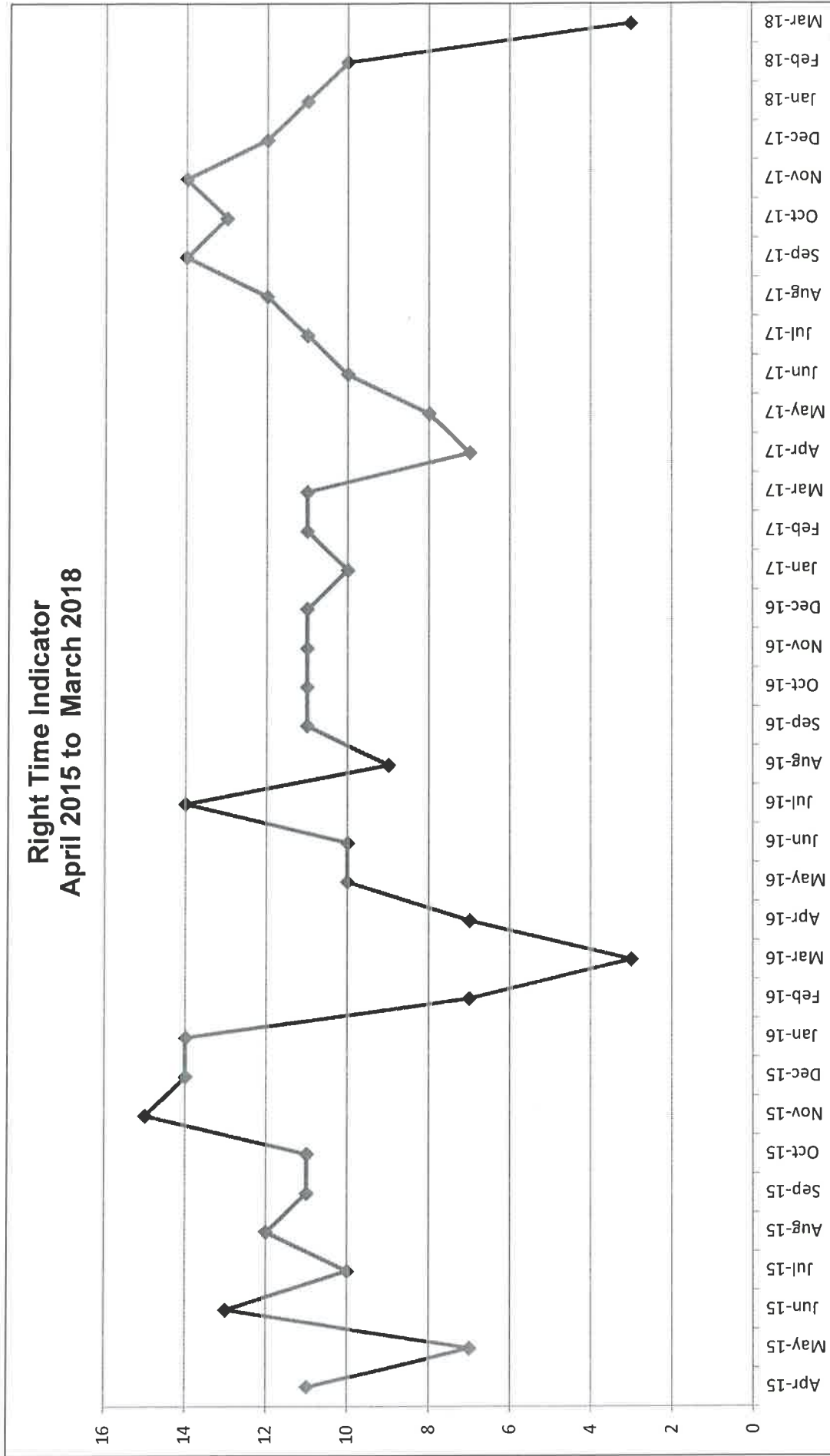
Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely,

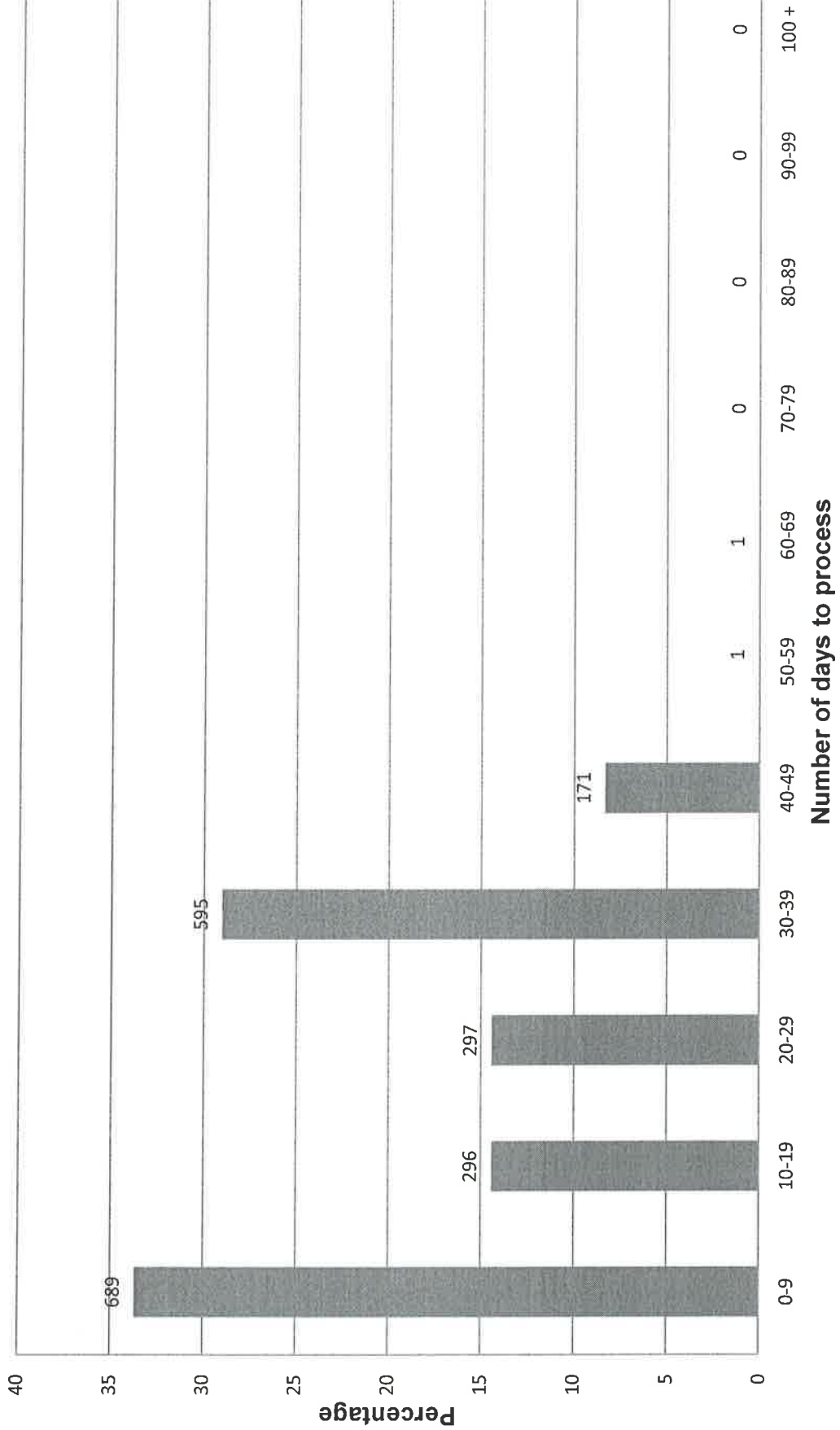
Amanda Inwood-Field
London Regional Contract Director

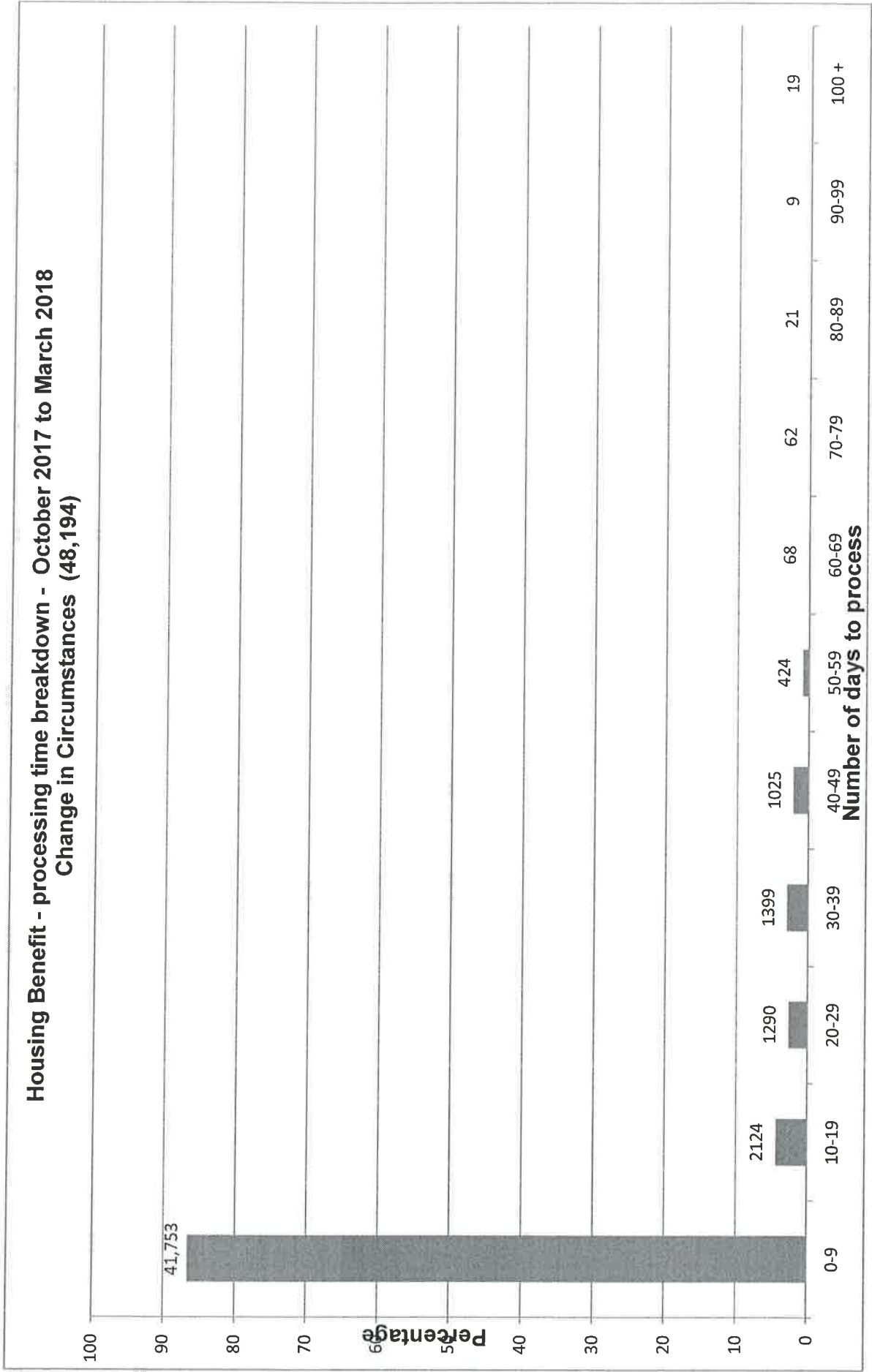
Total Pending and Outstanding Work April 2016 to March 2018

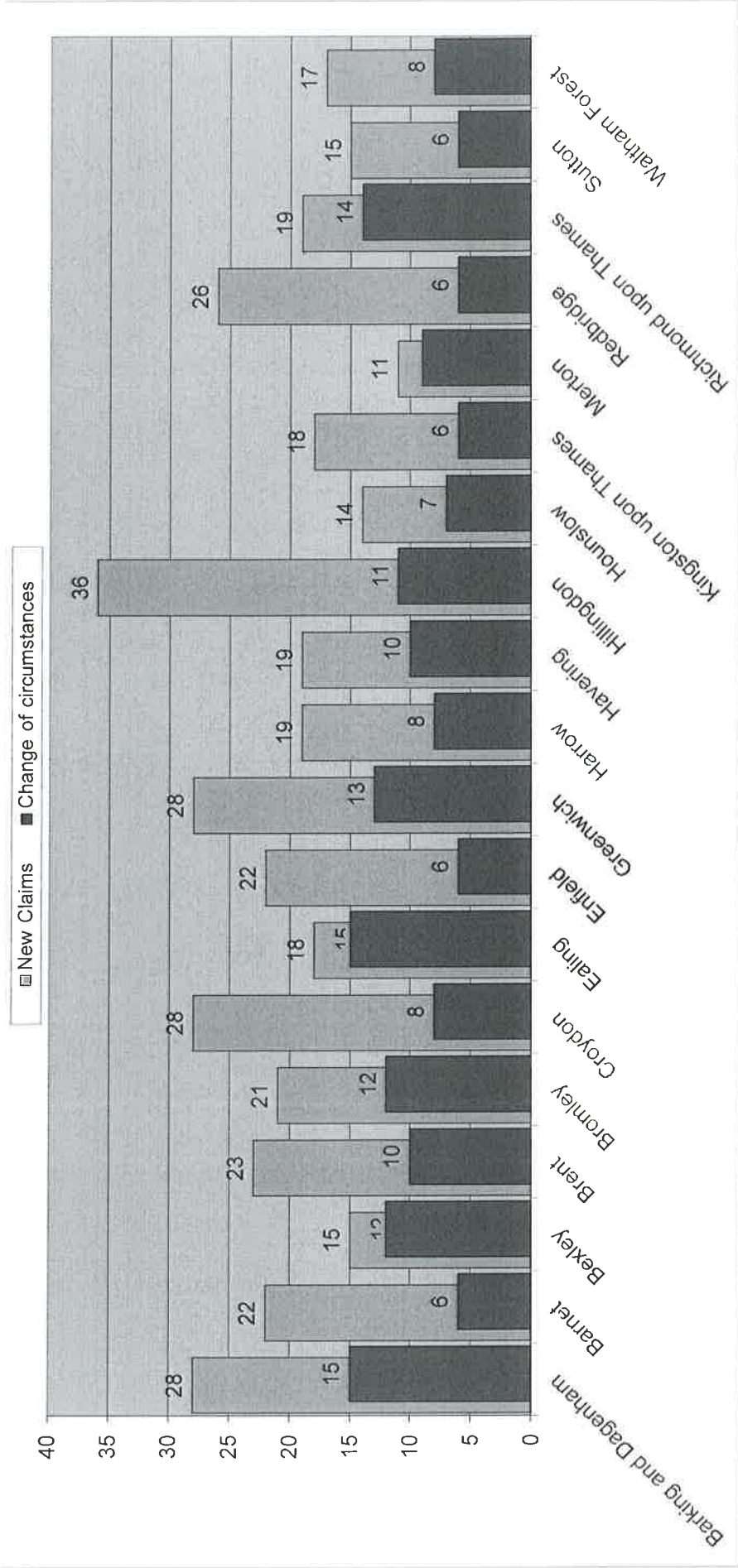


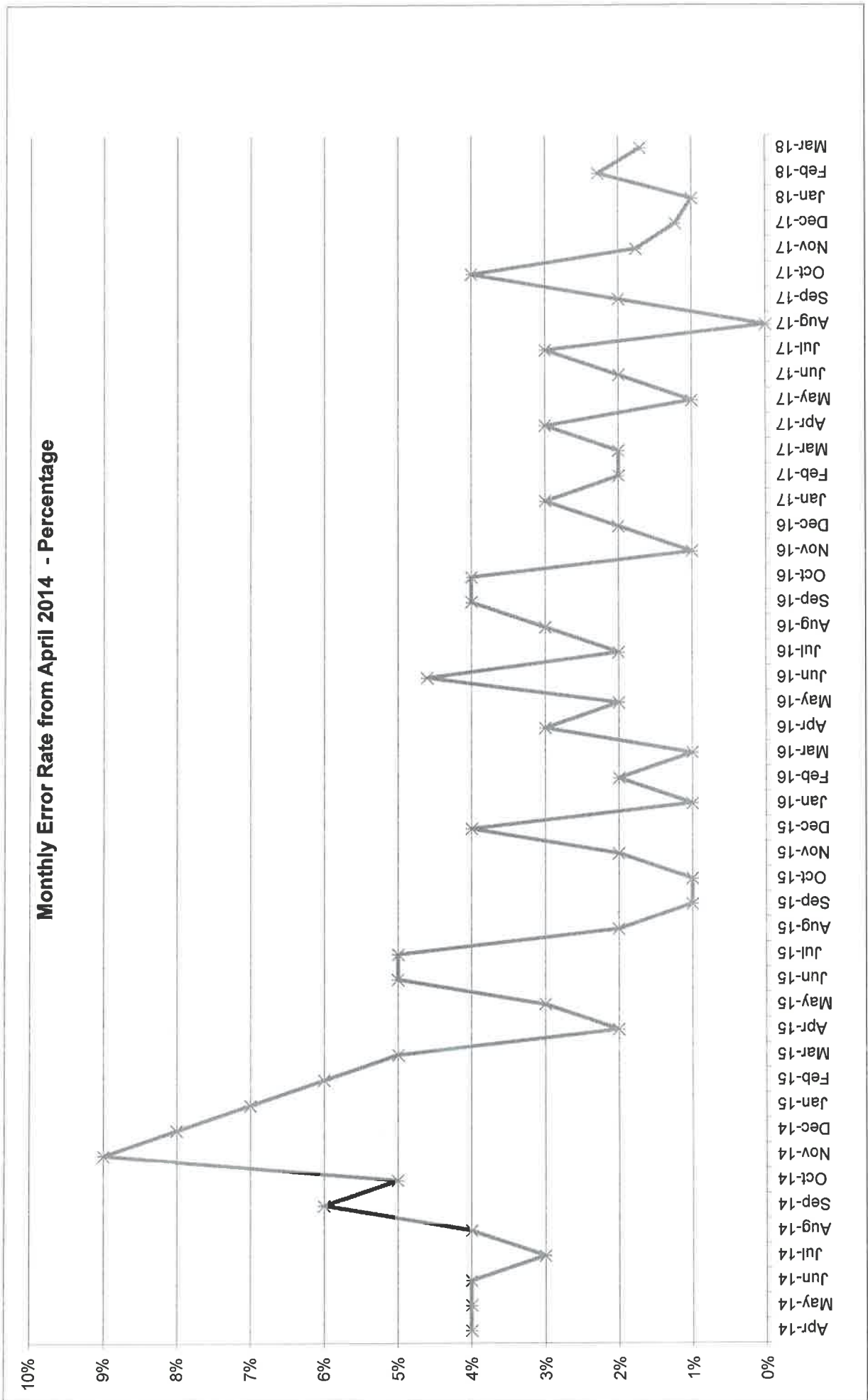


**Housing Benefit - processing time breakdown October 2017 to March 2018
New Claims (2050 cases)**

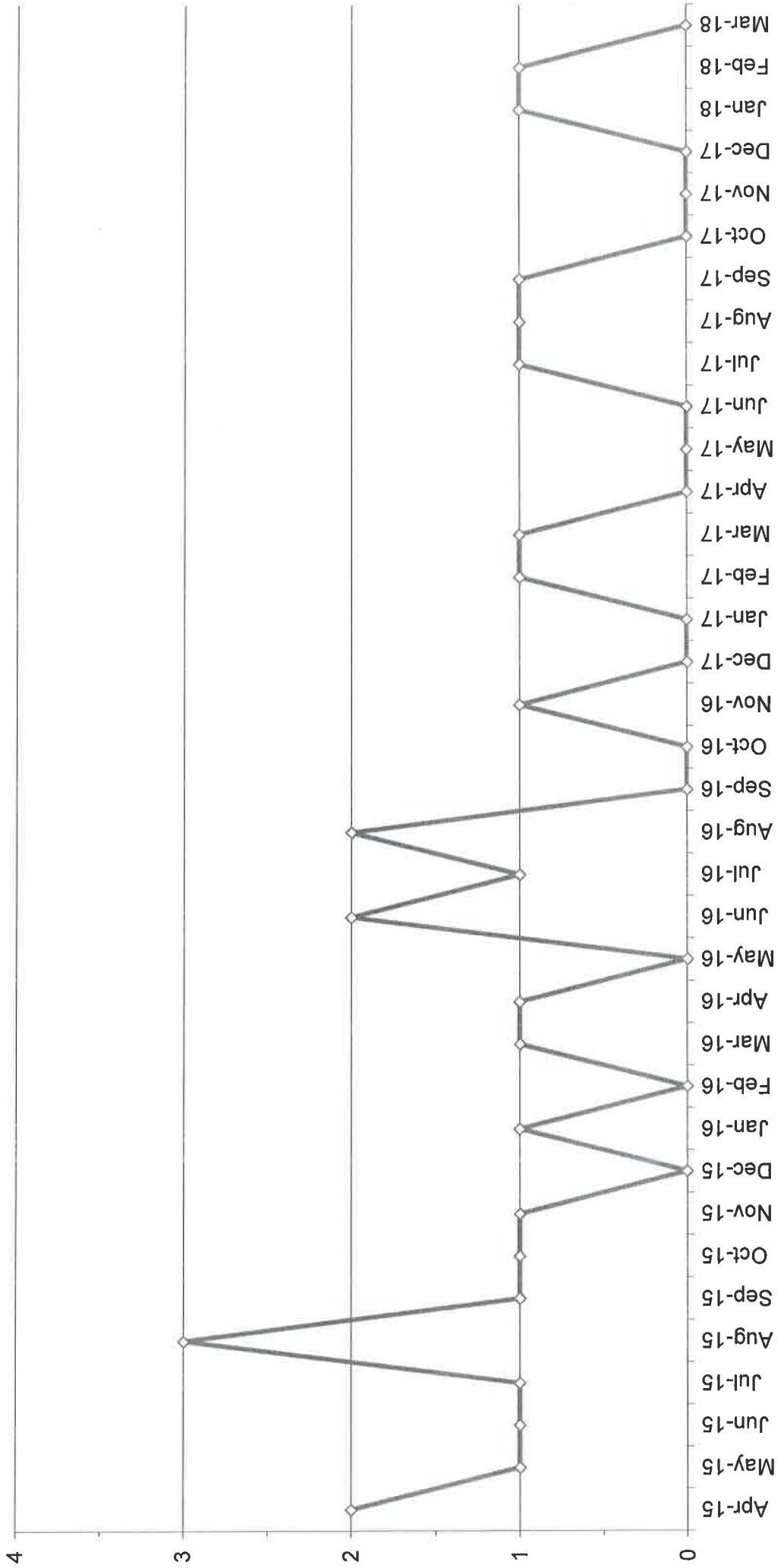




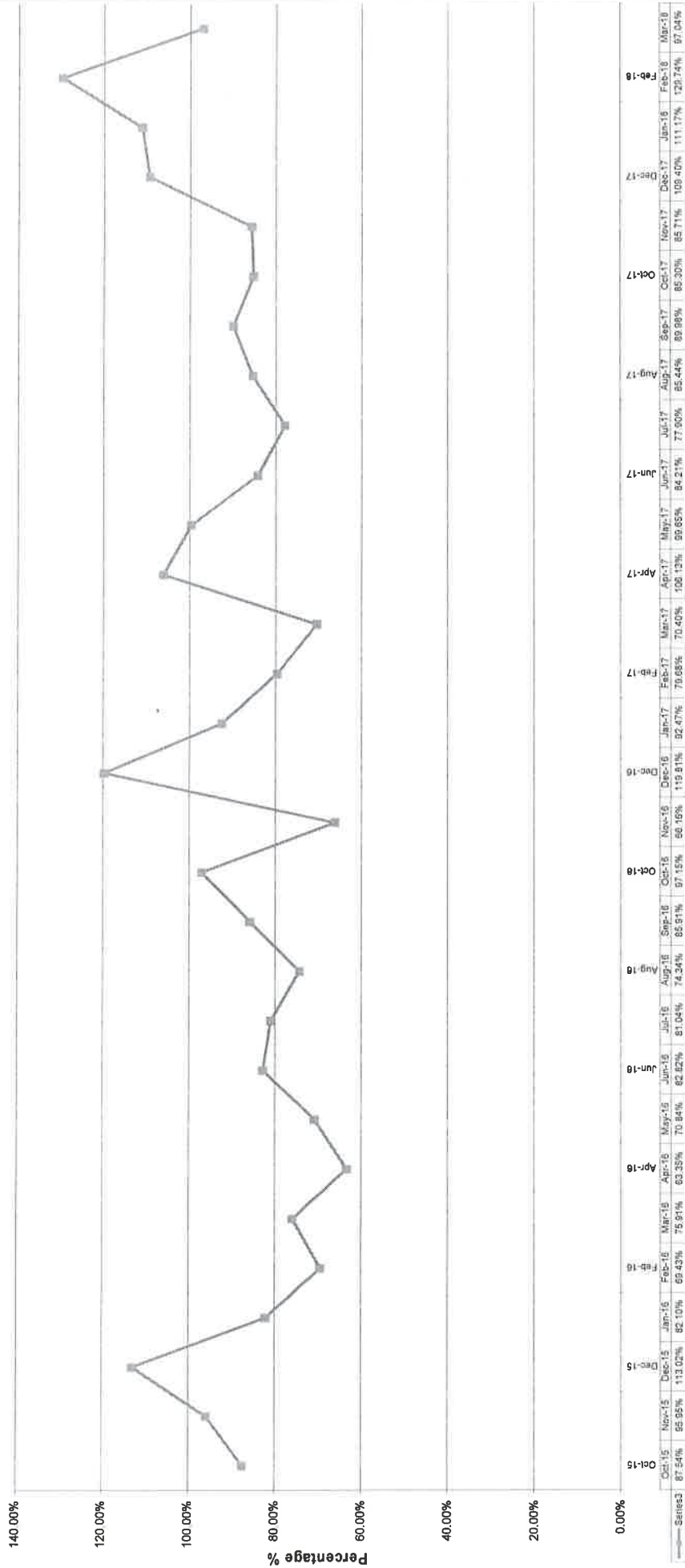


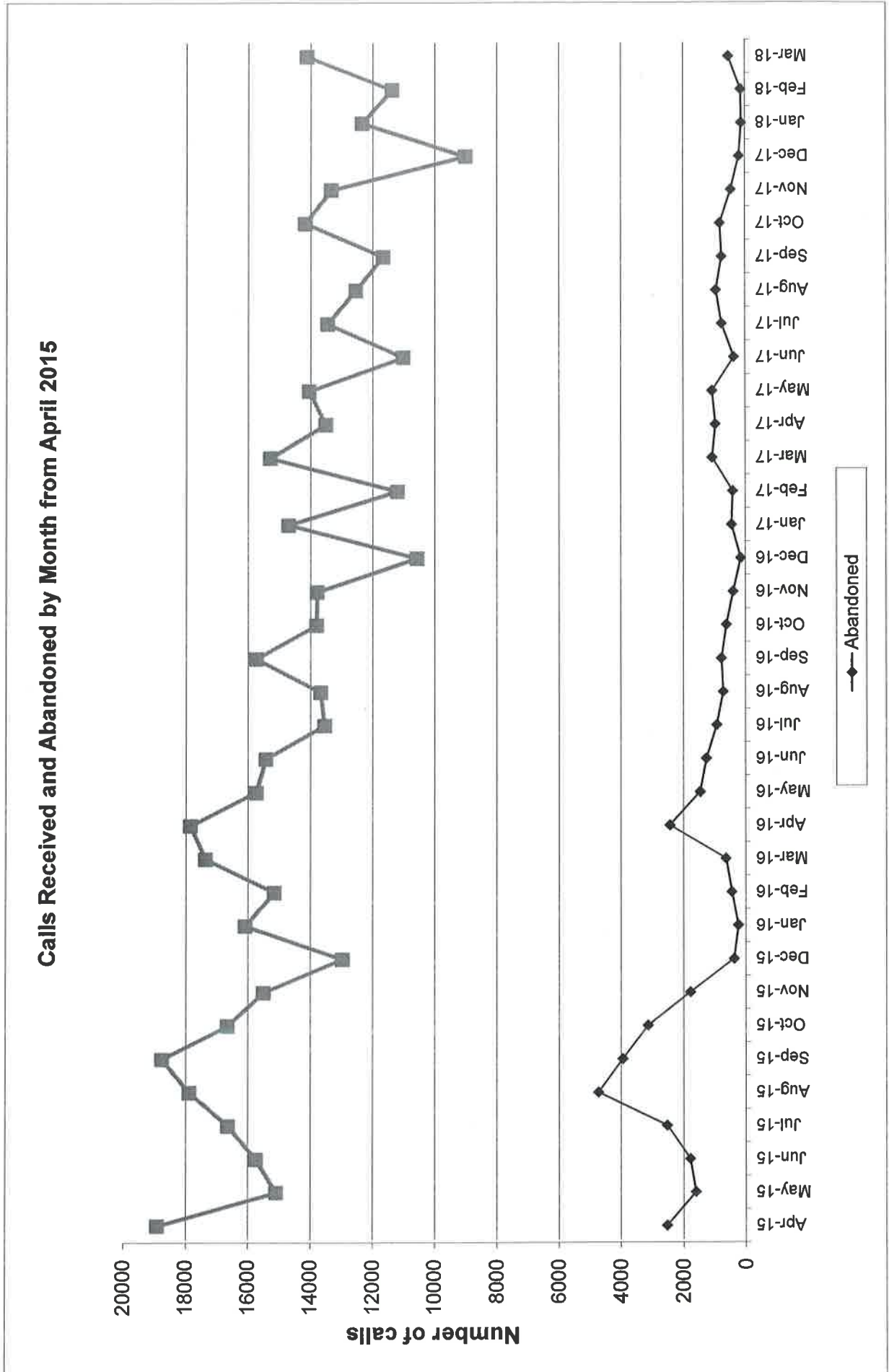


Housing and Council Tax Support - Stage 2 Complaints from April 2015

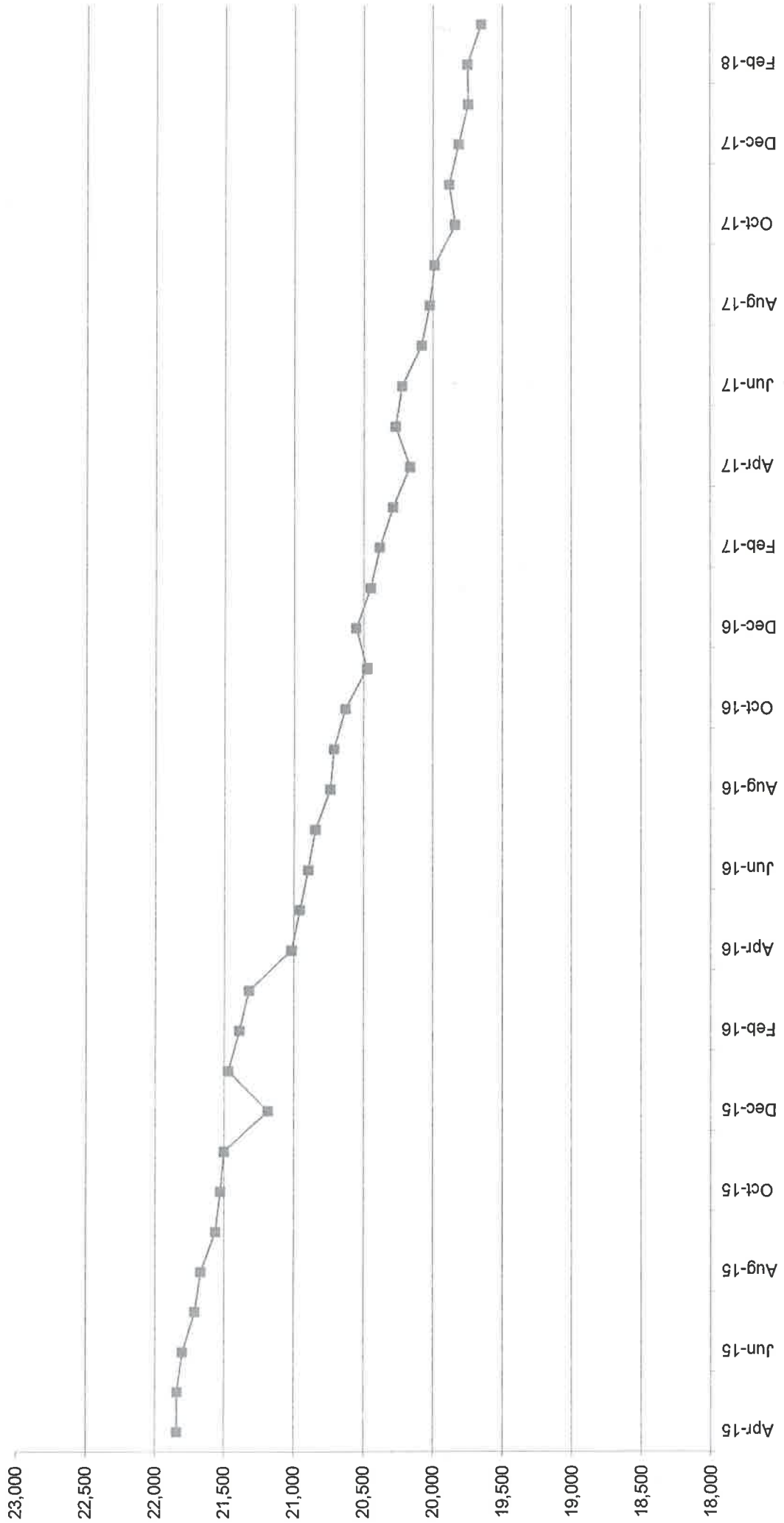


Monthly Overpayment % recovered against that created from October 2015 - every 2 months





Caseload from April 2015 - every 2 months



Report No.
FSD18052

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE, RESOURCES AND CONTRACTS POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Thursday 5 July 2018

Decision Type: Non-Urgent 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);

1. Reason for report

- 1.1 This report provides information regarding the performance of the Revenues Service provided by Liberata for the 6 months up to the 31 March 2018. A letter from Amanda Inwood-Field, Liberata's London 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 the subsequent appendices.

2. **RECOMMENDATION(S)**

- 2.1 **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.**

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: £3.13m
 5. Source of funding: Existing revenue budget for 2017/18
-

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 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.

Council Tax

- 3.3 The in-year Council Tax collection rate for 2017/18 was 98.04%, this is 0.12% improvement on that achieved in the previous financial year. This constituted a particularly good performance given the increased amount requiring to be collected.

Of the 29 London authorities that have declared their in-year recovery rate for 2017/18, Bromley's performance was the 6th best.

The collection rate on current year and arrears was 98.00% which was 0.13% improvement on the previous year.

In the second half of the financial year the number of household registered for Council Tax increased by 255 to 140,135. In the same period the number of households receiving SPD fell by 406 to 43,037.

Business Rates

- 3.4 The in-year collection for 2017/18 was 98.53% which was 0.34% lower than the previous year. It is disappointing that the previous years' collection rate was at least not maintained, but the negative variance should be seen in the light of the increased amount needing to be collected following the 2017 revaluation.

Of the 27 London authorities that have declared their in-year recovery rate for 2017/18, Bromley's performance was the 15th best.

The collection rate for current years and arrears was 99.52%, this was 1.69% up on 2016/17.

As at the 31/3/18 there were 7,295 registered for Business Rates an increase of 60 on the figure as at the 30/9/17.

The previous report (29 November 2017) advised of the successful implementation of the 3 initiatives announced in the Spring 2017 budget, those being Public House Relief, Supporting Small Business Scheme and Revaluation Support. The current position in respect of these initiatives is provided in Appendix 1 to this report.

Cashiers

- 3.5 The payment kiosk sited in the Civic Centre central reception continued to take high volume of payments. The usage has reduced in transactions but increased in value from that experienced in 2016/17. In 2017/18 payments to the value of £1,997,539 (16,900 transactions) were taken by this means compared to £1,939,408 (17,217 transactions) in the previous year.

Payroll

3.6 The number of payments made in March 2018 was follows:

| | |
|-----------------------|-------|
| LBB General / Schools | 2,569 |
| Pensions | 5,060 |

Pensions

3.7 Membership numbers recorded on the pensions administration system as at 31 March 2018 were 6,198 actives, 5,793 deferred and 5,185 pensioners.

4. FINANCIAL IMPLICATIONS

- 4.1 For 2017/18 there was an under spend of £64k for the Revenues contract budget of £3.13m. This related to savings realised for the cash counting and banking services for parking that were transferred to the new Parking Contractor, APCOA during the year.
- 4.2 This report refers to the significant income collection undertaken through the Exchequer Services contract with Liberata.

5. PROCUREMENT IMPLICATIONS

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

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



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

11 June 2018

Our Ref: AIF/RJ

Dear John,

As we approach the July 2018 Executive Resources & Contracts 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 12 months from 1st April 2017 to 31st March 2018.

Council Tax

The in-year collection for the year to 31st March 2018 was 98.04% which was an increase of 0.12% compared to the previous year. This improved performance was achieved despite the requirement to collect £7.7m more than in the previous financial year.

The all-years collection figure was 98.00%, which was an increase of 0.13% on the previous year. Out of year debt collection remains a challenge as we are experiencing an increase in the amount of static debt outstanding. This relates to debt where we are limited in the type of recovery action that may be employed. This may be because the debt is below the level at which we issue a summons. We also 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 because the value of the debt is below the threshold needed to apply for Bankruptcy or a Charging Order.

There are also a number of cases where the debt has been secured by a Charging Order being placed against the debtors' property. However, in these cases the funds will only be realised when the debtor decides to sell their property and this could be many years in the future.

Liberata is the trading name of Liberata UK Limited (Registered in England and Wales - No 1238274) and other Liberata group companies. Registered Office: 1st Floor, 100 Wood Street, London EC2V 7AN. Liberata UK Limited is a subsidiary of Ardvarna Investment Capital Limited (Registered in England and Wales - No 7358243). Registered Office: 1st Floor, 100 Wood Street, London EC2V 7AN.

In recognition of the growing problem caused by this static debt, we commenced a pilot project during the year which was designed to utilise different recovery techniques, such as out of hour telephone calls, bespoke pay-up letters and possible visits to try to address the outstanding debt. The aim was to encourage payment by highlighting to debtors the potential for additional interest charges to be added to their original debt, how future recovery action could impact on their credit rating, to detail how their property could be forcibly sold to clear their debt or, as an ultimate sanction, that they could face imprisonment for non-payment. Although the project is still ongoing, the results so far have been promising. As part of the targeted communication the debtors have been encouraged to attend an interview to discuss their debt position. So far 55% of those debtors contacted have attended an interview. This has allowed for a constructive dialogue to take place about their debt including a review of their current financial position and agreement being reached on a realistic repayment plan.

We have continued with our normal collection and recovery initiatives, this includes reviewing the top 100 debtors, proactively chasing older debts, issuing standard '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 also 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 application since it went live in February 2017. Residents are now able to conduct the following online:

- 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
- Set up a payment arrangement
- View Benefit account information and system generated correspondence
- View NNDR annual bills, copy bills, payment details, discount and exemptions status

Further modules are planned to go live later this year which will allow users to sign up to receive all correspondence and bills electronically, to apply for exemptions and submit benefit claims online. We currently have over 18,000 residents signed up to use the system and we expect this figure to continue to rise over the coming months as the additional modules go live.

Business Rates

The in-year collection rate for business rates was 98.53%, which was a decrease of 0.34% on the previous year. The all-years collection rate for the year was 99.52%, which was an increase of 1.69% compared to last year. Despite the in-year collection being down on the previous year, the actual cash collected increased by £2.3m (3.1%).

The impact of the 2017 Revaluation was felt by large and small businesses alike with the Rateable Value increasing by £34.5m (16.4%). Despite a £5.3m transitional relief award and an additional £1.0m of funding from Central Government the Net Collectable Debt increased by £2.9m (3.3%).

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 were all 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 44 who responded, all received the award resulting in a total of £39,928 being 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 have 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. Central Government allocated London Borough of Bromley £1.4m to mitigate the effects of the 2017 Revaluation. 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. Despite issuing reminder letters, emails and telephone calls the take up remained low. With this in mind the policy was amended and ratepayers that satisfied our criteria were “auto-awarded” relief. To date we have awarded £1,080,268 (76.9%) in Revaluation Support, and we expect to award the balance, approximately £320,000, during July 2018.

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.

We continued with our comprehensive processes in arrears management. Where possible payments were taken, arrangements were agreed and reliefs were awarded. The largest unpaid account at the year-end (£79,184), relates to an organisation whose case is currently being contested in the courts in Bromley and in a number of other boroughs. Recovery action will continue but during the year we were restricted by matters beyond our control.

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 year was 95.83%, which was a decrease of 0.56% compared to the previous year. The same organisation which owed £79,184 and is referred to above, was also the largest BID debtor (£2,400) and represented 1.4% of the total debt due. The BID board were made aware of the situation but did not want to exclude the account from the final calculation.

Bromley Business Improvement District

This is the second year that the Business Improvement District scheme has been in operation for Bromley. The levy is based on the liable occupation on the 1st April of each year. Our collection rate for the year to 31st March 2018 was 99.12%. Although this was down by 0.11% against the previous year we still increased the total cash collected by over £38,000 or 7% during the year.

Cashiers

We collected over £15.8m during the year which covered 35,562 transactions and included amounts taken via the Kiosk, post and central income.

Pensions and Payroll

During the year the Payroll Team continued to provide a valued service with an average accuracy rate of 99.9%. The Pension Team achieved an average of 99.2% service level compliance over the same period.

There have been challenges during the year including managing the Apprenticeship Levy and assisting the Council with the implementation of Self-Service for Overtime and Expenses. In addition the Council's Transitional delay for Auto Enrolment ended on 30th September 2017, and any staff who had not previously opted-out were enrolled into the Scheme with letters being issued notifying all affected employees. The team had to provide data for approximately 150 Council employees in the Libraries and IT area who transferred under TUPE on 1st November 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

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

- **£ 201 million** – Annual amount of Council Tax raised
- **£ 95.6 million** – Annual amount of Business Rates raised
- **£ 12.4 million** – Annual payment of Council Tax Support
- **£ 121 million** - Annual payment of Housing Benefit
- **£ 61.8 million** – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the year from 1st April 2017 to 31st March 2018
- **£ 27.1 million** – Payment of Pensions from 1st April 2017 to 31st March 2018
- **£ 15.8 million** Year to date revenue on 35,562 transactions, this includes Kiosk (1812 Loomis cash collections during the year to 31st March 2018)

Council Tax Data:

In year collection performance by Liberata is shown below:

| Best Value Pl'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 | Actual 17/18 |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| BV9:CTAX Collected | 97.1% | 97.03% | 97.28% | 97.59% | 97.65% | 97.76% | 97.50% | 97.70% | 97.79% | 97.93% | 98.04% |

Actual 31st March 2018 – 98.04%

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

1,542 Cheque refunds and 7,082 BACs refunds totalling **£1,735,727.62** have been issued from 1st April 2017 to 31st March 2018.

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 | 31/3/18 |
| Reminders | 41,710 | 39,382 | 34,892 | 34,971 | 51,920 | 45,816 | 56,256 | 54,745 | 52,125 | 55,553 | 78,657 |
| Summonses | 14,244 | 13,432 | 17,061 | 19,774 | 16,436 | 16,168 | 19,267 | 13,158 | 9,543 | 14,052 | 10,755 |
| Liability Orders | 6,270 | 7,079 | 10,713 | 12,956 | 9,396 | 10,868 | 9,999 | 8,645 | 8,337 | 10,338 | 9,115 |
| 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 | 8,647 |
| 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 | All at 14 day stage |

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 18th 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 1st April 2017 was £4,290,637.42

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

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

The balance of the total 2016/17 debt outstanding as at the 31st March 2018 is £2,357,447.81 a reduction of £1,933,189.61

Council Tax Arrears Breakdown as at 31st March 2018

| | Arrears B/F 31.03.2017 | Arrears carried forward | Net reduction | Actual % collection |
|--------------|------------------------|-------------------------|----------------------|---------------------|
| 1993 | £209.79 | £209.79 | £0.00 | |
| 1994 | £196.38 | £192.77 | £3.61 | |
| 1995 | £174.73 | £50.70 | £124.03 | |
| 1996 | £793.52 | £562.30 | £231.22 | |
| 1997 | £2,092.85 | £1,689.33 | £403.52 | |
| 1998 | £5,231.21 | £4,473.36 | £757.85 | |
| 1999 | £9,038.54 | £7,228.14 | £1,810.40 | |
| 2000 | £18,315.64 | £13,981.46 | £4,334.18 | |
| 2001 | £36,373.25 | £27,127.37 | £9,245.88 | |
| 2002 | £55,959.10 | £41,625.82 | £14,333.28 | |
| 2003 | £85,777.22 | £67,138.70 | £18,638.52 | |
| 2004 | £115,678.59 | £89,491.70 | £26,186.89 | |
| 2005 | £159,905.10 | £126,027.35 | £33,877.75 | |
| 2006 | £222,086.28 | £159,730.56 | £62,355.72 | |
| 2007 | £285,222.51 | £206,773.13 | £78,449.38 | |
| 2008 | £349,072.61 | £259,618.52 | £89,454.09 | |
| TOTAL | £1,346,127.32 | £1,005,921.00 | £340,206.32 | 25% |
| 2009 | £405,051.75 | £292,386.26 | £112,665.49 | 28% |
| 2010 | £508,578.44 | £367,445.44 | £141,133.00 | 28% |
| 2011 | £699,077.03 | £486,083.84 | £212,993.19 | 30% |
| 2012 | £950,074.51 | £628,238.98 | £321,835.53 | 34% |
| 2013 | £1,400,236.99 | £1,004,927.25 | £395,309.74 | 28% |
| 2014 | £1,828,196.35 | £1,294,473.54 | £533,722.81 | 29% |
| 2015 | £2,443,069.52 | £1,629,535.08 | £813,534.44 | 33% |
| 2016 | £4,290,637.42 | £2,357,447.81 | £1,933,189.61 | 45% |
| TOTAL | £13,871,049.33 | £9,066,459.20 | £4,804,590.13 | 35% |

Business Rates Data:

In year collection performance by Liberata is shown below:

| Best Value PIs | 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 17/18 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 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% | 98.53% |

Actual 31st March 2018 – 98.53%

The amount of collectable debt raised for the year 2017/18 is **£95.6 million**.

There have been 924 refunds actioned from the 1st April 2017 to the 31st March 2018 amounting to **£3,555,814.80** 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 | 17/18 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|----------------|----------------|----------------|----------------|----------------|
| Reminders Issued | 4,972 | 4,559 | 3,609 | 3,977 | 3,404 | 2,536 | 4,023 | 3,545 | 4,445 | 4,263 | 4,288 | 3,525 |
| Final Notices Issued | 585 | 1,698 | 1,529 | 1,892 | 1,824 | 1,741 | 2,014 | 2,472 | 2,353 | 1,560 | 1,960 | 1,985 |
| Summonses Issued | 980 | 894 | 704 | 903 | 725 | 1,156 | 987 | 1,091 | 1,053 | 535 | 1,123 | 768 |
| Liability Orders issued | 675 | 602 | 426 | 666 | 672 | 749 | 683 | 771 | 734 | 411 | 525 | 522 |
| 7 day letters issued | 1,421 | 605 | 299 | 674 | 367 | 471 | 501 | No longer used | No longer used | No longer used | No longer used | No longer used |
| Accounts passed to Enforcement Agent | 542 | 331 | 130 | 316 | 430 | 537 | 645 | 650 | 444 | 283 | 184 | 159 |

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

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

Movement in arrears for reporting period –

Arrears total 1990 - 2016/17 as at **01/04/17** £2,264,938.84

Arrears total 1990 - 2016/17 as at **31/3/18** £1,225,205.28

Reduction Overall arrears £1,039,733.56

Business Rates Arrears breakdown as at 31st March 2017

| | Arrears B/F 31.03.2017 | Arrears carried forward | Net reduction | Actual % collection |
|------|------------------------|-------------------------|-----------------------|---------------------|
| 1990 | 0.00 | 1,014.79 | 1,014.79 | 0.00% |
| 1991 | 0.00 | 1,297.66 | 1,297.66 | 0.00% |
| 1997 | 20.24 | 20.24 | 0.00 | 0.00% |
| 1998 | 20.25 | 20.25 | 0.00 | 0.00% |
| 1999 | 0.27 | 0.29 | 0.02 | 0.00% |
| 2000 | 0.00 | 0.00 | 0.00 | 0.00% |
| 2001 | 0.00 | 0.00 | 0.00 | 0.00% |
| 2002 | 0.02 | 0.02 | 0.00 | 0.00% |
| 2003 | 0.00 | 0.00 | 0.00 | 0.00% |
| 2004 | 0.00 | 0.00 | 0.00 | 0.00% |
| 2005 | 0.00 | 0.00 | 0.00 | 0.00% |
| 2006 | 0.01 | 0.01 | 0.00 | 0.00% |
| 2007 | 0.00 | 0.00 | 0.00 | 0.00% |
| 2008 | 3,658.03 | 3,658.03 | 0.00 | 0.00% |
| 2009 | 18,699.04 | 18,695.36 | (3.68) | 0.02% |
| 2010 | 15,687.54 | 13,858.69 | (1,828.85) | 11.66% |
| 2011 | 26,686.32 | 19,944.20 | (6,742.12) | 25.26% |
| 2012 | 108,454.46 | 79,777.97 | (28,676.49) | 26.44% |
| 2013 | 142,312.24 | 80,594.04 | (61,718.20) | 43.37% |
| 2014 | 298,068.50 | 171,887.70 | (126,180.80) | 42.33% |
| 2015 | 566,520.12 | 290,863.46 | (275,656.66) | 48.66% |
| 2016 | 1,084,811.80 | 543,572.57 | (541,239.23) | 49.89% |
| | 2,264,938.84 | 1,225,205.28 | (1,039,733.56) | 45.91% |

** 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 1st April 2017 to 31st March 2018

| | |
|-----------------------|------------------------------|
| Civic Centre Total | Transactions including Kiosk |
| £15,846,689.92 | 35,562 |

Payroll Data:

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

| | Monthly | Annually |
|-----------------------|--------------|---------------|
| Non-Teaching/Teaching | 2,730 | 32,760 |
| Pensions | 5,011 | 60,132 |

Complaints Data:

| Service | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|-------------|---------|---------------------|--------------------|--------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Council Tax | 109 | 104 | 125 | 118 | 277 (210 unfounded) | 372 (292 unfounded) | 540 (446 unfounded) | 427 (378 unfounded) | 348 (274 unfounded) | 373 (309 unfounded) |
| NNDR | 2 | 0 | 2 | 1 | 7 (7 unfounded) | 4 (4 unfounded) | 21 (7 unfounded) | 10 (9 unfounded) | 6 (3 unfounded) | 3 (2 unfounded) |
| Pensions | 7 | 9 (5 unfounded) | 7 (4 unfounded) | 7 (2 unfounded) | 3 (2 unfounded) | 4 (2 unfounded) | 4 (1 unfounded) | 2 | 4 (2 unfounded) | 4 (1 unfounded) |
| 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 |

Report No.
FDS18053

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE, RESOURCES AND CONTRACTS POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Thursday 5 July 2018

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

Title: EXCHEQUER SERVICE - CONTRACT PERFORMANCE
REPORT

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

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides information regarding Liberata's performance in the provision of Exchequer Services for the period 1st April 2017 to 31st March 2018.
- 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.

2. **RECOMMENDATION(S)**

The Committee is requested to note the information contained within the report on Liberata's 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: £1.434m
 5. Source of funding: 2017/18
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement:
Public Health (Control of Disease) Act 1984
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
The Public Contracts regulations 2015
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

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: Not Applicable

3. COMMENTARY

3.1 This report provides information regarding the performance of the Exchequer Services provided by Liberata for the period 1st April 2017 to 31st March 2018.

3.2 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.

3.3 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 Director meets with Bromley regularly to deal with escalated issues, review policies and develop new ideas.

3.4 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

4.1.1 The sundry debts performance is measured on amount recovered at the end of each reporting period. At the 31st March 2018, there were 2,657 invoices outstanding totalling £10.81m. Of the total amount, £4.62m (42.71%) had been outstanding for less than 30 days.

4.1.2 As at 31st March 2018 the amount recovered in respect of invoices raised between 1st April 2017 and 31st March 2018 was £54.09m or 86.4% against a target of 92% or £57.44m.

4.1.3 The shortfall of 5.36% or £3.35m was as a result of the following factors:

- Liberata were unable to pursue over £2.45m in respect of invoices raised in year; these included disputes and holds on recovery instructions from Council departments.
- Community Infrastructure Levy debts (CIL) totalling £85k were raised before 31st March 2018 but were not payable until after this time
- An increase of £1.64m raised in the last two weeks of the financial year.

Table 1 Unadjusted Collection Rate

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|---------|---------|---------|---------|
| 31st March Performance | 88.8% | 92.9% | 87.5% | 86.6% |

Table 2 Adjusted Collection Rate

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|------------|------------|------------|------------|
| 31st March Performance | 91.1% | 93.6% | 91.4% | 90.3% |
| Target | 89% | 90% | 91% | 92% |

- 4.1.4 If the in-year collection rate is adjusted to take account of those debts where Liberata could not pursue payment, the revised collection rate would be 90.30%.
- 4.1.5 Active recovery is not taken against debts under 21 days old as they remain in their reminder cycle at this stage therefore if the increase in late invoices raised was taken into account the collection rate would stand at 92.8%.
- 4.1.6 **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 2017-18.
- 4.1.7 **Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2014-15 through to 2017-18.

Aged Debt as at 31st March 2018

- 4.1.8 The out-of-year collection rate across all financial years was 99.46% with £6.29m collected in 2017/18. There are a number of factors which continue to affect out-of-year collection:
- £813k either remains in dispute, or is awaiting further instruction from the Council at the end of the financial year and as such, further recovery action remains on hold
 - £506k has been recommended for write off
- 4.1.9 Table 3 shows the movement in the out-of-year debt outstanding as at 31st March for the last year along with the overall % reduction from 31st March 2017 to 31st March 2018.

Table 3

| Year | 31-Mar-17 | 31-Mar-18 | Reduction since 31/03/17 |
|-----------------|--------------|--------------|--------------------------|
| | £,000 | £,000 | |
| Pre 2013 | 967 | 736 | -24% |
| 2013/14 | 206 | 163 | -21% |
| 2014/15 | 388 | 330 | -15% |
| 2015/16 | 644 | 439 | -32% |
| 2016/17 | 6,563 | 804 | -88% |
| Total | 8,768 | 2,472 | -72% |

- 4.1.10 **Appendix 4** shows the overall recovery position of in each financial year up to 31st March 2018. The changes in categories since the last report in November 2017 reflects the new reporting categories implemented in February 2018 with Aspien, the new debt management system.
- 4.1.11 The category with the largest debt is the one relating to debts in dispute or on hold at the request of the service department. Liberata continue to work with LBB officers in order to

resolve queries and disputes as quickly as possible so that recovery action can continue.

4.1.12 Cases are escalated by Liberata to the Exchequer Client Unit who liaise with senior LBB officers regarding pursuing the debt or writing it off if it is uncollectable.

4.1.13 Included in the £3m disputed debt is one invoice for £2.2m. The Council is currently considering legal advice on the recovery and enforcement of this s106 contribution.

Utilities

4.1.14 The total debt for utilities was £316k as at 31st March 2018. Liberata have been successful in reducing the debt with most of the utility companies however utility debt remains one of the largest contributors to the disputed debt total with £200k being in dispute; 98% of this relates to British Telecom.

4.1.15 Officers in the Environment & Community Department are continuing their discussions with British Telecom over disputes and the level of unpaid invoices. Unfortunately the BT debt has not reduced as much as was expected since the last report in November 2017. The main cause was the delay in a response from BT due to the unfortunate event of BT's sub-contractor Carillion Telent announcing that they were going into administration.

4.1.16 Carillion Telent are responsible for most of BT's works within the borough and therefore BT required information from them in order to provide details for the disputed invoices. This was escalated to senior management within BT as ultimately they remain responsible for any financial obligations towards LBB. Since March 2018 all disputes have been responded to by both parties and a meeting is being arranged with finance to discuss the next step.

4.1.17 **Appendix 5** shows a summary of Utility debts as at 31st March 2018.

Income

4.1.18 The Income Team raised 11,615 sundry invoices with a value of £65.9m from 1st April 2017 to 31st March 2018.

4.1.19 During the same period, 1,467 invoices relating to all financial years with a total value of £4.5m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled.

4.1.20 Over the past 2 years, there has been a substantial decrease in the number of invoices raised. This is due to the change in the billing process for the Carelink in 2016 and the continued outsourcing of council services which has resulted in a fall in invoices raised on behalf of the Council of 6,603 (36%) whilst conversely there has been an increase in the total value of invoices raised of £9.3m (16%).

Table 4

| Activity | 2015/16 | 2016/17 | 2017/18 | Variance since 31 st March 2016 |
|-----------------------------|---------|---------|---------|--|
| No. of invoices raised | 18,218 | 13,212 | 11,615 | -36% |
| Value of invoices raised | £56.6m | £55.4m | £65.9m | 16% |
| No. of invoices cancelled | 2,107 | 1,485 | 1,467 | -30% |
| Value of invoices cancelled | £5.5m | £3.7m | £4.5m | -18% |

4.1.21 **Appendix 6** shows the value of invoices raised month by month for the period from 1st April 2017 to 31st March 2018 compared to the same periods in the previous three financial years.

- 4.1.22 **Appendix 7** shows the number of invoices raised month by month for the period from 1st April 2017 to 31st March 2018 compared to the same periods in the previous three financial years.
- 4.1.23 The outstanding debt for Trade Waste was £175k as at 31st March 2018. Table 5 provides an analysis of the outstanding debt compared to the same time last year.
- 4.1.24 Although in year debt decreased by £21k (68%) compared to last year, the total amount outstanding increased by £12k (7%). This was largely due to an increase in the debt over one year and those invoices awaiting write off, which totalled £56k. Following the introduction of the new Aspien debt recovery system we expect to see a reduction in these areas over the next few months.

Table 5

| Analysis of Trade Balance | As at 31st March 2017 | As at 31st March 2018 | Variance | |
|------------------------------------|--------------------------|--------------------------|-------------|-----------|
| | | | £k | % |
| Under 30 days old | £5k | £1k | -\$4k | -80% |
| Invoices 31-365 days old | £26k | £9k | -\$17k | -65% |
| Invoices over 1 year old | £89k | £123k | £34k | 38% |
| Payment arrangements/Direct Debits | £4k | £k | -\$4k | -100% |
| Invoices in dispute | £15k | £4k | -\$11k | -73% |
| Awaiting cancellation | £8k | £k | -\$8k | -100% |
| Awaiting write off | £15k | £37k | £22k | 147% |
| Total | £162k | £174k | £12k | 7% |

Nightly Paid Accommodation Charges

- 4.1.25 The outstanding debt for Nightly Paid Accommodation charges as at 31st March 2018 was £4.9m for current and former occupiers. Table 6 gives a breakdown of the outstanding debt as at 31st March 2017 and 31st March 2018 which shows an increase of £1.1m.
- 4.1.26 From 3rd April 2017 there has been a reduction in the rent levels for over 700 accounts due to the Housing Management Fee contained in the rent being replaced with a grant. This has resulted in a 12.7% decrease in the collectable rent debit and has contributed to the 25.54% reduction in the Housing Benefit payments from £6.4m in 2016/17 to £4.8m in 2017/18.
- 4.1.27 An additional factor affecting the level of Housing Benefit payments is the number of clients on Universal Credit that have advised Liberata they have claimed Universal Credit and it should be in payment however it is not reaching the rent accounts. Where this occurs Liberata will continue with recovery action however it can make recovery more difficult if the delays are due to the DWP processes and not the client.
- 4.1.28 Although the full impact of Universal Credit on rent arrears is unknown, the situation should start to improve as, with effect from 11th April 2018, all new claimants and any existing claimants who have a change of circumstances will start to receive Housing Benefits.
- 4.1.29 There continues to be an increase in the number of clients in temporary accommodation with the number of current clients increasing from 590 in March 2017 to 755 in March 2018, an increase of 27.97% during the financial year. In order to address this funding for a temporary recovery officer was approved in late 2017 and this has contributed to the cash payments of £1.66m in the period 1st April 2017 to 31st March 2018 which is an increase of £437k (35.76%) on the previous year.

4.130 The issue of the increasing debt has been raised with Liberata however we recognise the factors affecting recovery such as Universal Credit and the limitations of the current I.T. system; however Liberata are actively working with officers in the Housing Department to implement a new system that will provide improved recovery and monitoring tools as well as more robust processes. This should lead to an increase in income recovery and ultimately a reduction in the arrears.

Table 6

| | Arrears as at 31st March 2017 | Arrears as at 31st March 2018 |
|---|--|--|
| Charges raised for current year | £8,918,414 | £7,783,476 |
| Charges raised and arrears brought forward for previous years | £2,621,779 | £3,772,250 |
| Payments received from debtors | -£1,222,885 | -£1,660,234 |
| Housing Benefit awards | -£6,428,815 | -£4,786,732 |
| Sub total | £3,888,494 | £5,108,760 |
| Less combined total debts written on/off | -£123,239 | -£198,325 |
| Total | £3,765,255 | £4,910,435 |

4.2 Accounts Payable

4.2.1 Under the Public Contracts Regulations 2015 the Council is required to publish prompt payment data showing the percentage of undisputed invoices paid within 30 days.

4.2.2 A summary of the performance for the period 1st April 2017 to 30th 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%.

Table 7

| |
|---------|
| Target: |
|---------|

| Manuals | Invoices Over 30 | Invoices Under 30 | Total | % | Invoices Over 20 | Invoices Under 20 | Total | % |
|---|------------------|-------------------|---------------|------------|------------------|-------------------|---------------|------------|
| Adult and Community Services | 0 | 38 | 38 | 100% | 0 | 38 | 38 | 100% |
| Corporate Services | 0 | 150 | 150 | 100% | 0 | 150 | 150 | 100% |
| Children & Young People | 1 | 76 | 77 | 99% | 1 | 76 | 77 | 99% |
| Environment and Leisure | 0 | 28 | 28 | 100% | 0 | 28 | 28 | 100% |
| R&R (Inc. Libraries & LE/PP) | 97 | 1,426 | 1,523 | 94% | 339 | 1,184 | 1,523 | 78% |
| Payroll (R05 - R20) | 4 | 1,053 | 1,057 | 100% | 7 | 1,050 | 1,057 | 99% |
| Utilities | 2 | 1,118 | 1,120 | 100% | 3 | 1,117 | 1,120 | 100% |
| Confirm (Highways, IS, Property) | 46 | 10,489 | 10,535 | 100% | 94 | 10,441 | 10,535 | 99% |
| | 150 | 14,378 | 14,528 | 99% | 444 | 14,084 | 14,528 | 97% |
| I-Proc | | | | | | | | |
| Adult and Community Services | 72 | 4,171 | 4,243 | 98% | 117 | 4,126 | 4,243 | 97% |
| Corporate Services | 36 | 1,978 | 2,014 | 98% | 145 | 1,869 | 2,014 | 93% |
| Children & Young People | 109 | 4,925 | 5,034 | 98% | 220 | 4,814 | 5,034 | 96% |
| Environment and Leisure | 80 | 2,176 | 2,256 | 96% | 140 | 2,116 | 2,256 | 94% |
| R&R (Inc. Libraries & LE/PP) | 85 | 1,750 | 1,835 | 95% | 137 | 1,698 | 1,835 | 93% |
| | 382 | 15,000 | 15,382 | 98% | 759 | 14,623 | 15,382 | 95% |
| CareFirst | | | | | | | | |
| T01 Residential Children & Young People | 25 | 807 | 832 | 97% | 92 | 740 | 832 | 89% |
| T04 Domiciliary Care | 5 | 3,708 | 3,713 | 100% | 13 | 3,700 | 3,713 | 100% |
| T05 Domiciliary Care | 44 | 7,692 | 7,736 | 99% | 160 | 7,576 | 7,736 | 98% |
| | 74 | 12,207 | 12,281 | 99% | 265 | 12,016 | 12,281 | 98% |
| Adults | | | | | | | | |
| T02 Respite | 5 | 613 | 618 | 99% | 42 | 576 | 618 | 93% |
| | 5 | 613 | 618 | 99% | 42 | 576 | 618 | 93% |
| Cumulative YTD Total | 611 | 42,198 | 42,809 | 99% | 1,510 | 41,299 | 42,809 | 96% |

4.2.3 The table below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1st April 2017 to 31st March 2018 was 90% which is an increase of 1% compared to the previous year.

Table 8

| Month | 2016/17 | | | | 2017/18 | | | |
|-------|---------------|------------|--------------|------------|---------------|------------|--------------|------------|
| | BACS | | Cheque | | BACS | | Cheque | |
| | Count | % | Count | % | Count | % | Count | % |
| 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% | 2,421 | 91% | 239 | 9% |
| Nov | 2,522 | 89% | 325 | 11% | 2,377 | 89% | 305 | 11% |
| Dec | 2,402 | 92% | 221 | 8% | 2,510 | 92% | 204 | 8% |
| Jan | 2,554 | 89% | 300 | 11% | 3,142 | 93% | 246 | 7% |
| Feb | 2,200 | 88% | 313 | 12% | 2,183 | 90% | 248 | 10% |
| Mar | 3,305 | 89% | 426 | 11% | 2,931 | 89% | 355 | 11% |
| | 30,889 | 89% | 3,787 | 11% | 30,152 | 90% | 3,301 | 10% |

4.3 Financial Assessment and Charging

- 4.3.1 The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 31st March 2018 are shown below.
- 4.3.2 During 2016/17 Liberata introduced an online Care Assess form which captures data in relation to social services referrals and the length of time taken to complete financial assessments. This provides for more accurate data collection and has enabled Liberata to pinpoint the issues affecting performance. Steps taken have resulted in a slight increase in performance of 1% in quarter one of 2018/19.
- 4.3.3 There was a small dip in the performance for producing the charging file for 2017/18 which was due to a number of experienced staff leaving the service in a short space of time. Liberata now have a full complement of staff and are training additional staff to increase resilience within the service.

Table 9

| Indicator | Target | Actual 2015/16 | Actual 2016/17 | Actual 2017/18 |
|---|--------|----------------|----------------|----------------|
| Complete Financial Assessments within 10 working days | 100% | 100% | 92% | 95% |
| Produce the charging file from CareFirst weekly | 100% | 100% | 100% | 97% |

4.3 Appointee and Deputyship

- 4.3.1 The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 31st March 2018 are shown below which reflects an improvement in the service provided by the team. This has been maintained during quarter one of 2018/19.

Table 10

| Indicator | Target | Actual 2015/16 | Actual 2016/17 | Actual 2017/18 |
|--|--------|----------------|----------------|----------------|
| 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

- 5.1 Liberata have developed an online Financial Assessment form which, when implemented, will streamline the process for providing financial information and improve the service provided to the customer. This is due to be implemented in quarter two of 2018/19.
- 5.2 Liberata will also shortly be implementing Information@Work, a document management system currently used in the Revenues and Benefit service. This will manage the workflow process in the Financial Assessment service as well as provide system based reporting on turnaround times and employee productivity.

6. USER/STAKEHOLDER SATISFACTION

- 6.1 Complaints are treated as free intelligence to drive improvement and learning. Each complaint is used as a tool for improvement, with individual errors seen as an opportunity to put things right not just for the individual complainant but for the wider community.
- 6.2 The table below shows the number of complaints received since April 2014 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

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|-----------|-----------|-----------|-----------|
| Sundry Debtors/Income | | | | |
| Justified | 15 | 10 | 7 | 2 |
| Unjustified | 1 | 3 | 4 | 2 |
| Total | 16 | 13 | 11 | 4 |
| Accounts Payable | | | | |
| Justified | 2 | - | - | - |
| Unjustified | 2 | 2 | 1 | 1 |
| Total | 4 | 2 | 1 | 1 |
| Financial Assessment & Management | | | | |
| Justified | 24 | 14 | 14 | 20 |
| Unjustified | 3 | 3 | 12 | 5 |
| Total | 27 | 17 | 26 | 25 |
| Appointee & Deputyship | | | | |
| Justified | 3 | 2 | - | 1 |
| Unjustified | - | - | 1 | - |
| Total | 3 | 2 | 1 | 1 |

- 6.2 Surveys will be carried out in quarter two and will be reported on in November 2018.

7. SUSTAINABILITY/IMPACT ASSESSMENTS

None

8. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 8.1 The Single Financial Assessment Unit 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.

8.4 The Appointee and Deputyship team also carries out protection of property in order to prevent or mitigate the loss or damage to property belonging to adults in Bromley who are receiving care an support from the Council or are in hospital and no suitable arrangements have been made.

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 From 1st 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 are preparing for the expiration of the Exchequer Contract on 31st March 2020 and met with potential suppliers on 13th October 2017 as part of the soft market testing.

10.2 A Gateway report will be considered by the Executive on 11th July 2018 with the tendering due to commence in October 2018.

11. FINANCIAL IMPLICATIONS

11.1 For 2017/18 the contract overspent by £14k. This was offset by underspends within the service as reported in the Provisional Outturn report for 2017/18.

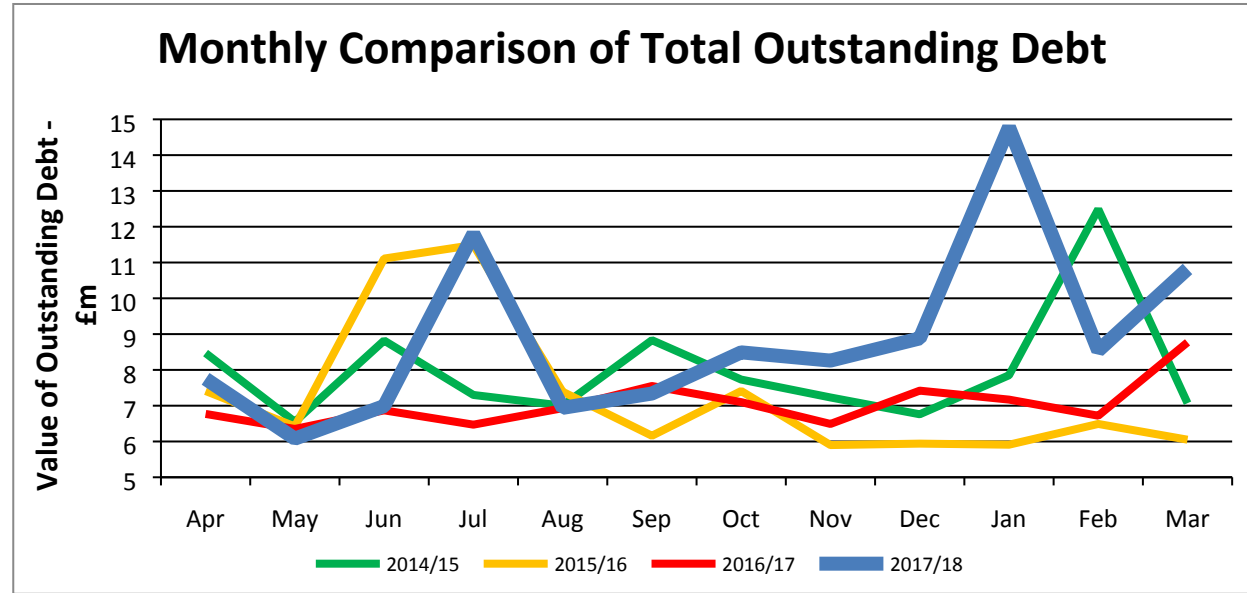
12. PERSONNEL IMPLICATIONS

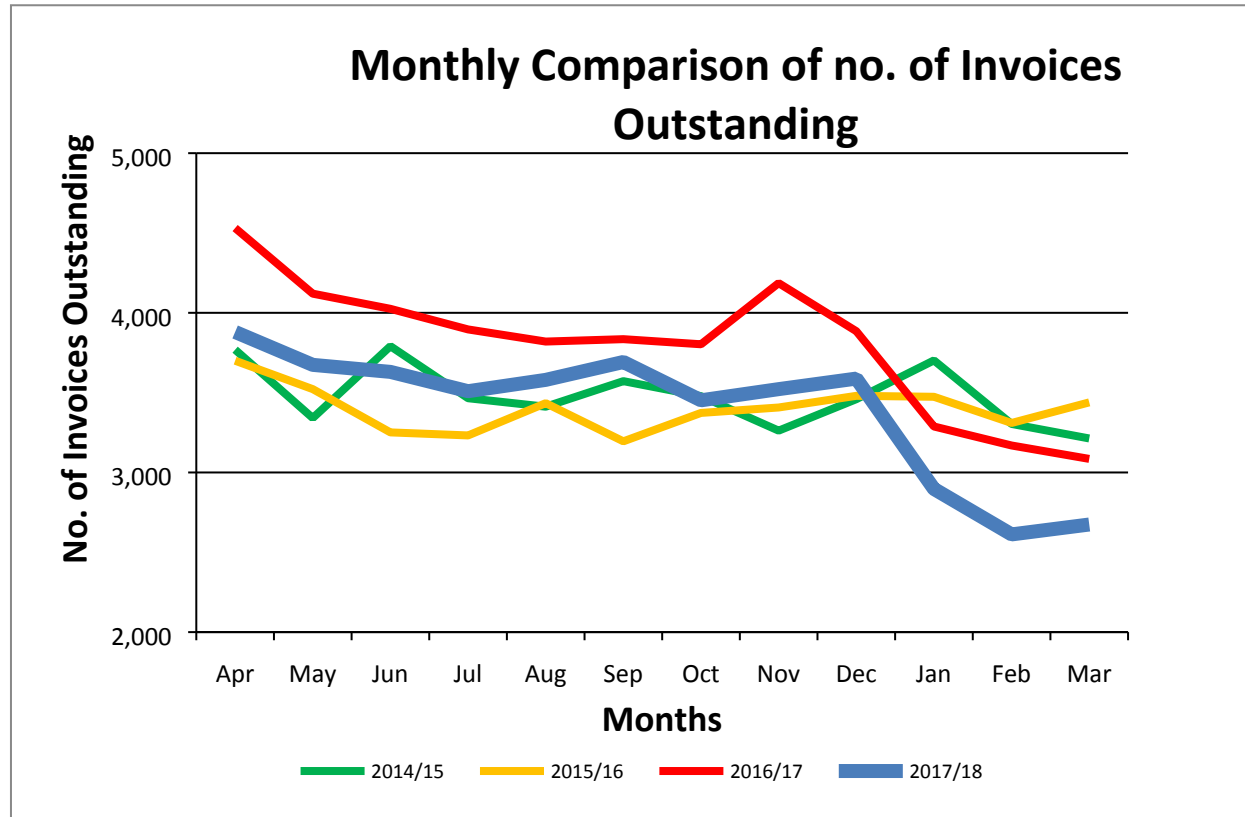
None

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.

| | |
|---|------------------|
| Non-Applicable Sections: | 7 and 12 |
| Background Documents: (Access via Contact Officer) | Appendices 1 - 7 |





Overall Recovery position of Debts raised in the financial years to 31st March 2018

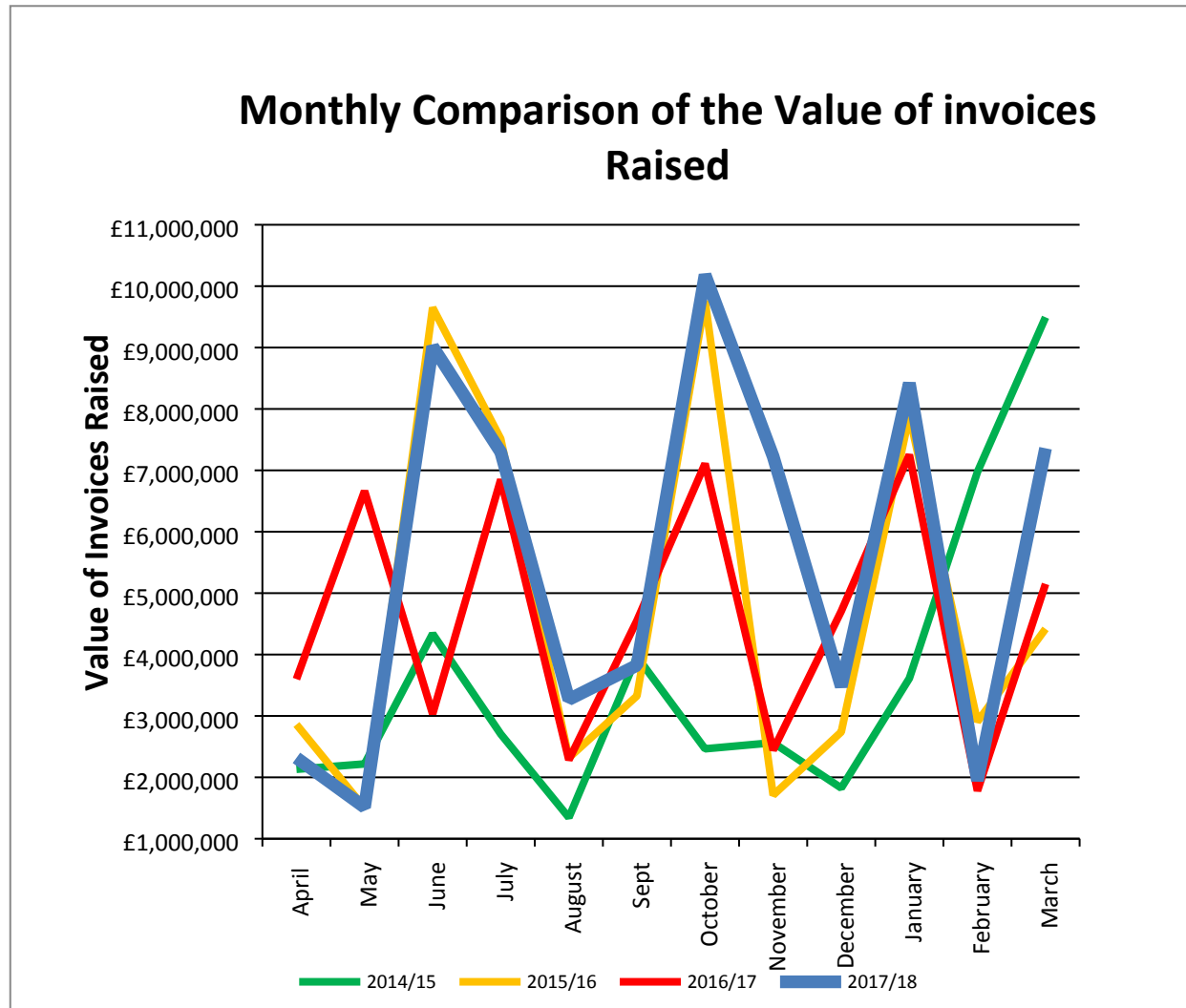
| Outstanding balance and Recovery position of debts raised in the years below | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|----------------|-----------------|
| Fin Year in which the original debt was raised | Pre 2013 | 13-14 | 14-15 | 15-16 | 16-17 | 17-18 | Grand Total |
| In reminder letter cycles (no pro-active recovery) | £K | £K | £K | £K | £K | £4,912K | £4,912K |
| Recovery being actively pursued | £15K | £8K | £1K | £43K | £125K | £404K | £597K |
| In Recovery, paid by instalments | £60K | £5K | £7K | £38K | £22K | £216K | £347K |
| Appointee & Deputyship in place | £11K | £6K | £2K | £13K | £10K | £7K | £50K |
| Deceased Accounts | £1K | £K | £K | £8K | £82K | £5K | £96K |
| Searching for probate | £K | £K | £1K | £2K | £27K | £36K | £67K |
| Probate granted (in recovery) | £3K | £K | £K | £11K | £17K | £K | £31K |
| With LBB for Instructions | £5K | £50K | £14K | £20K | £80K | £47K | £216K |
| Pre Debt Collector checks | £K | £K | £K | £K | £3K | £K | £3K |
| With Debt Collector | £44K | £3K | £16K | £24K | £36K | £52K | £173K |
| Returned from Debt Collector | £2K | £K | £7K | £9K | £37K | £19K | £73K |
| Court Action (pre-legal action review & application) | £42K | £3K | £60K | £15K | £88K | £16K | £225K |
| Judgement obtained - Enforcement options in review | £K | £K | £K | £10K | £40K | £2K | £53K |
| Judgement obtained - Attachment of Earnings | £K | £K | £K | £K | £K | £K | £K |
| Judgement obtained - Charging Order | £K | £K | £24K | £24K | £K | £133K | £180K |
| Judgement obtained - Post CCJ Payment Arrangement | £21K | £3K | £K | £K | £K | £K | £25K |
| Judgement obtained - High Court Enforcement | £19K | £K | £K | £1K | £1K | £K | £20K |
| Judgement obtained -Third Party Debt Order | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| With LBB Legal Dept for instructions | £52K | £22K | £4K | £21K | £32K | £26K | £156K |
| Awaiting cancellation | £K | £K | £1K | £K | £2K | £3K | £6K |
| Recommended for Write Off | £374K | £35K | £24K | £36K | £37K | £12K | £518K |
| In dispute/under query (with LBB service departments) | £88K | £28K | £169K | £165K | £165K | £2,443K | £3,058K |
| Premises Licences - awaiting instruction from department | £K | £K | £K | £K | £K | £9K | £9K |
| Grand Total | £737K | £163K | £330K | £439K | £804K | £8,343K | £10,815K |

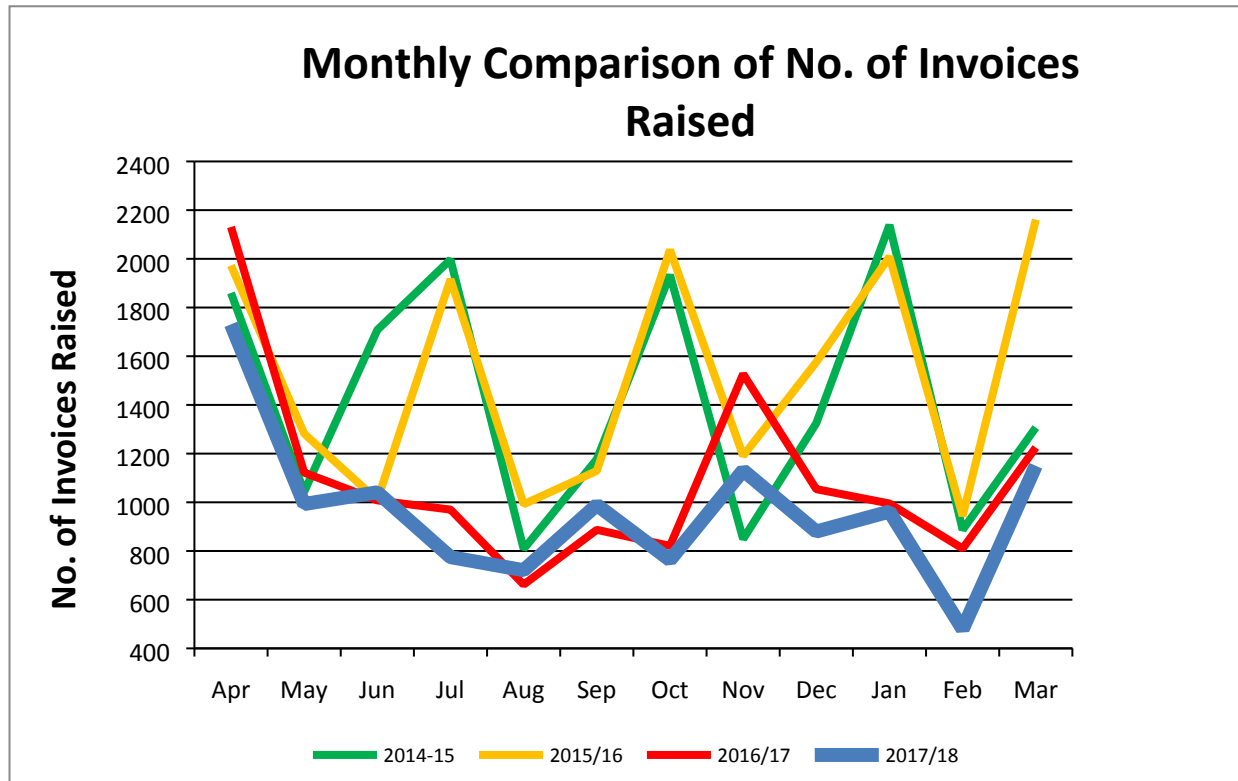
Age Profile of outstanding Utility Debts as at 31st March 2018

| Utility | Pre 2013 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | TOTAL BALANCE |
|-----------------------|---------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Virgin Media | £0 | £0 | £0 | £0 | £0 | £17,270 | £17,270 |
| British Telecom | £4,736 | £62,367 | £49,733 | £40,556 | £30,012 | £13,601 | £201,004 |
| EDF | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| UK Power Networks Ltd | £318 | £5,598 | £0 | £0 | £345 | £5,705 | £11,966 |
| Southern Gas | £0 | £0 | £0 | £0 | £0 | £14,169 | £14,169 |
| Thames Water | £0 | £0 | £0 | £0 | £0 | £39,373 | £39,373 |
| Other Utilities | £95 | £0 | £4,988 | £5,295 | £4,164 | £17,612 | £32,154 |
| TOTAL | £5,149 | £67,965 | £54,721 | £45,851 | £34,521 | £107,730 | £315,935 |

Overall Recovery Position of outstanding Utility Debts as at 31st March 2018

| Utility | Total under 30 days old | Total over 30 days old | Total outstanding | No. of invoices in dispute | Amount of invoices in dispute | Amount marked for write off |
|-----------------------|-------------------------|------------------------|-------------------|----------------------------|-------------------------------|-----------------------------|
| Virgin Media | £6,140 | £11,130 | £17,270 | £0 | £0 | £0 |
| British Telecom | £4,243 | £196,761 | £201,004 | £59 | £195,336 | £0 |
| EDF | £0 | £0 | £0 | £0 | £0 | £0 |
| UK Power Networks Ltd | £5,705 | £6,261 | £11,966 | £0 | £0 | £0 |
| Southern Gas | £9,129 | £5,040 | £14,169 | £0 | £0 | £0 |
| Thames Water | £39,373 | £0 | £39,373 | £0 | £0 | £0 |
| Other Utilities | £9,062 | £23,092 | £32,154 | £8 | £4,485 | £0 |
| TOTAL | £73,652 | £242,283 | £315,935 | £67 | £199,820 | £0 |





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

Appendix 1

11 June 2018

Our Ref: AIF/RJ

Dear Claudine,

As we approach the July 2018 Executive Resources & Contracts 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 year ended 31st March 2018.

Debtors and Income

We achieved an in-year collection figure on Sundry Debts for the year ended 31st March 2018 of 86.64% which was down against our target rate of 92%. At the year end there were unpaid invoices totalling £10.81m, of which £4.62m (42.71%) related to invoices which were less than 30 days old. There were a number of factors which adversely affected our performance and these included:

- There were over £2.45m of outstanding invoices where we were unable to take any recovery action as either the debt was in dispute or the debt had been placed on hold pending further instructions from the Council. In these cases all recovery action has to remain on hold until the dispute has been resolved or the hold lifted.
- A number of Community Infrastructure Levy (CIL) invoices, totalling £85k, were raised before 31st March 2018 but were not payable until after the year end. As such no recovery action could take place on these invoices.
- There was a substantial increase on the value of invoices that were raised in the final two weeks of the year from £2.57m in 2017 to £4.21m in 2018. The closer an invoice is issued to the year end, the harder it is to ensure funds are collected

before the year end. In this case, the extra £1.64m raised so late in the year represented a significant challenge.

If we were to adjust the in-year collection rate to take account of those debts above then the revised collection would be 92.85% which would be 0.85% above the target.

During the year we collected £6.29m from out-of-year debt which equated to a combined collection rate of 99.46%. 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 or on hold of £813k as at the year end
- Debts recommended for, or awaiting write off of £506k where no further recovery action can be taken

If the collection rate was to be adjusted to take account of the above amounts then the out-of-year rate would be 99.77%.

Good progress has been made in reducing the total amount of debt owed from utility companies. As at the year end there was £316k still outstanding, which represented a decrease of £169k (35%) from the previous year. The main debtor in this area continues to be British Telecom whose debt makes up 63% of the total for this sector. However, we have still seen a reduction in their debt amount of £50k down to a year-end total of £201k.

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.

As in previous years we have continued to see a rise in the demand for Nightly Paid Accommodation; however a reduction in rent levels for a large number of accounts resulted in a decrease in the collectable rent figure for current clients. Although the amount of money collected from debtors of £1.66m represented an increase of £437k (36%) from the previous year, the amount collected from Housing Benefits awards actually decreased during the year by 26% down to £4.8m. This reduction has been driven by an increasing number of claimants moving onto Universal Credit which is resulting in funds not being allocated to their rent accounts. Cases where the Universal Credit is paid directly to the tenant rather than the landlord can often increase the difficulty in obtaining rental payments. This can be further exacerbated by the delays that claimants have experienced when awaiting receipt of their Universal Credit and by the fact that they are often uncertain over whether their claim will be backdated.

Accounts Payable

For the year to 31st March 2018, the percentage of undisputed invoices that were paid within 30 days was 99%, which was the same as per the previous year. The percentage of invoices paid within 20 days was 96%.

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

Financial Assessment and Management Team

Our client base, as at 31st March 2018 comprised 707 clients receiving residential care and 2,476 clients receiving non-residential care. Liberata have developed an online Financial Assessment form which, when implemented, will streamline the process of providing financial information for an assessment. We will also shortly be implementing Information@Work to manage the workflow process and provide increased system based reporting on turnaround times and employee productivity. Liberata continues to drive to provide a high quality of service to our client base.

Appointee & Deputyship Team

As at 31st March 2018, the team had 249 clients of which 183 were for Appointeeship and 66 were for Deputyship. Service improvements have been made to further ensure maximisation of income for Appointee & Deputyship clients, an example is the way we are negating lower commissions with estate agents over property sales. Plans remain 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, where GDPR permits, 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. A number of customers have received increased Council benefits and an improved service as a result of this sharing approach.

The scheduled implementation of Information@Work (Anite) Data Management System on the Financial Assessments and Appointee & Deputyship teams will result in 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

Report No.
CSD18092

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: EXECUTIVE, RESOURCES AND CONTRACT POLICY DEVELOPMENT
AND SCRUTINY COMMITTEE

Date: 5 July 2018

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: Charles Obazuaye, Director of Human Resources
Tel: 020 8313 4381 E-mail: Charles.Obazuaye@bromley.gov.uk

Ward: All

1. REASON FOR REPORT

This report provides information on the performance of the Customer Service Contract provided by Liberata for the period 1st November 2017 to 31st May 2018.

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

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 (17/18) and £781k (18/19)
 5. Source of funding: Existing revenue budget for 2017/18 and 2018/19
-

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 4.5 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 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) 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 behaved as predicted for the period in question. E-mails have increased over the period, and work is under way to ascertain the causes of this. Web traffic continues to rise. Face to face enquiries were consistent and behaved normally through this period.
- 3.6 The Key Performance Indicators for this contract are listed in the table below, and referenced in appendix 2; 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% |

4. SERVICE PROFILE / DATA ANALYSIS

4.1 **Contact Centre** – the corporate contact centre for phone calls has performed well throughout the monitoring period, within target and no issues to report.

| Contact Centre Target – 50% within 60 secs | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Answered | 11,263 | 8,273 | 11,824 | 9,658 | 11,643 | 10,871 | 11,111 |
| % of Calls Ans. in 60 sec | 89.9% | 91.7% | 87.2% | 87.7% | 77.0% | 66.5% | 73.2% |
| Average Wait Time (Secs) | 25 | 20 | 32 | 31 | 55 | 97 | 63 |

4.2 **Out of Hours Contact Centre** –performance has fluctuated above and below target throughout the monitoring period. There have been a number of procedural errors by the provider over this reporting period. The following improvements have been completed by the contractor to ensure that procedural errors are not repeated going forward, these include: a review of procedures, improvement and support plan has been provided, further instruction provided to all of the operators, written communication has been sent to all managers and shift leaders to increase monitoring and reiterate the risks if not following agreed procedures.

| Out of Hours Target – 80% within 30 secs | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Offered | 917 | 818 | 882 | 824 | 733 | 968 | 852 |
| Answered | 793 | 841 | 802 | 717 | 858 | 845 | 1050 |
| % of Calls Ans. in 30 sec | 74% | 72% | 85% | 86% | 73% | 91% | 86% |

4.3 **E-mails** – the corporate contact centre for e-mails has performed well throughout the monitoring period, within target and no issues to report.

| Emails | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Number of Emails Received | 1,976 | 1,579 | 1,929 | 1,778 | 2,044 | 2,177 | 2,354 |
| % Emails Processed within 5 Days | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

4.4 **Reception** –the face to face service points have achieved service level of customer seen within 5 minutes. 98-99% of remaining customers were seen within 15 minutes, against a target of 100%.

| Reception | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Number of Customers Seen | 1,191 | 813 | 1,267 | 1,068 | 1,182 | 1,274 | 996 |
| 80% in 5 minutes | 83.2% | 84.0% | 82.5% | 85.0% | 83.5% | 91.9% | 88.0% |
| 100% in 15 minutes | 98.3% | 98.2% | 98.7% | 98.5% | 99.3% | 99.5% | 99.2% |

4.5 **Customer Satisfaction** – customers remain satisfied or very satisfied with the service provided by the contractor, against a target of 90%

| Reception | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Number of Responses | 165 | 172 | 235 | 282 | 216 | 355 | 313 |
| Target – 90% Customer Satisfaction | 100.0% | 100.0% | 99.0% | 99.0% | 93.0% | 98.0% | 99% |

4.6 **Web – Bromley Knowledge** – the web team achieved 100% against all targets. Additionally work continues to complete upgrade works on the web content management system, which will complete throughout the summer.

| 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 **MyBromley Account** – throughout this period the MyBromley Account software was upgraded, as part of the web upgrade project. In April, existing account holders were notified of the changes and asked to complete a simple re-registration process on the new platform. The tables below outline the volume usage for the services currently available to registered users, and volume of customers registering and re-registering in this monitoring period. E-billing and e-benefits are due to go live throughout the summer period, when further publicity and promotion is planned.

| MyBromleyAccount Activity | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| Housing Benefit | 970 | 964 | 1,069 | 1,012 | 1,127 | 1,309 | 1,878 |
| Council Tax | 917 | 801 | 1,137 | 845 | 1,333 | 2,797 | 3,606 |
| Landlord | 262 | 199 | 290 | 212 | 179 | 135 | 233 |
| Change address | 568 | 466 | 613 | 469 | 615 | 609 | 609 |
| Business Rates | 3 | 1 | 2 | 2 | 2 | 11 | 11 |
| TOTAL | 2,720 | 2,431 | 3,111 | 2,540 | 3,256 | 4,861 | 6,337 |

| Monthly Registrations | Month | Total Registrations |
|------------------------------|--------------|----------------------------|
| 639 | Nov-17 | 6,021 |
| 474 | Dec-17 | 6,495 |
| 658 | Jan-18 | 7,153 |
| 615 | Feb-18 | 7,768 |
| 780 | Mar-18 | 8,548 |
| 5,901 | Apr-18 | 14,449 |
| 3,995 | May-18 | 18,444 |

4.8 Blue Badge and Discretionary Freedom Pass

Application volumes were at normal levels throughout the period and performance targets were met for Freedom Pass applications, with the exception of March. This was due to one case missing the 4 week target, resulting in a 6% impact. Blue Badge applications were processed within target.

| Blue Badges & Freedom Pass Applications | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Blue Badge Applications Received | 403 | 196 | 477 | 477 | 377 | 377 | 367 |
| Blue Badges Processed in 4 Weeks Target - 80% within 4 weeks | 99% | 93% | 100% | 95% | 100% | 100% | 86% |
| Freedom Pass Applications Received | 101 | 45 | 59 | 62 | 60 | 43 | 40 |
| Freedom Passes Processed in 4 Weeks Target - 100% within 4 weeks | 100% | 100% | 100% | 100% | 94% | 100% | 100% |

5 PLANS FOR ONGOING IMPROVEMENTS IN PERFORMANCE

- 5.1 The contract has performed well throughout the period. Refurbishment of Reception facilities have taken place and will shortly include the provision of equipment and support to enable customers to submit document evidence electronically.
- 5.2 Customer comments obtained from the new customer satisfaction surveys, and trends observed as a result of disruption are passed on to relevant service heads to help them improve performance and customer satisfaction.
- 5.3 Web content is also under review with support from key service contacts.

6 PLANS FOR ONGOING IMPROVEMENTS IN VALUE FOR MONEY

- 6.1 Deployment of E-billing and E-benefits through MyBromley Account will provide greater choice and flexibility for customers to self-serve where they can.

6.2 Reception staff are able to show customers how to use digital services, shortly to include upload of supporting evidence, to encourage more customers to use digital services from home if they are able to.

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 and above 90%.

| Customer Satisfaction | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Target – 90% Customer Satisfaction | 100.0% | 100.0% | 99.0% | 99.0% | 93.0% | 98.0% | 99% |

7.2 Complaints and Compliments

Nine complaints were received during the period, six relating to procedural accuracy of the out of hours service. This has been addressed as outlined in 4.2. Three further complaints related to an on-line error when booking a bulky waste collection, incorrect information provided by the contact centre and a customer unhappy with service at Reception. Eleven compliments were received by customer facing staff for delivery good standards of service, across both Barrow and Bromley Contact Centres.

| Compliments & Complaints | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|
| Complaints | 0 | 0 | 0 | 0 | 4 | 3 | 2 |
| Compliments | 4 | 0 | 4 | 0 | 0 | 2 | 1 |

11. COMMISSIONING & PROCUREMENT CONSIDERATIONS

11.1 Re-procurement activities are in progress, with Tender publication due in October.

12. FINANCIAL CONSIDERATIONS

12.1 For 2017/18 there was a minor overspend of £1k against the budget of £759k.

12.2 The cost of the contract is expected to be within the 2018/19 budget of £781k.

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.

| | |
|---|--|
| Non-Applicable Sections: | 8, 9, 10, 13 |
| Background Documents: (Access via Contact Officer) | Appendix 1 – Letter from Liberata Appendix 2 – Key Performance Indicators |

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

Date: 14th June 2018

Dear Duncan,

As we approach the July 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 1st November 2017 – 31st May 2018.

Customer Services Performance

The Corporate Contact Centre delivered an overall service level of calls being answered within 60 seconds of 81.5% against a target of 50%. None of the queues fell below this target. In total 95% of calls were answered. The performance on days following bank holidays has improved considerably with the service level being well over the 50% target on every occasion. This is a significant improvement on the performance during the same period last year.

During the period, the team answered 98% of all Switchboard calls, with an overall service level of 96% against the target of 50%.

The Corporate face-to-face team have delivered a service level of 76% of customers being seen within 5 minutes. A total of 98% of customers were seen within 15 minutes.

Liberata installed a new Triage Reception desk, and the reception area has been redecorated to provide an improved customer experience.

Our channel migration initiatives continue to be working well, and during the period we have seen a reduction in both footfall and calls, as more customers use the on-line facilities. For example, calls to our Registrars and Parking lines have reduced by 24% and 26% respectively, while on-line transactions have increased by 24% for Registrars enquiries and 12% for Parking enquiries.

Website and Social Media Performance

The website continues to attract significant numbers of people each month almost 1.8 million page views per month and 386 thousand unique visitors. Both Mobile and Tablet now represent more than 50% of all web traffic, however even here the percentages show mobile increasing to over 40%. This is more than a 10% increase since 2016 and has important implications for the future design of the council website.

In May, we also saw the full introduction of the General Data Protection Regulations (GDPR) and with it a number of changes were made to the website to ensure how we collect, manage, store and use personal data changed. The Bromley Knowledge team worked with LBB's legal counsel to make sure the new rules were in place prior to the deadline date of the 25th May 2018.

The BK team continue to work with Jadu to move the current website from the old Dot.Net platform to the new PHP platform (Continuum) and have set a date in August for the complete switch over. This is a significant piece of work as it is essentially moving all the content from one platform to another, over 4000 pages in total, this includes all the payment options (approximately 170).and form integrations being tested

Facebook and Twitter remain important tools in communicating with the public and in May we saw an increase in our Facebook reach to over 17,000, an 8,000 increase on the month before. Twitter still has over 14,000 followers.

MyBromley Account Developments

The MyBromley Account software was upgraded in April ahead of the web content management system upgrade, due to complete in August. Visitors to the MyBromley Account now only have to register once and from there add the services they want in their account. In April, communications were sent out to over 50,000 MBA customers to encourage them to move across to the new account with many choosing to do so.

As of 31st May some 18,444 account holders have migrated to the new portal, and work to encourage others will start later in the year after further enhancements are made, including additional forms, personalised information and infrastructure improvements.

Performance

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 |

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Report No.
FSD180046

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive, Resources and Contract PDS

Date: 5 July 2018

Decision Type: Non-Urgent Executive Non-Key

Title: SECTION 106 AGREEMENTS: UPDATE

Contact Officer: Jim Kehoe, Chief Planner & Claire Martin, Head of Finance
Tel: 020 8313 4554 020 8313 4286 E-mail: jim.kehoe@bromley.gov.uk
claire.martin@bromley.gov.uk

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

Ward: Borough wide

1. Reason for report

This report provides an update on Section 106 Agreements.

2. **RECOMMENDATION(S)**

- 2.1 The Executive, Resources and Contract PDS are asked to note the report and the contents of the attached Appendices 1-5.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The impact on Vulnerable Adults and Children is not expected to be significant.
-

Corporate Policy

1. Policy Status: Existing Policy: IMP1 of the Unitary Development Plan
 2. BBB Priority: Children and Young People Quality Environment Safer Bromley Vibrant, Thriving Town Centres
-

Financial

1. Cost of proposal: Estimated Cost Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: S106 Deposits
 4. Total current budget for this head: £2.998m
 5. Source of funding: Unallocated S106 Deposits
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement: S106 of the Town and Country Planning Act enables the Local Authority to make agreements with applicants to secure benefits relating to the granting of planning permission. This is reflected in Policy IMP1 of the Unitary Development Plan which relates to planning obligations.
 2. Call-in: Not Applicable: This report does not involve an executive decision
-

Procurement

1. Summary of Procurement Implications:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Section 106 agreements are made with the applicant for the benefit of the future occupants of new developments and also for the benefit of existing residents in the vicinity of a new development
-

Ward Councillor Views

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

3. COMMENTARY

3.1 This is an update following the last report that was submitted to Executive and Resources PDS Committee in February 2018.

Background information

3.2 The detail of every S106 agreement is stored in at least one of Appendices 1, 2 and 3.

3.3 Appendix 1 records the 'negative/restrictive obligations' and include developments that are restricted by the S106 either by use, limitations on development within the curtilage or an obligation not to implement a previous permission.

3.4 Appendix 2 records the 'positive non-financial' contributions. These agreements form the larger proportion of planning obligations gained through Section 106. Mostly they relate to the provision of affordable housing units.

3.5 Appendix 3 records 'positive financial' contributions. There are 7 main service areas where monies are received through the use of S106 obligations: Local Economy, Community or Town Centre use, Highways/Traffic (including Transport for London), Education, Healthcare, Land (which records payments for landscaping), Affordable (which records payments in lieu of affordable housing) and Other (which records payments for any other contributions which do not fall into one of the above categories). The full Appendix 3 also shows that since March 2003 a wide variety of contributions have been negotiated through S106 agreements including funds for the education provision, travel plans, traffic calming/crossings, town centre improvement funding, public footpath maintenance, CCTV schemes and woodland management schemes. The Council uses the NHS London Healthy Urban Development Unit (HUDU) model), which gauges the impact that residential developments have on the capacity of health services. This formula produces a health contribution per unit.

3.6 Appendix 4 has been compiled from and updated using information from the Oracle accounting system and the Council's Public Register and Contribution record, which is held with the Public Register along with copies of all S106 legal agreements dating back to 1998.

3.7 Appendix 5 in the Part 2 agenda provides an update on the progress of financial contributions received to date that are outstanding together with target spend dates. The relevant Lead Officers listed in para 4.12 below have provided the information for the table.

3.8 If a S106 includes obligations from more than one category the details are recorded in each of the relevant appendices.

3.9 The full Appendices cover the period from March 2003 to date with details of over 356 sealed legal agreements. Copies of these documents are available to view in the Members Room.

3.10 The Committee may note that there can be considerable time delay between the issuing of a Section 106 grant of permission and subsequent implementation of development (up to 5 years) when the obligation becomes due. There is always a possibility that a development will not go ahead at all where a developer feels the development is no longer viable.

3.11 All S106 legal agreements are registered as a Land Charge against the property and are registered at the Land Registry with the title deeds of a property or piece of land.

Section 106 Agreements: Update

3.12 Appendices 1 to 3 of this report provide details of 8 new agreements since the last update in February 2018.

- 3.13 Appendix 1 shows a table with 3 'negative' S106 legal agreements.
- 3.14 Appendix 2 shows a table with 0 new 'positive non-financial' S106 legal agreements.
- 3.15 The full Appendix 2 table shows that since March 2003 the Council sealed legal agreements that will potentially net 1,621 new affordable housing units. This figure reflects the reduction referred to above.
- 3.16 As can be seen from the tables LBB will not necessarily receive all of these housing units unless they are built and handed over but the agreements are in place. In terms of revenue as a non-stockholding authority the Council does not gain direct asset value through Section 106 of the 1990 Town and Country Planning Act. All housing assets acquired are held by our partners RPs.
- 3.17 Appendix 3 shows 5 new agreements of specific 'positive financial gain to the Council.
- 3.18 Members should note that the detailed description of the agreement terms in Appendix 3 gives an indication of any time limitations on spend together with whether interest is accrued to the contributions.
- 3.19 Appendix 4 gives the details of the current balances the Council holds for S106 agreements, split by service area category mentioned in 3.5 above and by revenue/capital classification and the time limit for spending monies. The precise implications of the 'time limit' are set out in the individual planning agreements. The level of 'Commitments' in Appendix 4 has increased substantially in the last 24 months. This is mainly due to commitments to additional school and health projects, for example a grant agreement with the local NHS Clinical Commissioning Group. Members should note that Lead Officers who can provide further details have been identified for each of the service areas for which S106 contributions are received. They are:
- Highways, Road safety and Parking – Angus Culverwell
 - Local Economy – Kevin Munnelly
 - Landscaping – Dan Jones
 - Housing – Sara Bowrey
 - Education – Rob Bollen
 - Healthcare/CCG – Jackie Goad
 - Community Facilities – Colin Brand
 - CCTV – Jim McGowan
- 3.20 A complete set of Appendices 1, 2 and 3 has been left in the Members Room.3.21 'Significant' new agreements are listed in the table below, with full details included in the appendices:-

| Ref No. | Address | S106 Contribution Details |
|---------|--|--|
| Ref 405 | Marqueen House, 215-223 High Street, Beckenham, BR3 1BN | Car club contribution of £2,500 towards the cost of the Council providing a caer club. |
| Ref 406 | Provident House, 6-20 Burrell Row, Beckenham, BR3 1AT | Contribution of £5,000 towards the cost of any CPZ extension within the vicinity. |
| Ref 407 | Ironstone House, 205-213 High Street, Beckenham, BR3 1AH | Residents will not be entitled to a parking permit unless they are the holder of a disabled persons badge issued pursuant to Section 21 of the Chronically Sick and Disabled Persons Act 1970. |

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 S106 contributions are intended to address the impact of new development. They involve contributions to the general provision of Education and Health infrastructure and as such the impact on Vulnerable Adults and Children is not expected to be significant.

5. POLICY IMPLICATIONS

- 5.1 Development Plan policies play a crucial role in securing appropriate planning obligations. Policy IMP1 of the Unitary Development Plan (saved policies 2009) sets out the Council's approach to Section 106 agreements, and supports the objectives of 'Building A Better Bromley' including, Safe Bromley, Quality Environment, Regeneration, and Ensuring that all children and young people have opportunities to achieve their potential.
- 5.2 The sustainability of Vibrant Thriving Town Centres, and Regeneration of our Borough, are two of the Council's key priorities and Section 106 funding, where appropriate, can make a significant contribution in achieving two of the Council's main aims.
- 5.3 The Government sets out criteria for when planning obligations are sought in the National Planning Policy Framework (NPPF) paras 203 to 206, and full operational use guidance details are now found in the National Planning Practice Guidance (NPPG) document paras 1-31.
- 5.4 The London Plan (Policy 8.2: Planning Obligations) requires boroughs to give priority to affordable housing, public transport improvements, tackling climate change, learning and skills, health facilities, childcare provision and the provision of small shops and have clear local policies to these ends.
- 5.5 A Supplementary Planning Document (SPD) on Planning Obligations was adopted by the Council in December 2010. The SPD provides non-statutory guidance on the Council's general approach to planning obligations, and where possible the requirements, and mechanisms for infrastructure contributions.
- 5.6 The SPD also incorporates the implication of CIL regulations which came into force on 6th April 2010. CIL Regulation 122 places into law three statutory tests, explained in the Legal Implications section below.
- 5.7 It is the Council's intention to develop a local CIL alongside the Local Plan and produce a charging schedule with a CIL Regulation list of infrastructure projects taken from the Infrastructure Delivery Plan (IDP) Schedule.
- 5.8 The Draft Local Plan is being prepared for submission to the Inspectorate for Examination. The Draft Plan includes as part of the Appendices, the IDP Schedule Table of projects. Background evidence on viability required for both the Local Plan and in order to develop a local CIL is

being analysed and will be reported on before approval is sought for the first of two public consultations. The first is one is for a Preliminary Draft Charging Schedule (PDCS), followed (after responses are dealt with) by a Draft Charging Schedule (DCS), and each will last for six weeks. The PDCS consultation is expected to start in the autumn.

- 5.9 From 6th April 2015, Regulation 123 came into effect regarding scaling back of the ‘pooling’ mechanism for planning obligations; this will ensure that the use of s106 and CIL (regarding projects that will, when CIL is introduced in Bromley, appear on a published CIL 123 project list) do not overlap. In June 2015 an addendum to the SPD, to explain changes to unit threshold, and the pooling of s106’s was approved by Executive.
- 5.10 As an interim arrangement, until a local CIL is adopted, when the Council will need to seek specific financial contributions from developers (e.g. ‘£x’ for the provision of a new classroom at ‘y’ primary school or in the ‘z’ ward), rather than the historic/generic approach of seeking generic contributions (e.g. ‘£x for Education provision’) and to comply with the regulations that only a maximum of five contributions are spent for such a specific item of infrastructure. The introduction of this part of Reg 123 does not affect s278 Highways obligations nor apply to affordable housing contributions. These interim arrangements are expected to last until a local CIL has been adopted.
- 5.11 In those cases where Affordable Housing Policy has not been met due to financial viability and subsequently there have been difficulties in the implementation of a specific project, the Council will consider whether the sum should be used instead for Affordable Housing.
- 5.12 Mayoral Community Infrastructure Levy (CIL) was introduced on 1st April 2012 (London Plan Policy 8.3). Bromley acts as a collecting authority on behalf of the Mayor. Mayoral CIL is collected on new development (as defined under regulations) at a rate of £35 per square metre in Bromley which is subject to periodic BCIS inflation increases which change annually. Therefore the current Mayoral CIL rate for 2017 is approximately £44 per square metre once the BCIS rate has been applied.

6. FINANCIAL IMPLICATIONS

- 6.1 The table below summarises the complete Appendix 3 (in the Member’s room), giving a breakdown across the service areas of all S106 obligations agreed and details of whether the sums are confirmed (e.g. development has started) or provisional (S106 obligation agreed but development not started): -

| Area | S106 Sums Confirmed £ | S106 Sums Provisional £ | Total £ |
|---|-----------------------------|-------------------------------|-------------------|
| Local Economy, Town Centre, Community Use | 7,227,657 | 0 | 7,227,657 |
| Highways/Traffic/Parking | 1,502,293 | 54,500 | 1,556,793 |
| Education | 9,459,446 | 274,645 | 9,734,091 |
| Healthcare/CCG | 2,569,189 | 132,496 | 2,701,685 |
| Landscape | 288,077 | 0 | 288,077 |
| Housing | 14,045,699 | 0 | 14,045,699 |
| Other | 318,000 | 27,622 | 345,622 |
| | 35,410,361 | 489,263 | 35,899,624 |

- 6.2 Of the £35.41m confirmed sums, £23.508m has been received and £13.996m has been spent, leaving an unspent balance of £9.512m, excluding interest accrued of £31.4k.
- 6.3 The summarised financial position of the unspent balances across the service areas (detailed in Appendix 4) is as follows: -

| Area | Unspent Balance as at 31.05.18 | Current Outstanding Commitments / Allocations | Latest Unallocated Balance as at 31.05.18 |
|---|--------------------------------------|---|--|
| | | £ | £ |
| Revenue | | | |
| Local Economy, Town Centre, Community Use | 48,000 | 45,000 | 3,000 |
| Highways/Traffic/Parking | 499,362 | 322,673 | 176,689 |
| Health/Primary Care Trust | 1,254,517 | 315,280 | 939,237 |
| Landscape | 577 | 577 | 0 |
| Other | 320,119 | 300,000 | 20,119 |
| Total Revenue Balance | 2,122,575 | 983,530 | 1,139,045 |
| Capital | | | |
| Housing | 3,665,185 | 2,806,243 | 858,942 |
| Education | 3,511,120 | 2,511,351 | 999,769 |
| Highways/Traffic/Parking | 82,542 | 82,542 | 0 |
| Local Economy, Town Centre, Community Use | 161,576 | 161,576 | 0 |
| Total Capital Balance | 7,420,423 | 5,561,712 | 1,858,711 |
| Total Section 106 Balance | 9,542,998 | 6,545,242 | 2,997,756 |

6.4 The balance above includes interest that has accrued to eight of the S106 agreements within the revenue balances, totalling £3,440 and ten agreements within the capital balances, totalling £27,947.

6.5 On 2 April 2014, Executive agreed to set aside £192,500 from S106 monies in an earmarked reserve for the future maintenance of Cheyne Woods and Cyphers Gate open space, in accordance with the criteria set out in the specific agreements. There is also a balance of £143,221 held in an earmarked reserve for the management and maintenance of Langley Waterside Nature Reserve from the Glaxo site development. The agreed annual management plans are now in place for each of the 3 sites and the 2018/19 plan will be delivered by 31 March 2019. The table below provides Members with an update on the use of these monies: -

| Earmarked Reserves | Current Balance | Actual Spend | Outstanding Commitments | Latest Balance |
|--|--------------------|-----------------|----------------------------|-------------------|
| | £ | £ | £ | £ |
| Management of Cyphers Gate Open Space | 134,680 | 0 | 6,324 | 128,356 |
| Management of Cheyne Woods | 18,326 | 0 | 4,000 | 14,326 |
| Management of Langley Waterside Nature Reserve | 143,221 | 0 | 6,000 | 137,221 |
| | 296,227 | 0 | 16,324 | 279,903 |

6.6 As mentioned above, Appendix 5 provides an update on the progress of financial contributions received to date together with target spend dates.

7. LEGAL IMPLICATIONS

7.1 The power of a Local Planning Authority to enter into a Planning Obligation with anyone having an interest in land in their area is contained in section 106 of the Town and Country Planning Act 1990 (as amended by Section 12 of the Planning and Compensation Act 1991). Planning Obligations made under section 106 comprise both obligations and unilateral undertakings. Government advice on the use of section 106 is contained within NPPG paras 1-23.

7.2 A Planning Obligation may only be created by a person with an interest in the relevant land, and may be created either by means of an agreement with the Local Planning Authority or by means of a unilateral undertaking. An Obligation may restrict development or the use of land, need specific works to take place or need a financial contribution towards a work or service of public benefit.

7.3 The main features of a Planning Obligation are:

- It applies to the land, so enforcement of it would be against the person who agreed it (normally the applicant) or their successor in title.
- It can also be enforced by a legal injunction. Where a person has defaulted on a requirement to carry out works on the land, the Local Planning Authority may also enter onto the land to enforce the terms of the Obligation and to claim back its reasonable costs arising from this action.
- It can contain a restriction on use of the land or a requirement for works to be undertaken thereon, that can be for an indefinite period, a stated period, or a period defined by reference to some future event, e.g. the completion of specified works.
- Contribution(s) may be expressed as being due:
 - (a) Singly, on a specified date, or one that can be derived from defined future event(s),
 - (b) In instalments, the amounts of which can be stated or derived from a formula, that are payable on specified dates or on dates based on future events, e.g. stages of the development, and
 - (c) Singly or in instalments, the amounts of which can be stated or derived from a formula, that are payable on specified date(s), or at defined times after, the completion of the development, e.g. to contribute to maintenance needs.

7.4 A section 106 Agreement can be varied with the agreement of the Local Planning Authority; there is also a formal application and appeals process in certain circumstances. Section 106 contributions may be time limited in the agreement or undertaking. Even where this is not the case then section 12(3) Planning and Compensation Act 1991 Section allows a person to apply for a planning obligation to be discharged after 5 years and if money has not been spent or there is not a clear intention to spend within a reasonable time a local authority may be made to refund in such cases.

7.5 The planning system works on the principle that planning permissions cannot be bought from or sold by a Local Planning Authority. Negotiations to gain benefits from development proposals must take place in a way which is seen to be fair and reasonable. By working in this way, Planning Obligations can improve the quality of development proposals which might otherwise have to be refused.

7.6 Planning Obligations must be related to the scale and nature of the development being proposed. CIL regulation 122 came into force under the Community Infrastructure Levy (CIL) Regulations in April 2010 and places into law three statutory tests which are based upon the original five policy tests in Circular 05/05. The three tests are;

- a) necessary to make development acceptable in planning terms;
- b) directly related to the development; and
- c) fairly and reasonably related in scale and kind to the development.

7.7 The Council acting as Local Planning Authority cannot allow unacceptable developments because of unnecessary or unrelated benefits that the applicant may be offering. Equally applicants cannot be expected to pay for facilities which are only needed to deal with existing shortfalls in the area.

| | |
|---|---|
| Non-Applicable Sections: | Personnel, Procurement |
| Background Documents: (Access via Contact Officer) | <p>Budget monitoring files within ES</p> <p>Impact of Large Developments – Progress Monitoring Report March 2006</p> <p>Shared file listing all S106 agreements</p> <p>Executive & Resources PDS Committee 10 July 2014</p> <p>Executive & Resources PDS Committee 19 Nov 2014</p> <p>Executive & Resources PDS Committee 3 June 2015</p> <p>Executive & Resources PDS Committee 16 March 2016</p> <p>Executive & Resources PDS Committee 7 July 2016</p> <p>Executive & Resources PDS Committee 4 Jan 2017</p> <p>Executive & Resources PDS Committee 17 July 2017</p> <p>Executive & Resources PDS Committee 1 Feb 2018</p> <p>Supplementary Planning Document (SPD) on Planning Obligations: Addendum to Changes to Pooling S106 Contributions and S106 Threshold Changes. DC Committee 24 March 2015 and Executive 10 June 2015</p> |

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SECTION 106 AGREEMENTS REQUIRING A RESTRICTIVE OR 'NEGATIVE' OBLIGATION - CHANGES SINCE FEBRUARY 2018

| Ref No | App No | Address | Nature of Application | Date | Legal Agreement | Gain |
|--------|-----------------|---|--|--------------------------|---|---------|
| 403 | 16/05119/MATAMD | Multi-storey Car Park Simpsons Road Shortlands Bromley | Section 73 application for the demolition of existing buildings and redevelopment with mixed use scheme comprising multi-screen cinema, 200 flats, 130 bedroom hotel, Class A3 units (restaurant and cafe) including 1 unit for flexible Class A1 (retail shop), Class A3 (restaurant and cafe) or Class A4 (drinking establishment), basement car parking, associated access arrangements (including bus parking), public realm works and ancillary development. Minor Material Amendment to application 13/01094/MATAMD to include elevational changes, reduction in residents car parking, internal layout changes, amendments to facade and roof detailing, re-alignment of (Core A) rear building line, commercial elevation changes, balcony adjustments and treatment of link bridge. | 9th November 2017 | See full text of DoV via Public Access under ref 16/05119/MATAMD 1. Replace the following Definitions in the original agreement with new wording in the DoV Intermediate Housing Units Shared Ownership Units, Wheelchair Units Contribution, Wheelchair Units Contribution Purpose Education Contribution , Education Contribution Purpose, Health Contribution Health Contribution Purpose. 2. Delete Schedule 4, para 2.1. 3. Replace Schedule of Affordable Housing Accommodation in Sch 5 of the Principal Agreement with the Schedule attached to DoV. 4. Add the following new paragraphs to the Principal Agreement. New Second Schedule, para 7. New Fourth Schedule, para 6 relating to wheelchair contribution. New Fourth Schedule, para 6 relating to using the Education and Health contributions for defined Health and Education Contributions Purposes. New sub-clause to clause 10.11 of the Principal Agreement 5. Amend clause 1.1 of the Principal Agreement in reference to Third Application and Third Development and Third permission. | No Gain |
| 404 | 17/00990 | 57 Albemarle Road Beckenham BR3 5HL | Demolition of 57 and 57B Albemarle Road and erection of a part four/five storey detached building consisting of 16 retirement apartments with 19 parking spaces, bin store, cycle store and associated landscaping to relocate cycle store, relocation and enclosure of air source heat pumps, gates adjacent to western boundary, infill of areas under cantilevers on east and west elevations, alterations to windows and doors on all floors, amendment to design of balconies and glazed roof light to front elevation roof slope. Additional alterations to reposition the building and revised materials. (Variation of condition 2 pursuant to permission 14/01637/FULL1) | 29th November 2017 | Deed of Variation to agreement dated 28th August 2015 attached to ref. 14/01637/FULL1 replaces several existing clauses including the following: The definition of 'Education Contribution' contained in clause 1.1 of the Original Agreement shall be deleted and replaced with the following : - The definition of 'Education Contribution' means the sum of £80,099.95 towards the provision and/or improvement of and/or support for existing education facilities at Clare House School or for other education projects within the Council's administrative area in receipt of no more than four other such contributions under the Act. The definition of 'Health Contribution' contained in clause 1.1 of the Original Agreement shall be deleted and replaced with the following :- 'Health Contribution' means the sum of £18,670.00 towards the provision of new healthcare and well-being facilities at Eldred Drive Clinic, 25 Eldred Drive, Orpington, BR5 4PE or for other health and well-being projects within the Council's administrative area in receipt of no more than four such contributions under the Act. | No Gain |
| 405 | 13/03743 | All Saints Catholic School Layhams Road West Wickham BR4 9HN | Demolition of all school buildings, with the exception of the Reception building, and part demolition of the North Stable block, and erection of 48 dwellings comprising 24x4 bed houses, 16x1 bed flats and 8x 2 bed flats and conversion of the stable block into 2x2 bed residential units, together with 108 car parking spaces. Associated landscaping, hardstanding areas, cycle stores and bin stores. Conversion of existing Reception building to 799sqm of office floor space (Class b1A) together with 8 dedicated car parking spaces and the construction of 2 tennis courts, designated car park. Erection of pavilion and amenity area for community use. | 22nd March 2016 | Net proceeds of sale to be used to promote catholic secondary education at St Peter and St Paul's Primary School, St Paul's, Wood Hill, Orpington, R5 2SR (for first period of five years) and any catholic education in Bromley (for second period of five years). Owner shall be released from all obligations upon balance of net proceeds of sale being nil. See legal agreement for full details. | No Gain |

SECTION 106 AGREEMENTS REQUIRING 'POSITIVE' NON-FINANCIAL OBLIGATION - CHANGES SINCE FEBRUARY 2018

| Ref No | App No | Address | Nature of Application | Date | Legal Agreement | Gain (Units) |
|--------|--------|---------|---|------|---|--------------|
| | | | | | No new 'positive non-financial ' agreements signed since February 2018 report. | |
| | | | TOTAL NUMBER OF UNITS SINCE FEBRUARY 2018 | | | 0 |

SECTION 106 AGREEMENTS REQUIRING A 'POSITIVE' FINANCIAL OBLIGATION - CHANGES SINCE FEBRUARY 2018

| TAKEN FROM THE PUBLIC REGISTER OF CONTRIBUTIONS | | | | | | | | | | | | | | |
|---|----------|--|---|----------------|--|--|-------|--|-----------------------------|-----------|------------------|-------------|-------|---------|
| Ref No. | App No. | Address of application | Nature of Application | Date of S106 | Legal agreement | Gain | Rec'd | Community Use/ Town centre / local economy | Highways/ Traffic / parking | Education | Healthcare / CCG | Landscaping | Other | Housing |
| 405 - See 362, 363 and 364 | 17/05881 | Marqueen House, 215-223 High Street, Beckenham, BR3 1BN | Change of use of first, second and third floors from Class B1 (a) office to Class C3 dwelling house to form 18 one bedroom flats (56 day application for prior approval) | 7th March 2018 | Car Club Contribution of £2,500 to be paid prior to commencement towards cost of Council providing car club parking space provided that this contribution has not been paid pursuant to either the Provident House Obligation or Ironstone House Obligation. CPZ contribution of £5,000 to be paid, prior to commencement, towards cost of any CPZ extension within the vicinity of the Proposed Development provided that this contribution has not been paid pursuant to either the Provident House Obligation or Ironstone House Obligation. All contributions to be refunded to the owner if unspent after 5 years. Residents will not be entitled to a parking permit unless they are the holder of a disabled persons badge issued pursuant to Section 21 of the Chronically Sick and Disabled Persons Act 1970. | Car Club Contribution of £2,500 CPZ contribution of £5,000 **£7,000 payable covers agreements 405, 406 and 407** | | | 7,000 | | | | | |
| 406 - See 362, 363 and 364 | 17/05882 | Provident House, 6 - 20 Burrell Row, Beckenham, BR3 1AT | Change of use from Class B1 (a) office to Class C3 dwelling houses to form 17 one bedroom and 3 two bedroom flats (56 day application for prior approval) | 7th March 2018 | Car Club Contribution of £2,500 to be paid prior to commencement towards cost of Council providing car club parking space provided that this contribution has not been paid pursuant to either the Marqueen House Obligation or Ironstone House Obligation. CPZ contribution of £5,000 to be paid, prior to commencement, towards cost of any CPZ extension within the vicinity of the Proposed Development provided that this contribution has not been paid pursuant to either the Marqueen House Obligation or Ironstone House Obligation. All contributions to be refunded to the owner if unspent after 5 years. Residents will not be entitled to a parking permit unless they are the holder of a disabled persons badge issued pursuant to Section 21 of the Chronically Sick and Disabled Persons Act 1970. | Car Club Contribution of £2,500 CPZ contribution of £5,000 **£7,000 payable covers agreements 405, 406 and 407** | | | 0 | | | | | |
| 407 - See 362, 363 and 364 | 17/05885 | Ironstone House, 205 - 213 High Street, Beckenham, BR3 1AH | Change of use of first, second and third floors from Class B1 (a) office to Class C3 dwelling houses to form 18 one bedroom flats (56 day application for prior approval) | 7th March 2018 | Car Club Contribution of £2,500 to be paid prior to commencement towards cost of Council providing car club parking space provided that this contribution has not been paid pursuant to either the Marqueen House Obligation or Provident House Obligation. CPZ contribution of £5,000 to be paid, prior to commencement, towards cost of any CPZ extension within the vicinity of the Proposed Development provided that this contribution has not been paid pursuant to either the Marqueen House Obligation or Provident House Obligation. All contributions to be refunded to the owner if unspent after 5 years. Residents will not be entitled to a parking permit unless they are the holder of a disabled persons badge issued pursuant to Section 21 of the Chronically Sick and Disabled Persons Act 1970. | Car Club Contribution of £2,500 CPZ contribution of £5,000 **£7,000 payable covers agreements 405, 406 and 407** | | | 0 | | | | | |

| TAKEN FROM THE PUBLIC REGISTER OF CONTRIBUTIONS | | | | | | | | | | | | | | |
|---|----------|---|--|-----------------|---|---|-------|--|-----------------------------|-----------|------------------|-------------|-------|---------|
| Ref No. | App No. | Address of application | Nature of Application | Date of S106 | Legal agreement | Gain | Rec'd | Community Use/ Town centre / local economy | Highways/ Traffic / parking | Education | Healthcare / CCG | Landscaping | Other | Housing |
| 408 - See 390 | 17/03127 | Queen Mary House Manor Park Road Chislehurst BR7 5PY | Variation of condition 2 of planning permission 15/05237 granted on 8.12.2016 for the demolition of existing building and erection of three storey building comprising 52 assisted living extra care apartments (37 x 2 bed and 15 x 1 bed) (C2 use) including communal facilities, parking and landscaping to amend the internal layout of the building to provide 2 additional flats (total 54) together with elevational alterations, new windows and amendment to the design of the balconies and 1 additional car parking space plus proposed tree works. | 20th March 2018 | Deed of Variation to agreement dated 8th December 2016 attached to ref. 15/05237/FULL1 replaces several existing clauses including the following: The definition of 'Health Contribution' contained in clause 1.1 of the Original Agreement shall be deleted and replaced with the following: - 'Health Contribution' means the sum of £55,340 to be paid to the Council towards the provision of new healthcare and well-being facilities and/or the improvement of and/or support for existing healthcare and well-beings facilities at Eldred Drive Clinic, 25 Eldred Drive, Orpington, BR5 4PE, or for other well-being projects in the Council's administrative area in receipt of no more than four other such contributions under the Act. | Healthcare contribution - £55,340 | | | | | 55,340 | | | |
| 409 - See 366 | 17/02964 | All Saints Catholic School Layhams Road West Wickham BR4 9HN | Amendment to planning permission ref 13/03743 granted for the demolition of all school buildings, with the exception of the Reception building, and part demolition of the North Stable block, and erection of 48 dwellings comprising 24x4 bed houses, 16x1 bed flats and 8x 2 bed flats and conversion of the stable block into 2x2 bed residential units, together with 108 car parking spaces. Associated landscaping, hardstanding areas, cycle stores and bin stores. Conversion of existing Reception building to 799sqm of office floor space (Class b1A) together with 8 dedicated car parking spaces and the construction of 2 tennis courts, designated car park. Erection of pavilion and amenity area for community use. Amendments to position of apartment blocks on the site, extension of apartment blocks at lower ground and upper ground floor levels, demolition of north stable block and erection of 2 x 2 bed houses, alterations to proposed housing mix to provide 8x1 and 16x2 bed apartments, 24x4 bed houses and 2x2 bed houses, alterations to windows, doors and internal layout of house types B and C, amendments to car parking, maintenance access to Wickham Court School, removal of pavilion and internal landscaping and footpaths. Discharge of condition 16 (layout of wheelchair units) for application ref 13/03743. | 28th March 2018 | School Travel Plan Incentive of £20,000 to be paid within 20 working days of the occupation of the first residential unit towards the liaison with locals school to devise a programme to create or intensify the use of scoot to school walking buses and cycle trains programme. Appointment of a Travel Plan Champion by the developer in consultation with the Council. Travel Pack relating to public transport services and sustainable means of transport. School Incentive contribution to be repaid on demand from owner if unexpended or committed 5 years after the date of payment of the contribution. | Highways - £20,000 (towards the school travel plan incentive fund). | | 20,000 | | | | | | |
| | | | | | | | | 0 | 27,000 | 0 | 55,340 | 0 | 0 | 0 |

REVENUE ITEMS

| Public register ref | Address of application | Use of monies | Balance c/f as at 31.3.18 | Expenditure | Commitments | Income received during 2018/19 | Unallocated Balance as at 31.5.18 | Time Limit for spend |
|--|---|---|---------------------------|-------------|-------------------|--------------------------------|-----------------------------------|----------------------|
| | | | £ | £ | £ | £ | £ | |
| Highway improvement works & traffic schemes | | | | | | | | |
| 104 | Bristol Street Motors, Masons Hill/Prospect Place | Highway improvement works | (30,000.00) | 0.00 | 30,000.00 | 0.00 | 0.00 | |
| 173 | Knotley Springfield Gardens West Wickham | £15k for highway works and £2.5k for traffic order | (15,000.00) | 0.00 | 0.00 | 0.00 | (15,000.00) | Oct 2011 |
| 232 | Garrard House, 2-6 Homesdale Road Bromley | £2k for loading restriction contribution | (2,000.00) | 0.00 | 0.00 | 0.00 | (2,000.00) | May 2015 |
| 178 | 178 Ravensbourne College | £20k Highways and £10k Footpath | (9,714.42) | 0.00 | 9,714.42 | 0.00 | 0.00 | Jan 2017 |
| 178 | 179 Ravensbourne College | £225k public transport contribution for additional bus to serve local bus route No. 314 | (225,000.00) | 0.00 | 225,000.00 | 0.00 | 0.00 | Feb 2019 |
| 208 (176) | Land at South of Ringers Road | £50k traffic management contribution to implement 20mph restriction zone in Ringers Rd & Ravensbourne Rd + TMOs | (50,000.00) | 0.00 | 0.00 | 0.00 | (50,000.00) | Dec 2018 |
| 186 (319) | Blue Circle Sports Ground | £80k bus stop contributions (4 in total) | (27,248.05) | 0.00 | 27,248.05 | 0.00 | 0.00 | May 2021 |
| 344 | The Rising Sun | Hlghways contribution £22.232k | (22,231.50) | 0.00 | 22,231.50 | 0.00 | 0.00 | June 2021 |
| 370 | Bassetts Day Care Centre | Highways contribution £5k | (5,000.00) | 0.00 | 0.00 | 0.00 | (5,000.00) | June 2021 |
| 374/375 | 12 Elmfield Road, Bromley | Transport contribution £5k | (5,000.00) | 0.00 | 0.00 | 0.00 | (5,000.00) | |
| 386 | Former Church Hill Depot Site | Highways contribution £3k | 0.00 | 0.00 | 0.00 | (3,000.00) | (3,000.00) | Apr 2028 |
| 370 | Total for Highway improvement works | | (391,193.97) | 0.00 | 314,193.97 | (3,000.00) | (80,000.00) | |
| Road Safety and cycle schemes | | | | | | | | |
| 211 | Land R/O 91-117 Copers Cope Road, Beckenham | £15k for travel studies | (7,500.00) | 0.00 | 0.00 | 0.00 | (7,500.00) | N/A |
| 330 | GlaxoSmithKline | Road Safety improvements £10k | (10,039.74) | 0.00 | 0.00 | 0.00 | (10,039.74) | Jan 2019 |
| | Total Road Safety & cycle schemes | | (17,539.74) | 0.00 | 0.00 | 0.00 | (17,539.74) | |
| Local Economy and Town Centres | | | | | | | | |
| 284 | Westmoreland car park, Simpson Road, Bromley | £20k Town Centre contribution | (20,000.00) | 0.00 | 20,000.00 | 0.00 | 0.00 | Oct 2018 |
| 208 (176) | Land at South of Ringers Road | £50k Town Centre contribution | (25,000.00) | 0.00 | 25,000.00 | 0.00 | 0.00 | Dec 2018 |
| 386 | Former Church Hill Depot Site | Local Employment contribution £3k | 0.00 | 0.00 | 0.00 | (3,000.00) | (3,000.00) | Apr 2028 |
| | Total Local Economy & Town Centres | | (45,000.00) | 0.00 | 45,000.00 | (3,000.00) | (3,000.00) | |
| Community facilities | | | | | | | | |
| 83 | Kelsey Square Beckenham | Environmental improvements | (10,000.00) | 0.00 | 0.00 | 0.00 | (10,000.00) | |
| | Total Community Facilities | | (10,000.00) | 0.00 | 0.00 | 0.00 | (10,000.00) | |
| Other minor schemes | | | | | | | | |
| 204 | Tesco - Homesdale Road | £10k webcam contribution | (10,119.30) | 0.00 | 0.00 | 0.00 | (10,119.30) | Oct 2013 |
| 290 | Kent County Cricket Ground | £300k contribution towards sports | (300,000.00) | 0.00 | 300,000.00 | 0.00 | 0.00 | Feb 2021 |
| | Total other minor schemes | | (310,119.30) | 0.00 | 300,000.00 | 0.00 | (10,119.30) | |

| Public register ref | Address of application | Use of monies | Balance c/f as at 31.3.18 | Expenditure | Commitments | Income received during 2018/19 | Unallocated Balance as at 31.5.18 | Time Limit for spend |
|-----------------------------------|--|---|---------------------------|-------------|-------------------|--------------------------------|-----------------------------------|----------------------|
| Parking | | | | | | | | |
| 120 | Beckenham hospital, Croydon Road Beckenham | £10k car park, £30k residents parking scheme | (18,000.00) | 0.00 | 0.00 | 0.00 | (18,000.00) | |
| 110 | 77 Addington Road West Wickham | Contribution to on street parking | (1,000.00) | 0.00 | 0.00 | 0.00 | (1,000.00) | |
| 204 | Tesco - Homesdale Road | £40k towards controlled parking zone | (18,302.00) | 0.00 | 0.00 | 0.00 | (18,302.00) | July 2014 |
| 194 | Reliance House | £5k towards 'white lining' for the provision of public and car club parking & restoration of redundant crossovers | (2,658.88) | 0.00 | 0.00 | 0.00 | (2,658.88) | |
| 185 | 101 Palace Road Bromley | £3k for white lining car parking spaces and redstone crossovers parking Permit Scheme, Car Club Scheme | (2,904.59) | 0.00 | 0.00 | 0.00 | (2,904.59) | |
| 231 | 117 Widmore Road Bromley | £2.5k towards car club | (2,500.00) | 0.00 | 2,500.00 | 0.00 | 0.00 | June 2014 |
| 284 | Westmoreland car park, Simpson Road, Bromley | £2.5k towards car club | (1,691.95) | 0.00 | 1,691.95 | 0.00 | 0.00 | Oct 2018 |
| 339 | Kingswood House | £21k parking restriction contribution | (21,000.00) | 0.00 | 0.00 | 0.00 | (21,000.00) | Oct 2021 |
| 350 | Orpington Police Station | £2k contribution for disabled parking | (2,007.05) | 0.00 | 2,007.05 | 0.00 | 0.00 | Mar 2024 |
| 358 | Broadway House | £2.5k for a car club parking space | (2,279.77) | 0.00 | 2,279.77 | 0.00 | 0.00 | |
| 370 | Bassetts Day Care Centre | £2.5k for car club | (2,500.00) | 0.00 | 0.00 | 0.00 | (2,500.00) | |
| 350 | Orpington Police Station | £12k contribution for cpz | (12,784.07) | 0.00 | 0.00 | 0.00 | (12,784.07) | Jan 2026 |
| Total parking schemes | | | (87,628.31) | 0.00 | 8,478.77 | 0.00 | (79,149.54) | |
| Landscaping | | | | | | | | |
| 377 | 45 Ancaster Rd, Beckenham | £576.67 to be paid for tree removal costs | (576.67) | 0.00 | 576.67 | 0.00 | 0.00 | Oct 2013 |
| Total Landscaping | | | (576.67) | 0.00 | 576.67 | 0.00 | 0.00 | |
| Healthcare/CCG | | | | | | | | |
| 197 | Orpington Halls High St Orpington | £13,243 for health care | (13,243.00) | 0.00 | 13,243.00 | 0.00 | 0.00 | Aug 2014 |
| 228 | Land at former 1-23 Orchard Grove Orpington | £98,240 for healthcare contribution | (98,240.00) | 0.00 | 98,240.00 | 0.00 | 0.00 | |
| 274 | Denton Court, 60 Birch Row | £40,797 Health contribution | (40,797.00) | 0.00 | 40,797.00 | 0.00 | 0.00 | |
| 178 | Ravensbourne College (Instalment 1 of 3) | Healthcare contribution (£163k in total) | (55,000.00) | 0.00 | 55,000.00 | 0.00 | 0.00 | Feb 2019 |
| 178 | Ravensbourne College (Instalment 2 of 3) | Healthcare contribution (£163k in total) | (55,000.00) | 0.00 | 55,000.00 | 0.00 | 0.00 | Feb 2019 |
| 178 | Ravensbourne College (Instalment 3 of 3) | Healthcare contribution (£163k in total) | (53,000.00) | 0.00 | 53,000.00 | 0.00 | 0.00 | Mar 2019 |
| 303 | 2 Betts Way | Healthcare contribution £24.871k | (24,871.00) | 0.00 | 0.00 | 0.00 | (24,871.00) | Nov 2024 |
| 300 | 76 High Street Orpington | Healthcare contribution £44k | (44,000.00) | 0.00 | 0.00 | 0.00 | (44,000.00) | Apr 2020 |
| 323 | Sheila Stead House (Interest to accrued) | Healthcare contribution £35.953k | (36,342.85) | 0.00 | 0.00 | 0.00 | (36,342.85) | Jun 2025 |
| 311 | Graham Chiesman House | Healthcare contribution £119.04k | (42,453.68) | 0.00 | 0.00 | 0.00 | (42,453.68) | Jun 2020 |
| 208 | Land at south side Ringers Road | Healthcare contribution £42k | (119,040.00) | 0.00 | 0.00 | 0.00 | (119,040.00) | Aug 2020 |
| 324 | 1 Chilham Way | Healthcare contribution £52.315k | (2,715.44) | 0.00 | 0.00 | 0.00 | (2,715.44) | Nov 2025 |
| 327 | Oakfield Centre | Health contribution £37.742k | (37,742.00) | 0.00 | 0.00 | 0.00 | (37,742.00) | |
| 344 | The Rising Sun | Health contribution £16.096k | (16,096.00) | 0.00 | 0.00 | 0.00 | (16,096.00) | June 2021 |
| 333 | Isard House, Glebe House Drive | Health contribution £27,930 | (28,064.04) | 0.00 | 0.00 | 0.00 | (28,064.04) | |
| 349 (see 367) | Summit House, Glebe Way | Health contribution £28,998(1st of 2 instalment) | (29,100.29) | 0.00 | 0.00 | 0.00 | (29,100.29) | Oct 2021 |
| 349 (see 367) | Summit House, Glebe Way (interest to be accrued) | Health contribution £28.998k (2nd of 2 instalments) | (29,135.96) | 0.00 | 0.00 | 0.00 | (29,135.96) | Feb 2022 |
| 370 | Bassetts Day Care Centre | Health contribution £188.3k | (188,255.00) | 0.00 | 0.00 | 0.00 | (188,255.00) | |
| 396 | 4 Oaklands Road Bromley | Health contribution £10.494k | (10,494.00) | 0.00 | 0.00 | 0.00 | (10,494.00) | |
| 342 | Dylon International | Healthcare contribution £76.97k | (77,241.50) | 0.00 | 0.00 | 0.00 | (77,241.50) | Jan 2023 |
| 284 | Westmoreland Car Park, Simpson Rd | Healthcare contribution £197k | (197,000.00) | 0.00 | 0.00 | 0.00 | (197,000.00) | Mar 2023 |
| 353 | 57 Albemarle Road | Healthcare cont'n £18.67k | 0.00 | 0.00 | 0.00 | (18,670.00) | (18,670.00) | May 2023 |
| 386 | Former Church Hill Depot Site | Healthcare cont'n £38.015k | 0.00 | 0.00 | 0.00 | (38,015.00) | (38,015.00) | Apr 2028 |
| Total Healthcare /CCG | | | (1,197,831.76) | 0.00 | 315,280.00 | (56,685.00) | (939,236.76) | |
| Total S106 Revenue Balance | | | (2,059,889.75) | 0.00 | 983,529.41 | (62,685.00) | (1,139,045.34) | |

| Public register ref | Address of application | Use of monies | Balance c/f as at 31.3.18 | Expenditure | Commitments | Income received during 2018/19 | Unallocated Balance as at 31.5.18 | Time Limit for spend |
|----------------------|---|---|---------------------------|-------------|---------------------|--------------------------------|-----------------------------------|----------------------|
| CAPITAL ITEMS | | | | | | | | |
| | Housing | | | | | | | |
| 178 | Ravensbourne College (instalment 3 of 5) | Affordable housing contribution (£1,411k) | (262,256.66) | 0.00 | 262,256.66 | 0.00 | 0.00 | Feb 2019 |
| 178 | Ravensbourne College (instalment 4 of 5) | Affordable housing contribution (£1,411k) | (282,200.00) | 0.00 | 282,200.00 | 0.00 | 0.00 | Mar 2019 |
| 178 | Ravensbourne College (instalment 5 of 5) | Affordable housing contribution (£1,411k) | (282,200.00) | 0.00 | 282,200.00 | 0.00 | 0.00 | Mar 2019 |
| 191/202 | 102 Martins Rd Bromley | £3,838.80 wheelchair payment | (3,838.80) | 0.00 | 0.00 | 0.00 | (3,838.80) | Feb 2016 |
| 267 | Invicta Works, Chalk Pit Avenue, Orpington, BR5 3JQ | Affordable housing contribution £226.801k | (226,801.00) | 0.00 | 226,801.00 | 0.00 | 0.00 | Apr 2019 |
| 285 | H Smith Engineers Ltd, Fordcroft Rd, BR5 2DB | Contribution towards wheelchair adapted units £5.512k | (5,512.00) | 0.00 | 5,512.00 | 0.00 | 0.00 | May 2019 |
| 321 | Sunridge Park Management Centre Ltd | Affordable housing contribution £700k | (707,303.21) | 0.00 | 704,817.04 | 0.00 | (2,486.17) | July 2022 |
| 334 | Hayes Court, West Common Road | Housing contribution £94k | (94,000.00) | 0.00 | 94,000.00 | 0.00 | 0.00 | |
| 300 | 76 High Street Orpington | Affordable Housing cont'n £205.182k | (205,182.00) | 0.00 | 205,182.00 | 0.00 | 0.00 | Apr 2020 |
| 311 | Graham Chiesman House | Affordable hsing cont'n of £383.397k | (387,533.42) | 0.00 | 386,171.24 | 0.00 | (1,362.18) | Jun 2020 |
| 341 | Grays Farm Production Village | Affordable hsing cont'n of £105k | (105,000.00) | 0.00 | 105,000.00 | 0.00 | 0.00 | Nov 2020 |
| 330 | GlaxoSmithKline | Supplementary affordable housing contribution £500k | (501,987.08) | 0.00 | 252,103.52 | 0.00 | (249,883.56) | Jan 2022 |
| 383 | Dylon International Ltd, Worsley Bridge Rd | Affordable Housing instalment 1 of 2 | (40,141.10) | 0.00 | 0.00 | 0.00 | (40,141.10) | Nov 2022 |
| 353 | 57 Albemarle Road | Affordable Housing cont'n £351.23k | 0.00 | 0.00 | 0.00 | (351,230.05) | (351,230.05) | May 2023 |
| 386 | Former Church Hill Depot Site | Affordable Housing cont'n £210k | 0.00 | 0.00 | 0.00 | (210,000.00) | (210,000.00) | Apr 2028 |
| | Total Housing | | (3,103,955.27) | 0.00 | 2,806,243.46 | (561,230.05) | (858,941.86) | |
| | Education | | | | | | | |
| 178 | Ravensbourne College (instalment 2 of 5) | Education contribution (£550k in total) | (110,000.00) | 0.00 | 110,000.00 | 0.00 | 0.00 | Feb 2019 |
| 178 | Ravensbourne College (instalment 3 of 5) | Education contribution (£550k in total) | (110,000.00) | 0.00 | 110,000.00 | 0.00 | 0.00 | Feb 2019 |
| 178 | Ravensbourne College (instalment 4 of 5) | Education contribution (£550k in total) | (110,000.00) | 0.00 | 110,000.00 | 0.00 | 0.00 | Mar 2019 |
| 178 | Ravensbourne College (instalment 5 of 5) | Education contribution (£550k in total) | (110,000.00) | 0.00 | 110,000.00 | 0.00 | 0.00 | July 2019 |
| 186 | Blue Circle | Education contribution | (160,753.13) | 0.00 | 160,753.13 | 0.00 | 0.00 | Jan and Aug 2019 |
| 274 | Denton Court, 60 Birch Row | £205,230.62 Education contribution | (205,230.62) | 0.00 | 205,230.62 | 0.00 | 0.00 | Jun 2019 |
| 334 | Hayes Court, West Common Road | Education cont'n £103.827k | (103,827.44) | 0.00 | 103,827.44 | 0.00 | 0.00 | |
| 296A | Land at rear of 86-94 High St Beckenham | Education contribution £182.389k | (182,389.38) | 0.00 | 182,389.38 | 0.00 | 0.00 | |
| 323 | Sheila Stead House (Interest to accrued) | Education contribution £168.738k | (80,425.70) | 0.00 | 80,425.70 | 0.00 | 0.00 | Jun 2025 |
| 302 | Day Centre, Chipperfield Rd | Education contribution £335.511k | (168,863.48) | 0.00 | 168,863.48 | 0.00 | 0.00 | Jun 2025 |
| 324 | 1 Chilham Way | Education contribution £283.047k | (283,046.92) | 0.00 | 283,046.92 | 0.00 | 0.00 | Nov 2025 |
| 333 | Isard House, Glebe House Drive | Education contribution £112,881.95 | (113,423.67) | 0.00 | 113,423.67 | 0.00 | 0.00 | Sept 2026 |
| 370 | Bassetts Day Care Centre | Education contribution £773.4k | (773,390.76) | 0.00 | 773,390.76 | 0.00 | 0.00 | |
| 396 | 4 Oaklands Road Bromley | Education contribution £14.293k | (14,293.05) | 0.00 | 0.00 | 0.00 | (14,293.05) | |
| 342 | Dylon International | Education contribution £195.117k | (195,805.75) | 0.00 | 0.00 | 0.00 | (195,805.75) | Jan 2023 |
| 350 | Orpington Police Station (interest to be accrued) | Education contribution £160.492k | (85,489.17) | 0.00 | 0.00 | 0.00 | (85,489.17) | Jan 2026 |
| 284 | Westmoreland Car Park, Simpson Rd | Education contribution £504.046k | (504,045.51) | 0.00 | 0.00 | 0.00 | (504,045.51) | Mar 2023 |
| 353 | 57 Albemarle Road | Education cont'n £80.1k | 0.00 | 0.00 | 0.00 | (80,099.95) | (80,099.95) | May 2023 |
| 386 | Former Church Hill Depot Site | Education cont'n £120.035k | 0.00 | 0.00 | 0.00 | (120,035.09) | (120,035.09) | Apr 2028 |
| | Total Education | | (3,310,984.58) | 0.00 | 2,511,351.10 | (200,135.04) | (999,768.52) | |

| Public register ref | Address of application | Use of monies | Balance c/f as at 31.3.18 | Expenditure | Commitments | Income received during 2018/19 | Unallocated Balance as at 31.5.18 | Time Limit for spend |
|--|--|---|---------------------------|-------------|---------------------|--------------------------------|-----------------------------------|----------------------|
| Highway improvement works & traffic schemes | | | | | | | | |
| 203 | Multi-storey car park at Earls Way Orpington | £80k for bus stop enhancement | (82,541.86) | 0.00 | 82,541.86 | 0.00 | 0.00 | Sept 2014 |
| Total for Highway improvement works | | | (82,541.86) | 0.00 | 82,541.86 | 0.00 | 0.00 | |
| Local Economy | | | | | | | | |
| 368 | 18 Elmfield Road, Bromley | £152k for public realm contribution (50% rec'd) | 0.00 | 0.00 | 76,030.75 | (76,030.75) | 0.00 | May 2025 |
| Total for Local Economy | | | 0.00 | 0.00 | 76,030.75 | (76,030.75) | 0.00 | |
| Community Facilities | | | | | | | | |
| 389 | Land Adj to Main Road Biggin Hill | Additional museum contribution | (85,545.35) | 0.00 | 85,545.35 | 0.00 | 0.00 | Jan 2022 |
| Total for Community Facilities | | | (85,545.35) | 0.00 | 85,545.35 | 0.00 | 0.00 | |
| Total S106 Capital Balance | | | (6,583,027.06) | 0.00 | 5,561,712.52 | (837,395.84) | (1,858,710.38) | |
| Total Section 106 Balance | | | (8,642,916.81) | 0.00 | 6,545,241.93 | (900,080.84) | (2,997,755.72) | |

Report No.
CSD18096

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE, RESOURCES AND CONTRACTS
POLICY, DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Thursday 5 July 2018

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

Title: RISK MANAGEMENT

Contact Officer: Mark Bowen, Director of Corporate Services – Chief Executive’s Risk Register
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Risk Register
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Peter Turner, Director of Finance – Finance Risk Register
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Charles Obazuaye, Director of Human Resources – HR Risk Register
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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, Resources and Commissioning Policy, Development and Scrutiny Committee with the 2017/18 Quarter One iterations of the Chief Executive’s, Commissioning, Finance and Human Resources Risk Registers (Appendices A, B, C and D)

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, Resources and Contracts 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 This report provides Members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the most recent Risk Registers for the areas falling under their remit:

- Chief Executive's (Appendix A)
- Commissioning (Appendix B)
- Finance (Appendix C)
- Human Resources (Appendix D)

3.2 Each Director retains responsibility for the Risks and Controls within their Division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee.

3.3 Since the Risk Registers were last presented to the Executive and Resources Committee on 29th November 2017, they have been reviewed and refreshed by the appropriate Director and presented to both the Corporate Risk Management Group (10th April 2018) and Audit Sub Committee (24th May 2018) for scrutiny.

3.4 The salient amendments made to the registers are detailed below:-

Chief Executive's – Refresh of the Controls for:-

Telecommunications Failure (Risk 2)

IT System Failure (Risk 3)

Disaster Recovery (Risk 12)

IT Compliance Failure (Risk 14)

Finance – Refresh of the 'failure to deliver a sustainable financial strategy which meets with Building a Better Bromley priorities and failure of individual departments to meet budget' risk (Risk 5), to reflect the budget gap by 2021/22.

Human Resources - The addition of a Risk encompassing a) ineffective workforce planning initiatives including succession planning, talent management and b) upskilling of staff - lack of training resources/opportunities (Risk 7)

There have been no amendments to the Commissioning Risk Register.

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 C. 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 B. 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 |

Chief Executive's (CEX) Risk Register (Appendix A)

| | | | | | | | | | | | | | DATE LAST REVIEWED: | 11/04/18 |
|-----|--------------------|--|---|------------------------------------|--|--------|-------------|--|--|--------|-------------|--|---------------------|----------|
| 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 | Corporate Services | IT Security failure | Cause(s): 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 Effect(s): 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 BT - Regular Penetration Testing undertaken | 2 | 2 | 4 | | Vinit Shukle | |
| 2 | Corporate Services | Telecommunications failure Prolonged telecoms / switchboard failure | Cause(s): Power surge, contractor failure, malicious attack, IT failure Effect(s): 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 - All Critical Services now have additional independent lines as contingency (if not their first line) - Additional resilience in use of LBB mobile phones - The ICT Disaster Recovery Plan is in progress | 3 | 3 | 9 | - Working with BT 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 BT - Virtualisation project will help facilitate disaster recovery provision - Secondary Session Initiation Protocol (SIP) connection being added to provide resilience. | Vinit Shukle | |
| 3 | Corporate Services | IT System Failure (partial loss) Partial loss of IT systems | Cause(s): Failure of Outlook or similar applications Failure of Novell Filing Registry system which carries details of all departmental files Effect(s): 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 - No longer dependent on Win7 - all services successfully transferred. However, the Novell filing registry/Regnet system has no further upgrade options and is not compatible with Win10 which will be deployed before December 2019 (Win7 support expiry date) | 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. | Vinit Shukle | |
| 4 | Corporate Services | IT System Failure (total loss) Complete failure of IT systems resulting in widespread disruption across the Council | Cause(s): Complete loss of data centre and related hardware Effect(s): 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. | Vinit Shukle | |
| 5 | Corporate Services | Network Loss 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. | Cause(s): Major malfunction of council's network caused by Cyber Attack or other means Effect(s): 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 (CEX) Risk Register (Appendix A)

| | | | | | | | | | | | DATE LAST REVIEWED: | 11/04/18 | |
|-----|--------------------|---|--|---|--|--------|-------------|---|--|--------|---------------------|---|--------------------------------|
| 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 | Budgetary overspend | Cause(s): Overspending budgets as a result of increased costs outside Council's direct control (e.g. increase in minimum wage, court / legal fees) Effect(s): 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 | Fall in income from Registrars Economic downturn, uncertainty regarding accommodation and other external factors contributing to a significant fall in income in Registrars | Cause(s): Uncertainty regarding accommodation Leaving Civic Centre for a less appealing venue Effect(s): 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 | Contractor Failure | Cause(s): Contractor (such as Liberata) cease trading due to financial or other failure. Effect(s): 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 | Contractor Performance | Cause(s): Failure to effectively manage service delivery contracts with provided such as Liberata Effect(s): 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 | Failure to follow Legal Advice Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures | Cause(s): Advice not being sought and/or followed by clients. Effect(s): - 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 | Maintenance of Statutory and GRO standards | Cause(s): Increase in life events (births / deaths) within Bromley Staffing pressures Effect(s): 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 (CEX) Risk Register (Appendix A)

| | | | | | | | | | | | DATE LAST REVIEWED: | 11/04/18 | |
|-----|--------------------|---|---|------------------------------------|--|--------|-------------|---|--|--------|---------------------|-------------------------|--------------------------------|
| 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 | | |
| 12 | Corporate Services | Disaster Recovery Inadequate disaster recovery arrangements leading to dislocation of Council services | Cause(s): Lack of adequate disaster recovery arrangements Effect(s): 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 Disaster Recovery site - ICT Disaster Recovery Plan in progress | 2 | 5 | 10 | Exploring cloud back up | Vinit Shukle |
| 13 | Corporate Services | Loss of Facility Loss of customer service accommodation as a result of a major power failure or other incident that prevents access to the Civic Centre | Cause(s): Major power failure or other incident that prevents access to the Civic Centre Effect(s): 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 | IT Compliance failure | Cause(s): Failure to meet compliance regulations i.e. CoCo (Code of Connection) / London Public Services Network (LPSN) Effect(s): 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 - PSN Compliant. Results and remediation of ICT Health Check submitted | 2 | 3 | 6 | | Vinit Shukle |
| 15 | Corporate Services | Data Protection Breach | Cause(s): Failure to adapt to the upcoming change in legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets. Effect(s): 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 |

Chief Executive's (CEX) Risk Register (Appendix A)

| | | | | | | | | | | | DATE LAST REVIEWED: | 11/04/18 | |
|-----|--------------------|---|---|-----------------------|---|--------|-------------|---|---|--------|---------------------|--|-------------|
| REF | DIVISION | RISK TITLE & DESCRIPTION <small>(a line break - press alt & 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 | | |
| 16 | Corporate Services | Failure to publish Register of Electors | Cause(s): Failure of IT systems Insufficient resources provided to Electoral Registration Officer to deliver a comprehensive canvass Failure to follow legislative and regulatory requirements Effect(s): Disenfranchisement of local residents Potential to challenge any election which relies on an inadequate register Reputational damage | Political - Strategic | 2 | 3 | 6 | Controls: 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 |
| 17 | Corporate Services | Failure to manage election process | Cause(s): Failure of Council in its duty to provide sufficient resources to the Returning Officer Failure of IT systems Effect(s): Costs 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 | Safety of Statutory Records | Cause(s): Fire / flooding Strong room not GRO compliant Effect(s): 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 the wider accommodation review | Carol Tyson |

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

Commissioning Risk Register (Appendix B)

| | | | | | | | | | | | | | DATE LAST REVIEWED: | 01/05/18 |
|-----|---------------|--|--|-------------------------|--|--------|-------------|---|--|--------|-------------|--|---------------------------|----------|
| 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 | Commissioning | Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation" | Cause(s): - Unclear (or lack of) commissioning strategies - Poor commissioning activities - Inability to undertake full commissioning cycles - Failure to engage and develop markets Effect(s): - 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 | Cause(s): - Lack of clear management across contracts - Capacity and capability - Contract management processes ineffective - Organisational culture and understanding Effect(s): - 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 | Cause(s): - Lack of organisational buy-in from contract managers - Lack of governance - Poor awareness / education in understanding purpose Effect(s): - 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 | |

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

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Finance Risk Register (Appendix C)

| | | | | | | | | | | | DATE LAST REVIEWED: | 11/04/18 | |
|-----|----------|--|--|---|--|--------|-------------|---|--|--------|---------------------|--|------------------------|
| 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 | Gaps in Insurance cover 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 | Cause(s): 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. Effect(s): 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 | Financial Market Volatility Financial loss arising from the volatility of financial markets. | Cause(s): Market volatility, recession, banking failure Effect(s): 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 | Capital Income Shortfall Inability to generate capital receipts | Cause(s): Property price reductions as a result of the economic environment. Falling number of assets available for disposal Effect(s): 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 | Pension Fund The pension fund not having sufficient resources to meet all liabilities as they fall due | Cause(s): 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 Effect(s): 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 | Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget | Cause(s): 1. As a consequence of significant Government funding reductions (austerity is expected to continue beyond 2019/20), need to reduce the Council's significant 'budget gap' of £38.7 m per annum by 2021/22. 2. The Government's aim is to transform 'local government, enabling it to be self-sufficient by the end of Parliament' e.g. business rates to be fully devolved to local government by 2020/21. A future national recession could have a significant impact on income generated to fund key services within a fully devolved model. 3. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households). 4. The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions. 5. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. 6. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). 7. As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures. 8. Impact of welfare reforms and the phased roll out of Universal Credit. 9. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). Effect(s): - Increased overspends in particular services - Council unable to carry out its statutory duties due to services cuts - Reputational damage - Failure to achieve our Building a Better Bromley priorities. | Financial - Operational | 5 | 5 | 25 | Strategic Controls: 1. Regular update to forward forecast 2. Early identification of future savings required 3. Transformation options considered early in the four year forward planning period 4. Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost 5. Mitigation of cost pressures including demographic changes 6. Directors to update commissioning strategies with strategic choices to address financial envelope Operational 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 | 4 | 5 | 20 | | Director of Finance |
| 6 | Finance | Failure to act upon Financial assessments or arrears in a timely manner | Cause(s): 1. Severe/catastrophic IT problems 2. Loss of key staff 3. Organisation experiencing severe financial problems Effect(s): 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 | Failure of Finance IT systems | Cause(s): Failure of CareFirst or the various databases Oracle cheques not being produced Failure of BACs to pay LBB Effect(s): 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 |

Finance Risk Register (Appendix C)

| | | | | | | | | | | | DATE LAST REVIEWED: | | |
|-----|----------|---|--|---|--|--------|-------------|--|--|--------|---------------------|-------------------------|---|
| | | | | | | | | | | | 11/04/18 | | |
| 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 | | |
| 8 | Finance | Failure of external contractors | Cause(s): Contractor ceases to trade due financial failings. Effect(s): 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 | Contractor Poor Performance Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable | Cause(s): Severe catastrophic IT problems Loss of key staff Organisation experiencing severe financial problems Effect(s): - 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.

Human Resources Risk Register (Appendix D)

| | | | | | | | | | | | DATE LAST REVIEWED: | 23/04/18 | |
|-----|-----------------|---|--|-------------------------|--|--------|-------------|---|--|--------|---------------------|---|---|
| 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 | Ability to respond to industrial action, changes in government initiatives or legal requirements | Cause(s): - Changes to staff terms and conditions (localisation agenda) - Lack of flexibility of workforce - Poor horizon scanning and networkings Effect(s): - 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 | Failure to comply with HR related legislative requirements e.g. Equalities Act 2010 | Cause(s): - Lack of awareness with legislation - Failure to effectively consult staff where appropriate - Indirect / direct discrimination - Human error / lack of understanding Effect(s): - 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 | Ineffective recruitment and retention strategies for hard to fill posts e.g. Children's Social Workers | Cause(s): - Increasingly fluid market - Increases in demand and/or reductions in supply - Lack of experienced staff in the labour pool Effect(s): - 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 | Director of HR Lead Officers: Head of HR Strategy and Head of Workforce Development |
| 4 | Human Resources | Ineffective Agency Worker Checks | Cause(s): - Poor procedures - Inadequate monitoring - Lack of awareness / understanding Effect(s): - 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 | Director of HR Lead Officer: Head of HR Strategy |

Human Resources Risk Register (Appendix D)

| | | | | | | | | | | DATE LAST REVIEWED: | 23/04/18 | | |
|-----|-----------------|--|--|-------------------------|--|--------|-------------|---|--|---------------------|-------------|--|---|
| 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 | | |
| 5 | Human Resources | Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options) | Cause(s): - Lack of expertise - Unexpected delays - Changes in strategic direction - Lack of capacity to undertake in a timely manner Effect(s): - 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 | Director of HR Lead Officer: Head of HR Consultancy |
| 6 | Human Resources | Inability to process / access pay and personnel records | Cause(s): - IT failure - Loss of power - Data breach / cyber attack - Ineffective business continuity plan for manual work around Effect(s): - 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 | Director of HR Lead Officer: Head of HRIS and Reward |
| 7 | Human Resources | 1) ineffective workforce planning initiatives including succession planning, talent management. 2) upskilling of staff - lack of training resources/opportunities | Cause(s): - Insufficient strategic management control and planning - Staff turnover (capacity) - Lack of resources Effect(s): - Potential service delivery impacts - Loss of skilled/experienced staff - Missed opportunity to develop and retain talent "in house" - Recruitment Costs | Personnel / Operational | 3 | 3 | 9 | 1. Graduate Intern Scheme 2. Apprenticeship Scheme | 2 | 2 | 4 | 1. Development of a Talent Management Strategy. 2. Ensure that Apprenticeship Levy funds are utilised effectively | Director of HR Lead Officers: Head of Workforce Development and Head of HR Strategy |

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

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