



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Philippa Gibbs
Philippa.Gibbs@bromley.gov.uk

DIRECT LINE: 020 8461 7638

FAX: 020 8290 0608

DATE: 20 August 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 **WEDNESDAY 5
SEPTEMBER 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 30th August 2018.

- 4 **MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 5 JULY 2018 (EXCLUDING EXEMPT ITEMS)** (Pages 5 - 22)
- 5 **MATTERS ARISING AND WORK PROGRAMME** (Pages 23 - 32)
- 6 **FORWARD PLAN OF KEY DECISIONS** (Pages 33 - 36)
- 7 **MINUTES OF THE CONTRACTS AND COMMISSIONING SUB-COMMITTEE MEETINGS HELD ON 25 JUNE 2018 AND 17 JULY 2018** (Pages 37 - 56)

HOLDING THE RESOURCES PORTFOLIO HOLDER TO ACCOUNT

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

In accordance with the Council's Constitution, questions to the Resources Portfolio Holder must be received in writing 4 working days before the date of the meeting and must relate to the work of the Portfolio. Please ensure questions are received by the Democratic Services Team by 5pm on 30th August 2018.

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

Portfolio Holder decisions for pre-decision scrutiny.

- a **GATEWAY 1 MEMBERS REPORT. FORMAL CONSULTATION ON OUTLINE SERVICE PROPOSALS AND PROCUREMENT STRATEGY - COUNTER FRAUD SERVICES.**_(Pages 57 - 60)
- b **EMPLOYEE BENEFITS**_(Pages 61 - 70)
- c **CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2018/19**_(Pages 71 - 78)
- d **TREASURY MANAGEMENT - QUARTER 1 PERFORMANCE 2018/19**
(Pages 79 - 90)

HOLDING THE EXECUTIVE TO ACCOUNT

- 10 **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

- 11 **BT ICT CONTRACT MONITORING REPORT** (Pages 91 - 116)
- 12 **SCRUTINY OF THE CHIEF EXECUTIVE**

PART 2 AGENDA

13 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

14 EXEMPT MINUTES OF THE MEETING HELD ON 5 JULY 2018 (Pages 117 - 118)

15 EXEMPT MINUTES OF THE CONTRACTS AND COMMISSIONING SUB-COMMITTEE MEETINGS HELD ON 17 JULY 2018 (Pages 119 - 120)

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

16 PRE-DECISION SCRUTINY OF EXEMPT RESOURCES PORTFOLIO HOLDER REPORTS

a GATEWAY 1 MEMBERS REPORT. FORMAL CONSULTATION ON OUTLINE SERVICE PROPOSALS AND PROCUREMENT STRATEGY - COUNTER FRAUD SERVICES. (Pages 121 - 136)

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

17 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 5 July 2018

Present:

Councillor Simon Fawthrop (Chairman)
Councillors Gareth Allatt, Julian Benington,
Nicholas Bennett J.P., David Cartwright QFSM,
Mary Cooke, Ian Dunn, Robert Evans, Will Harmer,
David Jefferys, Christopher Marlow, Stephen Wells and
Angela Wilkins

Also Present:

Councillor Graham Arthur, Portfolio Holder for Resources,
Commissioning and Contracts Management
Councillor Colin Smith, Leader of the Council

11 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Keith Onslow, Councillor Michael Rutherford, and Councillor Russell Mellor. Councillor David Jefferys attended as substitute for Councillor Onslow.

12 DECLARATIONS OF INTEREST

Councillor Fawthrop and Councillor Harmer both declared interests as employees of British Telecom (BT).

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

There were no questions.

14 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETINGS HELD ON 16 MAY 2018 AND 17 MAY 2018 (EXCLUDING EXEMPT ITEMS)

The minutes of the meetings held on 16th May 2018 and 17th May 2018, excluding Part 2 (exempt) information, were agreed and signed as a correct record.

**MATTERS ARISING AND WORK PROGRAMME
Report CSD18097**

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

The Chairman noted that the Director of Regeneration would be attending the Committee's October meeting in order to provide an update on the Amey Total Facilities Management issues raised by Members at the last meeting.

RESOLVED: That

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

16 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period July 2018 to October 2018.

The Committee asked for an explanation as to why the reports concerning the Corporate Parenting Update; Health and Support to School Aged Children; and the Growth Fund scheduled for the July meeting of Executive were not in fact on the agenda.

Action Point 3: That an explanation be provided as to why the reports concerning the Corporate Parenting Update; Health and Support to School Aged Children; and the Growth Fund scheduled for the July meeting of Executive were not on the agenda.

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

The following written question to the Resources, Commissioning & Contract Management Portfolio Holder had been received from Mr Colin Willetts:

We understand there is a backlog on processing housing benefit claims, if so:

- i) what is the average turnaround time in processing?**
- ii) the total number of current claims in the backlog borough wide,**
- iii) the number of current claims in the backlog in each of the nineteen individual wards?**

Reply

There is no backlog of benefit claims. This is illustrated by the current level of outstanding work and the processing times for the financial year to date. Unfortunately, our systems do not provide information on a ward basis, it is therefore not possible to provide a response to your final question.

1. The average time to process new claims is 21.5 days which includes the time taken for the claimant or third-party to respond to a request for further information. The average time to process change in circumstances is 7.6 days which includes the time taken for the claimant or third-party to respond to a request for further information

For information, 92.6% of the claims have been processed within 14 days of receiving all necessary documentation to support the claim

2. The total number of new claims awaiting processing is 205 and the number of change in circumstances 1,960, both figures exclude those where the authority is awaiting further information/documentation.

For information, the level of outstanding work is within the target of being less than the equivalent of 2 weeks incoming work.

18 RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO - PRE-DECISION SCRUTINY

The Committee considered the following reports where the Resources, Commissioning and Contract Management Portfolio Holder was recommended to take a decision.

a BUDGET MONITORING 2018/19 - DRAWDOWN OF CARRY FORWARDS FROM CENTRAL CONTINGENCY Report FSD18050

The report requested approval for drawdown from the central contingency of underspends carried forward from 2017/18 to be allocated to the Resources, Commissioning and Contract Management Portfolio. The total sum relating to the Portfolio being requested this cycle was £815,000. £38,000 of this was funded by government grant providing a net carry forward of £777,000.

Action Point 4: That Officers seek clarification surrounding the drawdown in relation to the Biggin Hill Airport Noise Action Plan as it had been widely understood that the airport would pay these costs.

The Director of Finance also agreed that following the meeting he would confirm the level of drawdown for GDPR.

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Action Point 5: that the Director of Finance confirm the level of drawdown for GDPR.

RESOLVED: That the Resources, Commissioning and Contracts Portfolio Holder be recommended to agree the drawdown from the Central Contingency of the 2017/18 carry forward sums totalling £777,000.

**b TREASURY MANAGEMENT - ANNUAL REPORT 2017/18
Report FSD18054**

The set out a summary of treasury management activity during the March quarter, including the Treasury Management Annual Report for 2017/18, which was required to be reported to Full Council. Investments as at 31st March 2018 totalled £284.8 million and there was no external borrowing.

The Director of Finance confirmed that the £40 million Lloyds investment that had matured had been reinvested in multi asset income funds.

It was noted by a Member that the statutory requirement for Treasury Management reporting was bi-annually and it was suggested that it would help officers if the Committee were to move to bi-annual reporting rather than the current quarterly reporting. The Committee agreed that reports could be presented every six months unless Officers felt that a matter should come before the Committee sooner.

The Director of Finance highlighted that it was a statutory requirement to report prudential indicators.

RESOLVED: That the Committee move to bi-annual Treasury Management reporting and that the Portfolio Holder be recommended to:

- 1. Note the Treasury Management Annual Report for 2017/18;**
- 2. Approve the actual prudential indicators within the report.**

19 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 11th July 2018.

**(6) BUDGET MONITORING 2018/19
Report FSD18055**

The report set out the first budget monitoring position for 2018/19 based on expenditure and activity levels up to the end of May 2018. The report also highlighted significant variations which would impact on future years as well as early warnings that could impact on the year end position.

The Chairman noted the overspend of £1.697k within the Children, Education and Families Portfolio and referred the matter to the Education, Children and Families Budget and Performance Monitoring Sub-Committee for further detailed scrutiny. A Member highlighted that this was a demand-led service and that the Local Authority had little control over levels of demand. The Chairman of the Education, Children and Families Select Committee highlighted that the Education, Children and Families Budget and Performance Monitoring Sub-Committee regularly reviewed the overspend and the action being taken to mitigate this but that it only required 1 child to present to the service with multiple needs and the service was facing costs in excess of £500k. More work needed to be done to develop in-borough specialist provision. The Member highlighted that officers within the Department had been under considerable pressure to control expenditure and he was confident that the officers would be able to deliver the management action necessary to bring expenditure in line with budget. The Chairman said he hoped to see more innovation to help bring this back under control. The additional £4 million funding agreed by Members had been absorbed by staffing costs as one of the key factors identified by the 2016 Ofsted Inspection was the lack of staffing. The cost pressures reflected in the budget were a result of a rise in the number of children accessing services and costly legal proceedings.

Action Point 6: That the overspend of £1.697k within the Children, Education and Families Portfolio be referred to the Education, Children and Families Budget and Performance Monitoring Sub-Committee for further detailed scrutiny.

In response to a question, the Director of Finance explained that the drawdown of £400k from contingency was for the general cost of the Local Election. The costs of the Voter ID Pilot had been met by the Cabinet Office.

RESOLVED: That Executive be recommended to:

- 1. Consider the latest financial position;**
- 2. Note that a projected net overspend on services of £1,679k is forecast based on information as at May 2018;**
- 3. Consider the comments from Chief Officers;**
- 4. Note a projected variation of £219k debit from investment income;**
- 5. Note the carry forwards being requested for drawdown;**
- 6. Note a projected reduction to the General Fund balance of £2,396k;**
- 7. Note the full year cost pressures of £2.8m;**

- 8. Agree to the release of £400k relating to the cost of Local Elections from the 2018/19 Central Contingency;**
- 9. Agree to the release of £28k SEND Pathfinder grant from the 2018/19 Central Contingency;**
- 10. Note the return to the Central Contingency of £961k;**
- 11. Identify any issues that should be referred to individual Portfolio Holders for further action.**

**(7) CAPITAL PROGRAMME MONITORING – 1ST QUARTER 2018/19
Report FSD18056**

The report summarised the current position on capital expenditure and receipts following the first quarter of 2018/19 and sought the Executive's approval to a revised capital programme. If the changes proposed in the report were approved, the total Capital Programme for 2018/19 to 2021/22 would increase by £9,050K, mainly due to £6,462k of new funding for the Depot Improvement works scheme, £1,995k additional Disabled Facilities grant, £472k additional funding for TfL Highways and Traffic scheme, and £129k for the Widmore Centre Scheme.

RESOLVED: That the Executive be recommended to:

- 1. Note the report, including a total rephasing of £14,666k from 2018/19 into future years, and agree a revised Capital Programme.**
- 2. Approve the following amendments to the Capital Programme:**
 - a) Deletion of the £1k residual balance on Penge & Anerley Libraries;**
 - b) Increase of £472k on Transport for London (TfL) funded Traffic and Highways schemes;**
 - c) Addition of £129k for The Widmore Centre scheme;**
 - d) Addition of EFA allocation of £29k for Healthy Pupils Capital Fund scheme;**
 - e) Increase of £26k to the Performance Management/Children Services IT scheme funded by a decrease to the Social Care Grant scheme;**
 - f) Deletion of £36k from the Anerley Town Hall Library Provision as the scheme has complete; and**

- g) **Note that a report elsewhere on the Agenda requests the addition of £6,462k to the Capital Programme for Depot Improvement Works.**
3. **Recommend Council to approve the addition of £1,995k on the Disabled Facilities Grant funded scheme to reflect the latest grant funding available (see para 3.3.1).**

(8) RETENDER OF THE EXCHEQUER SERVICES CONTRACT

The report summarised the outcome of the soft market testing exercise undertaken by officers and the procurement approach for the retendering of the contract. The current contract awarded to Liberata for Exchequer Services was due to end on 31 March 2020.

Noting that the report was a Gate 0 report, a Member suggested that it would be helpful for all Gate 0 and Gate 1 reports to be highlighted as such in the title to alert Members to their opportunity to comment on and influence proposals.

Due to the size of the contract, the Chairman proposed that the report should be scrutinised in detail by the Contracts and Commissioning Sub-Committee which had been established for such tasks. It was therefore recommended that the Executive should be asked to make any recommendations subject to detailed review by the Contracts and Commissioning Sub-Committee on 17th July 2018.

RESOLVED: That Executive be recommended to make any recommendations subject to further review by the Contract and Commissioning Sub-Committee on 17th July 2018.

**(12) CIVIC CENTRE PROGRAMME AND OFFICE ACCOMMODATION PROPOSALS
Report DRR18/036**

The report contained an update on the latest proposals for office accommodation at the Civic Centre and the Central Depot and sought approval to appoint consultants to undertake a feasibility study, and disposal of Ann Springman and Joseph Lancaster Halls.

In opening the discussion the Chairman expressed concerns surrounding whether the proposals to appoint yet more consultants represented good value for money. It was agreed that the Executive should be recommended to consult more widely and if necessary defer its decision until wider consultation could take place.

A Member noted that as an organisation Bromley was to a large extent still paper based. The Council needed to move to a position where it was possible to scan and electronically store documentation. In response, the

Senior Property Manager highlighted that the paper set out key issues around rationalisation.

RESOLVED: That the Executive be recommended to consult more widely and if necessary defer its decision until wider consultation could take place.

**(13) CENTRAL LIBRARY/CHURCHILL THEATRE: DEFECTIVE TILING
Report DRR 18/037**

The report outlined issues relating to defective tiling at Central Library/Churchill Theatre and sought funding to carry out temporary works, eliminating the need for hoarding/scaffolding and reducing the risk to the public whilst a permanent solution was identified and other building issues assessed.

In discussion Members commented that the Library was currently located in a prime town centre site. Members supported proposals to review the future of the building and consider its disposal and reconstruction elsewhere in the context of the town centre regeneration programme.

The Senior Property Manager reported that it was estimated that the life span for the temporary repairs was approximately 10 years however recladding the building would remain a priority. In order to assess the cost of capital replacement items, further investigations would need to be carried out. Officers were aware of mechanical and electrical issues as well as an elderly boiler so it was anticipated that the costs could be high.

The Senior Property Manager confirmed that it would not be possible to knock down the library and retain the theatre. Both buildings either had to come down or remain however it would be possible to refurbish the library for alternative use.

RESOLVED: That the Executive be recommended to:

- 1. Approve funding of £427k from the earmarked reserve for Infrastructure Investment to undertake temporary works;**
- 2. Approve the procurement route outlined in paragraph 8.1 to 8.2 of the report;**
- 3. Note that a further report will be brought back to the Executive to up-date Members on remedial works required to the building;**
- 4. Confirm if they want to instruct officers to review the future of the building and to consider its disposal and reconstruction elsewhere in the context of the town centre regeneration programme; and**

- 5. Agree that delegated authority is given to the Project Manager to authorise variations against the construction and/ or surveys within the 15% contingency tolerances.**

**(15a) LGSCO PUBLIC REPORT
Report CS18149**

The Local Authority had been the subject of a complaint to the Local Government and Social Care Ombudsman ('the Ombudsman') which had led to an adverse finding of maladministration causing injustice. The Ombudsman decided to issue a public report (attached at Appendix A to the report) which was dated 28th February 2018, but subsequently published only on 30th May 2018 due to the Local Election and the rules surrounding purdah.

Members expressed concern that the complaint had been ignored in the first instance. Members were further concerned that the Council had cancelled a visit from the Ombudsman at short notice and had failed to handle the resulting issues efficiently and effectively. Members stressed that any investigations by the Ombudsman needed to be facilitated with the Council fully complying with any requests for information.

The Leader of the Council suggested that, whilst unfortunately it would not have prevented the failures outlined in this case, Members may wish to review the decision taken by the General Purposes and Licensing Committee in February 2018, when it was agreed that stages 2 and 3 of the complaints process would be removed.

RESOLVED: That Executive be recommended to agree the acceptance of the report and the proposed compensation payment.

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

The Portfolio Holder for Resources, Commissioning and Contract Management, Cllr Graham Arthur, addressed the Committee outlining activity across the Portfolio since the last update:

- The annual Bromley Stars event had been held on Friday 29th June 2018. This event recognised the achievement of a number of staff and excellence across the Council.
- Merit Pay had now passed £1 million and was a way to show tangible appreciation for what staff did and the services that were delivered.
- Departmental Representatives continued to meet frequently and therefore improve both working conditions and levels of service.
- Staffing levels had now reduced to just under 1200 across the Council. An age profile had been requested by the Portfolio Holder in order to facilitate thinking around service continuity and succession planning.

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- The Member induction courses that had been arranged following the election were well received and by and large well attended. The Portfolio Holder expressed his thanks and appreciation to all the staff who had given up their time to facilitate the induction sessions.
- A number of site improvements had been identified. In respect of the Registrars Service, the Portfolio Holder noted that large numbers of people attended the Civic Centre site for a variety of reasons including weddings, birth and death registration, and Citizenship Ceremonies. In order to protect the revenue that this activity generated there was a need to further invest in the site.
- The IT Strategy was currently being reviewed and rewritten.
- A detailed asset review of all the sites owned by the Council was being undertaken with a separate review of developmental sites.
- The Old Town Hall had been sold and a paper on the Civic Centre site redevelopment had been considered by the Committee at the meeting (Minute 19(12)). A great deal of time had been spent talking about what to do and the time to take action had now come.
- The Council maintained a balanced portfolio of investments with property investments subject to review from time to time.
- Budgets were getting tighter and the overspend in children's social care, the area of greatest concern, needed to be controlled. The increasing cost of SEN was also concerning.
- The implementation of Universal Credit in the Borough would put a strain on the Council's resources.
- The Business Rate Pool was looking encouraging.
- The introduction of the Community Infrastructure Levy (CIL) was expected to deliver approximately £3½ million in revenue.
- Relentless lobbying concerning fairer funding for the London Borough of Bromley continued.

In response to questions the Portfolio Holder made the following points:

- It had been necessary to sell the Old Town Hall. The 'Y Blocks' had been passed to the Resources Portfolio for disposal in 2013, and it had subsequently taken 5 years to decide what to do. During the course of that 5 years the cost of the rates incurred by the Council was £460k. The Portfolio Holder stated that given there was no proven need for 'Y block' it should be sold as any sale would not impact on the rest of the Civic Centre site.
- In terms of commercial property investments, the yield from such investments was 5.5%. At the time the commercial properties were purchased the Council bought wisely and had now begun to successfully move away from the retail market, with the most recent property sold for £1 million profit. Any further sales needed to be considered as currently the retail market was slow and to sell such properties at the bottom of the market did not make commercial sense.

The properties had been brought as an income stream which was currently secure.

- The Portfolio Holder reported that it was anticipated that, despite the financial challenges, the Council budget would balance in both 2018/19 and 2019/20 as a result of the contingencies which had built up from earlier action taken. However, unless improved funding streams were identified the same could not be said for 2020/21 and there could be real issues with balancing the budget in that year. Departments needed to operate within their budgets and the Council needed to see a reduction in the cost of agency staff. The Chairman reported that he had asked for a report on the cost of agency staff to be presented to the Committee in September. Contributions to the Investment Fund would tail away as surplus funds reduced.

Action Point 7: That an item on the Cost of Agency Staff be added to the Committee's Work Plan for the September meeting.

- There was a need to look at all options concerning the cost of foster carers and this was primarily a matter for the Children, Education and Families Portfolio Holder. Whilst there was a need to secure value for money this required a whole system approach and an analysis of the reasons for the increase in referrals in order to prevent such referrals into more costly statutory services.
- The Council had been innovative in the structure and delivery of its services and had lead the way in a number of areas. Whilst further innovation was always pursued Members needed to be mindful of what had already been achieved.
- The Mears Scheme had now reached over 200 properties. It was becoming harder to find the type of properties the Council wanted within budget and consideration needed to be given to the market. The Portfolio Holder anticipated getting to 300 properties and then assessing the scheme.

21 BENEFITS SERVICE MONITORING REPORT Report FSD18051

The Committee considered a report outlining the performance of the benefit services provided by Liberata between 1st October 2017 and 31 March 2018. A letter from Liberata's Contract Director appended to the report provided Liberata's assessment of performance. Liberata were represented at the meeting for the item.

In opening the discussion the Chairman noted that the trend in terms of targets was good.

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A Member noted that the change in circumstance assessments that were processed in February and March distorted the figures reflected in the report and suggested that the point should be addressed in the retendering of the new contract. In response the Head of Revenues and Benefits reported that when the targets were initially set it was known that there would be a large volume in February and March and this was reflected in the targets.

In response to a question the Chairman confirmed that the Local Authority would not be consulting on 100% exemption for Care Leavers.

Councillor Ian Dunn moved a motion that Care Leavers be 100% exempt from Council Tax until the age of 25. The motion was seconded by Councillor Angela Wilkins. The motion was put to a vote and was LOST.

In response to a question concerning whether the Universal Credit Advice HUB would be operational when the Universal Credit 'Full service' started on 25th July 2018, the Head of Revenues and Benefits reported that the Local Authority would be ready however the operation of the HUB was dependant on third parties over which the Local Authority had no control.

The Chairman noted the good performance in relation to the error rate and asked whether a 'soft' target of 4% could be considered given that errors were found in less than 5% of the cases checked by the Authority's monitoring team. Representatives from Liberata confirm that a 'soft' target of 4% could be considered.

RESOLVED: That

- 1. The report and letter provided by Liberata be noted;**
- 2. A consultation exercise be 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 maximum contribution of working age claimants remaining at 25% of a household's Council Tax liability;**
- 3. That consideration be given to a 'soft' target of 4% for error rates; and**
- 4. The Portfolio Holder be recommended to agree 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.**

**22 REVENUES SERVICE MONITORING REPORT
Report FSD18052**

The Committee considered Liberata's performance for Revenues Services in the six months to 31st March 2018. A letter from Liberata's Contract Director appended to the report provided an update on each service. Liberata representatives were also present for the item.

The in-year Council Tax collection rate for 2017/8 was 98.04%, a 0.12% improvement on that achieved in the previous financial year.

In discussion the Chairman noted that the best performance in 11 years was reflected at Appendix 2 of the report. The Committee extended its congratulations to Liberata for the good performance.

A Member suggested that where high percentages were referred to in the report it would be helpful to have the sum in pounds as well as percentages. The Director of Finance confirmed that this would be actioned for future reports.

A Member also noted that some Council Tax arrears, reflected in Appendix 2 of the report, dated back to 1993. The Member questioned when the arrears would be written off. In response, the Head of Revenues and Benefits reported that this was dependant on the ability of the Local Authority to trace the individuals concerned. Some of the longer-term amounts could also relate to small amounts that were being recovered every year through taxable earnings. The Chairman reported that he had requested that the lines showing zero in Appendix 2 be removed from the table. The Chairman further noted that the sum total of the arrears for 1999, 2002, and 2006 was 32p. At the conclusion of the meeting the Chairman paid the Director of Finance 32p in order to clear three years of Council Tax arrears and requested that these lines be removed from Appendix 2.

RESOLVED: That

- 1. The report and the letter from Liberata at Appendix 1 to the report be noted; and**
- 2. Liberata be congratulated for the best performance in 11 years.**

**23 EXCHEQUER SERVICE - CONTRACT PERFORMANCE
REPORT
Report FSD18053**

The Committee considered Liberata's performance in the provision of Exchequer Services for the period 1st April 2017 to 31st March 2018. A letter from Liberata's Contract Director appended to the provided an update on individual services.

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The Committee emphasised that British Telecom (BT) needed to be encouraged to settle its debt. The Head of Exchequer Services confirmed that Officers continued to negotiate with BT and the level of debt had been reducing. A review of recent case law was now being undertaken in order to identify whether at least part of the debt could be recovered.

A Member noted that Appendices 2 and 3 to the report appeared to indicate that this year, whilst there were fewer invoices, the level of outstanding debt was increasing. In response the Head of Exchequer Services confirmed that there were fewer invoices outstanding but that the value of these outstanding invoices was greater than in previous years.

A Member noted that a large number of payments were made by cheques which carried an additional cost to the Council. The Head of Exchequer Services confirmed that Officers were doing all they could to convert as many of these payments to BACS as possible. However there were certain payments which could only be made by cheque such as Counsel fees for legal advice or refunds to individuals. The Local Authority had been reviewing all the options and consideration was being given to removing the facility to pay for any services received by cheque. The Committee requested that a paper setting out the options and considerations for paying for services received by the Council be presented to the Committee in October.

Action Point 8: That a paper setting out the options and considerations for paying for services received by the Council be presented to the Committee in October.

RESOLVED: That the report be noted.

**24 CUSTOMER SERVICES - CONTRACT PERFORMANCE REPORT
Report CSD18092**

The Committee considered Liberata's performance for the Customer Services contract between 1st December 2017 and 31st May 2018. A letter from Liberata's Contract Director was appended to the report - Liberata was also represented at the meeting for the item.

The Head of Customer Services reported that figures reflected in the table at paragraph 4.2 of the report were incorrect and the following amendment was tabled:

Out of Hours Contact Centre performance Nov 2017 – May 2018

Out of Hours SLA – 80% within 30 secs	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Offered	818	882	824	733	968	852	1070
Answered	793	841	802	717	858	845	1050
% of Calls Ans. in 30 sec	74.0%	72.0%	85.0%	86.0%	73.0%	91.0%	86.0%

A Member, whilst welcoming the fact that 50% of calls were answered within 60 seconds, noted that still meant that a large number of Bromley residents were awaiting up to 1½ minutes for calls to be answered. The Member questioned whether this was an acceptable standard of service to Bromley residents. The Committee noted that the service standard set by the Local Authority had been met by the contractor and that it was up to the Council to review the targets towards which suppliers worked.

In response to a question, the Head of Revenues and Benefits confirmed that there had been a great deal of preparation in advance of the implementation of Universal Credit. Staff knew where to direct service users. Whilst there was no plan to increase the number of staff in the call centre there would be an automated message directing queries to the Department for Work and Pensions (DWP)

Members noted that following the implementation of Universal Credit, which was managed by the DWP, any constituent queries regarding Universal Credit should be directed to the local Member of Parliament to pursue on behalf of the resident. The Head of Revenues and Benefits did however agree to circulate the list of contact telephone numbers to Members for information.

Action Point 9: That the list of Universal Credit contact numbers be circulated to Members for information.

RESOLVED: That the report be noted.

**25 SECTION 106 AGREEMENTS : UPDATE - PART 1
Report FSD180046**

The Committee considered a report providing an update on Section 106 arrangements.

In response to a question from the Chairman, the Director of Finance confirmed that the progress of all 'Red' rated agreements was reviewed in detail and monitored by an officer group.

RESOLVED: That the report be noted.

**26 RISK REGISTER
Report CSD18096**

The Committee considered the 2018/19 Quarter One iterations of the Chief Executive's, Commissioning, Finance, and Human Resources Risk Registers.

In terms of IT security failure, the Chairman asked for details of when the last penetration test was carried out and what it had revealed. In response, the

5 July 2018

Director of Finance confirmed that the last test was carried out in November 2017 and that test were conducted annually. The Director would provide details of the outcome of the test following the meeting.

Action Point 10: That details of the outcome of the November 2017 Penetration Test be provided to the Chairman following the meeting.

The Director of Finance confirmed that facilitation of a disaster recovery site would form part of the review of the IT Strategy. It was acknowledged that more needed to be done on disaster recovery and a report would be presented to Members in the coming months.

In response to a question, the Director of Finance stated that in terms of the risks associated with contractor failure, whilst the Council did not have specific insurance for such an eventuality, an annual financial review of any contractors working with the Council was undertaken in order to identify any early warning signs. The Director of Finance highlighted that a bond would cover only the costs of the original contractor and not the additional costs of employing a new contractor.

The Chairman suggested that the Committee needed to see action plans detailing how any 'Red' rated risks would be moved to 'Green'. It was agreed that the Committee should receive regular updates on each red rated risk until such time as they were no longer red.

RESOLVED: That the Risk Registers be noted and that the Committee receive regular updates on each red rated risk until such time as they are no longer red.

**27 TERMS OF REFERENCE FOR THE CONTRACTS AND
COMMISSIONING SUB COMMITTEE
Report CSD18108**

The Committee considered a report proposing new Terms of Reference for the Contracts and Commissioning Sub-Committee.

The Chairman of the Sub-Committee reported that the proposed Terms of Reference attempted to bring the two, previously separate, streams of contracts and commissioning together.

The Chairman noted that the proposed Terms of Reference were a good starting point and could be reviewed and amended if the need arose.

The Portfolio Holder for Resources, Commissioning and Contracts Management, whilst acknowledging the need for scrutiny, highlighted the importance of not duplicating work that was being done by other internal board within the Council. To this end, the Portfolio Holder extended an invitation to the Chairman of the Contracts and Commissioning Sub-

Committee to sit on the internal Commissioning Board which met every Monday morning.

RESOLVED: That the amended terms of reference of the Contracts and Commissioning Sub-Committee be approved and reviewed in six months (January 2019).

28 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**

29 EXEMPT MINUTES OF THE MEETING HELD ON 17 MAY 2018

The Part 2 (exempt) minutes of the meeting held on 17th May 2018, were agreed, and signed as a correct record.

30 SECTION 106 AGREEMENTS : UPDATE - PART 2

The Committee noted the Part 2 report.

The Meeting ended at 9.25 pm

Chairman

Report No.
CSD18126

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive, Resources & Contracts PDS Committee

Date: 5th September 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. ERC 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 ERC 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.

Minute Number/Title/Date	Action/PDS Request	Update	Action by	Expected Completion Date
<p>16 Forward Plan of Key Decisions (5 July 2018)</p>	<p>That an explanation be provided as to why the reports concerning the Corporate Parenting Update; Health and Support to School Aged Children; and the Growth Fund scheduled for the July meeting of Executive were not on the agenda.</p>	<p><u>Corporate Parenting Update</u></p> <p>The Executive Director ECHS provided an update to the Executive which covered issues of Corporate Parenting.</p> <p><u>Health and Support to School Aged Children</u></p> <p>The Consultant in Public Health reported that This was an oversight. The plans were changing until the last minute and it became clear that the report would not be considered in July.</p> <p><u>Growth Fund</u></p> <p>Prior to the Renewal, Recreation & Housing PDS Committee meeting on 26.06.18, it was agreed that this report would not be presented to Executive. The Forward Plan had been published on 12.06.18, prior to the decision being taken.</p>	<p>Director of Children's Social Care, Consultant in Public Health Head of Town Centre Planning Projects</p>	<p>17th July 2018</p>
<p>18a Budget Monitoring 2018/19 - Drawdown Of Carry Forwards From Central Contingency (5 July 2018)</p>	<p>That Officers seek clarification surrounding the drawdown in relation to the Biggin Hill Airport Noise Action Plan as it had been widely understood that the airport would pay these costs.</p>	<p>A response was sent to Members of the Committee on 10th July 2018.</p>	<p>Communications Executive</p>	<p>10.07.18</p>
<p>18a Budget Monitoring 2018/19 - Drawdown</p>	<p>That the Director of Finance confirm the level of</p>	<p>Email sent to Members of the Committee</p>	<p>Director of Finance</p>	<p>12 July 2018</p>

Of Carry Forwards From Central Contingency (5 July 2018)	drawdown for GDPR.			
19(6) Budget Monitoring 2018/19 (5 July 2018)	That the overspend of £1.697k within the Children, Education and Families Portfolio be referred to the Education, Children and Families Budget and Performance Monitoring Sub-Committee for further detailed scrutiny.	The Education, Children and Families Budget and Performance Monitoring Sub-Committee considered the budget position at its meeting on 18 th July 2018. The Education, Children and Families Select Committee will undertake a review of the Children's Social Care Budget at its meeting on 16 October 2018.	Democratic Services Officer	18 July 2018
20 Scrutiny Of The Resources, Commissioning & Contract Management Portfolio Holder (5 July 2018)	That an item on the Cost of Agency Staff be added to the Committee's Work Plan for the September meeting.	In consultation with the Chairman an item has been added to the Committee's work plan and agenda for October.	Democratic Services Officer/ Director of HR	October 2018
23 Exchequer Service - Contract Performance Report (5 July 2018)	That a paper setting out the options and considerations for paying for services received by the Council be presented to the Committee in October.	Following the meeting the Chairman agreed that this item could be included in the Exchequer Services Monitoring Report due for consideration at the November meeting.	Head of Exchequer Services	November 2018
24 Customer Services - Contract Performance Report (5 July 2018)	That the list of Universal Credit contact numbers be circulated to Members for information.		Head of Revenues & Benefits	
26 Risk Register (5 July 2018)	That details of the outcome of the November 2017 Penetration Test be provided to the Chairman following the meeting.	Email sent to the Chairman on 12 th July 2018	Technology Manager	12.07.18

<p>26 Risk Register (5 July 2018)</p>	<p>That further clarity be provided around the IT strategy work on addressing disaster recover to ensure business continuity regarding access to IT systems</p>	<p>IT have now delivered the IT Strategy. A member report in the near future will provide a program to refresh Infrastructure to enhance LBB infrastructure and will also include DR review.</p>	<p>Technology Manager</p>	<p>September 2018</p>
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**EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
WORK PROGRAMME 2018/19**

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
Meeting Date: 11 October 2018	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Scrutiny of the Leader	N/A	PDS Committee
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
Cost of Agency Staff	HR/Finance	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)
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 (to include Options and Considerations for Paying for Services Received by the Council)	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
Capital Programme Monitoring - 2nd Quarter 2018/19	Finance	Pre-decision scrutiny (PH)
Risk Register	Finance	PDS Committee
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
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	11 December 2018	Cllr Wells, Cllr Marlow, Cllr Mellor, Cllr Reddin, Cllr Tickner, Cllr G. Stevens, Cllr Wilkins.
CARE SERVICES PDS		
Health Scrutiny Sub-Committee	17 October 2018	Cllr Cooke, Cllr Allatt, Cllr Cuthbert, Cllr Dunn, Cllr Ellis, Cllr Evans, Cllr Jeffereys, Cllr McIlveen, Cllr Page.
Any 2018/19 Working Groups of Care Services PDS or the Health Scrutiny Sub-Committee to be appointed by the parent bodies.		
Our Healthier South East London Joint Health Overview and Scrutiny Committee (with Bexley, Greenwich, Lambeth, Lewisham & Southwark)		Cllr Ellis, Cllr McIlveen.
EDUCATION, CHILDREN AND FAMILIES SELECT COMMITTEE		
Education, Children and Families Budget and Performance Monitoring Sub-Committee	30 th October	Cllr Reddin, Cllr Ahmad, 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 of the Environment Committee to be appointed by the parent body.		
PUBLIC PROTECTION AND SAFETY PDS		
Enforcement Task and Finish Group	Meetings until end of September 2018	Cllr Cartwright, Cllr Michael, Cllr.; Pierce, Cllr Bance
RENEWAL AND RECREATION PDS		
Beckenham Working Group		Cllr Tickner, Cllr Allen, Cllr Dunn, Cllr Mellor, Cllr Wells, Cllr King, Cllr Wibberley

LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 14th August 2018

PERIOD COVERED: September 2018 - December 2018

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 18th September 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						
CHILDREN'S SERVICES IMPROVEMENTS	Executive	12 September 2018 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Janet Bailey Tel: 020 8313 4779 Janet.Bailey@bromley.gov.uk	<u>Meeting in public</u>	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
GROWTH FUND REVIEW	Executive	12 September 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?
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
CUSTOMER SERVICES IT SYSTEMS	Executive	17 October 2018 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Duncan Bridgewater Tel: 0208 461 7676 Duncan.Bridgewater@bromley.gov.uk	<u>Meeting in public</u>	Report and Relevant Background Documents
HEALTH SUPPORT TO SCHOOL AGE CHILDREN	Executive	28 November 2018 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Dr Jenny Selway Tel: 0208 313 4769 jenny.selway@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
OLDER PERSONS STRATEGY	Executive	28 November 2018 Adult Care & Health PDS Committee	Meetings	Contact Officer: Nicholas Trower Tel: 020 8313 4591 Nicholas.Trower@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
ADULT CARE & HEALTH PORTFOLIO						
CHILDREN, EDUCATION & FAMILIES PORTFOLIO						

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?
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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

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CONTRACTS AND COMMISSIONING SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 25 June 2018

Present:

Councillor Stephen Wells (Chairman)
Councillor Neil Reddin FCCA (Vice-Chairman)
Christopher Marlow, Russell Mellor, Gary Stevens,
Michael Tickner and Angela Wilkins

Also Present:

Ade Adetosoye, OBE, Councillor Graham Arthur, Councillor
Simon Fawthrop and Lesley Moore

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Jacqui Scott from Bromley Healthcare.
Apologies were also received from Paul Feven and Councillor David Jefferys.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 CONSIDERATION OF ISSUES RELATING TO THE BROMLEY HEALTH CARE CONTRACT--REABLEMENT

The report under discussion was a report on 'Reablement' drafted by Paul Feven (LBB Interim Joint Director of Integrated Commissioning, ECHS).

The Chairman stated that the purpose of the meeting was not to apportion blame, as he did not want to promote a blame culture. His aim was to look at the issues so that lessons could be learnt for the future.

The report had been drafted as a Part 2 report. The Committee debated at some length as to whether or not the report should be discussed and published as a part 2 report, or be published as a non-confidential item under part 1.

The Chairman expressed the view that the report was non-contentious, and could be dealt with as a part 1 item. Councillor Russell Mellor felt that the report should remain as a part 2 item. He felt that matters relating to TUPE in the report meant that it should remain as a part 2 item. Ade Adetosoye OBE, (Executive Director of ECHS and Deputy Chief Executive) suggested that a flexible approach be adopted and that the committee should see how the conversation developed.

The Director of Commissioning (Lesley Moore) stated that matters concerning TUPE would not normally be considered as a part 2 item. Part 2 items would

normally be related to matters concerning procurement bids and contract awards. She felt that there was nothing contentious in the report. Councillor Angela Wilkins and the Vice Chairman (Councillor Neil Reddin) were happy for matters to be heard under part 1. The Chairman decided that the report was not commercially sensitive, and so could be discussed under part 1.

The Chairman stated that one of his aims in calling this meeting, and in discussing the issues, was to gain a better understanding of how the co-commissioning process with the CCG and the NHS worked in practice. He was seeking a clearer understanding of how the engagement process worked at a local and national level, this would mean that services could be provided that were both good value for money and of a high standard.

The Chairman was concerned that in the case of the commissioning of the Reablement contract, the process seemed to have progressed to an advanced stage with both parties misunderstanding issues relating to the TUPE of staff. He was seeking assurances that mutual understanding could be achieved so that this situation did not arise in the future. A mutual understanding was required to enable all parties to move forward. Both sides needed to clearly understand the fundamentals of interaction. The Chairman was hopeful that now LBB officers and the CCG would be more aligned in their thinking. He wanted assurances from Dr Bhan, the Director of Commissioning and the Deputy Chief Executive that this was now the case. He said that Members generically required this assurance as they were accountable to the public.

The Chairman referred to a separate document that had been drafted by the Local Government Association and the CCG. The report was called, 'Integrated Commissioning for Better Outcomes'. A link to this report had been emailed out prior to the meeting by the committee secretary. The Chairman was hopeful that committee members had looked at the briefing prior to the meeting as it would have provided them with useful background information.

Mr Adetosoye introduced Dr Bhan and Mark Cheung to the Committee. He stated that he was going to commence by considering macro issues, and then with micro issues, after this he would answer any questions that arose.

Mr Adetosoye informed the Committee that the most recent inspection relating to Reablement had taken place in May 2018. The previous inspection had taken place in 2016. Since the previous inspection in 2016, the service had progressed from 'requiring improvement' to 'good'. The aim was to move forward to a rating of 'outstanding'. With respect to the most recent inspection, only two days' notice had been given. Subsequent to the most recent inspection, the service had been described as 'caring, good and responsive'. He felt that it was important to note the progress that had been made. There was going to be another inspection by the CQC in 2020, and it was hope that by that time the service would be rated as outstanding.

Mr Adetosoye stated that the correct procurement process had been followed. Although in this case the external commissioning of the service had failed, the positive news was that a comprehensive review of the service had subsequently

been undertaken by the Director of Commissioning. He expressed the view that as a result of the review, improvements had been made that would provide better services for residents, and that this would be achieved from the base budget. He was optimistic that a better platform had now been attained that would enable the service to attain a rating of 'outstanding' from the CQC.

Mr Adetosoye stated that what had transpired was a failed procurement, and not a failed contract. There was no contract in place that had failed. He was satisfied that as a result of the review, good services were in place. He explained how the procurement process had developed and progressed. It had been decided by the Executive in June 2017, that the Council's Reablement services should be included in the CCG's Community Contract award to Bromley Healthcare (BHC). During the period between August 2017 and January 2018, BHC, the CCG and the Council worked closely together to mobilise services.

Concerns were first raised by BHC in October 2017 and on 12th January 2018; Mr Adetosoye chaired a meeting with all partners to discuss any outstanding issues with the proposed transfer of services. At this meeting it became apparent that BHC's view was that the proposed benefits of the contract award were outweighed by the financial risks posed by the pensions liability. BHC asked for mitigations from the council to compensate for the risks.

Mr Adetosoye felt that the prospect of adding in a new post-executive process was questionable. It was clear that there was no benefit in progressing with a procurement process that was going to cost the Council more than leaving the service in house, and so it was clearly the correct decision to withdraw from the contract. This decision was formally ratified by the Executive on 7th February 2018. Mr Adetosoye stated that LBB required synergies in terms of costs and care pathways, and that LBB had to avoid flawed procurements where a provider tried to dictate costs.

At this point the Chairman expressed concern that the CCG and LBB held separate and divergent views that mitigated against integration and the joint commissioning of contracts. The Chairman expressed concern that problems around pensions could leave the commissioning process in an intractable place. He asked if there were any other issues that could hinder the integration process aside from pensions. It was highlighted to the Chairman that there was another issue which was the 'Agenda for Change in the NHS'.

NHS staff were part of the 'Agenda for Change'. The problem for the NHS concerning the 'Agenda for Change' was that it meant that in certain cases the NHS would have to pay more for LBB staff that were being TUPED over. So this would be an additional financial liability that the NHS would have to consider. This was a matter that was challenging and would require working through.

The Director of Commissioning informed the Committee that LBB had been successful in the past with commissioning contracts and with the successful transfer over of pension liabilities. This had resulted in savings for the Council, and in some cases LBB had put sums aside to cover against pension risk. The Director commented that the Reablement Service had now been set up as a private

provider and would deliver significant savings.

The Chairman noted that successful commissioning had been undertaken with respect to other large contracts, and he asked therefore if this was a problem peculiar to CCG/NHS contracts. The Director of Commissioning stated that this was not a problem confined to CCG/NHS contracts. A large ECHS contract bundle had previously been successfully commissioned after a negotiation process. The problem with a negotiated process was that the process took longer.

Councillor Mellor commented that it seemed that the matter of pensions liability for BHC had not been made clear in the initial procurement process, and he wondered this was the case.

Dr Bhan stated that the CCG were also accountable and that the CCG would produce a business case as part of the procurement process. As far as the CCG were concerned there were no errors in the contractual process as far as they were concerned.

Mar Cheung highlighted that the total value of the Community Care Contract was £35m. The Reablement part of the contract amounted to £800,000 so the issue should be regarded in this context. So the point was that the failed procurement was only in a small area.

Mr Cheung referenced various contracts that had been successfully commissioned and specifically mentioned the provision of disabled respite services at Highbank. In this case a long standing member of staff had been transferred over as part of the commissioning process. This was part of Lot 1 of the Community Contract for Children and Young People's Services. It was estimated that the Lot 1 bundle of services had resulted in significant savings in the region of £2m, and some of these savings had been accrued by LBB.

The Director of Commissioning explained that commissioning was not always about out-sourcing. Different approaches to commissioning were possible. The Chairman stated that he liked the idea of synergies being achieved by integration, and that he was now feeling more assured that mutually agreeable processes could be worked out between partners such as the CCG, NHS and BHC.

Dr Bhan noted that procurement laws applied to all concerned. A genesis point was required when it could be decided from the offset what was required, and what the aims and objectives of procurement and commissioning should be. It may be that the JSNA (Joint Strategic Needs Assessment) was a good place to start, and that the JSNA could be used as a tool to assist with service development and specification. In all cases consultation would take place with patients and other service users. The CCG placed a big importance on public consultation. It had extensively engaged with young people in the development of mental health services for young people. The design and strategy development was initiated after this process of consultation was finished.

Mr Adetosoye reminded members that it was a statutory requirement that substantial integration be achieved by 2020. A report was being drafted

concerning this over the next few weeks, and the work of the Joint Leadership Board would broaden and expand. It was hoped that by 2020, LBB could report to central government that substantial integration had been achieved.

Dr Bhan informed the Committee that due to successful integration work to date, hospital admissions had been reduced by 18%. Additionally, the latest data for May showed that delayed transfers of care had reduced by 36%. Progress was being made, but there was still more work to be done, particularly in the area of children and paediatrics. Dr Bhan was convinced that successful integration would definitely benefit the local population.

A Member expressed concern that the commissioning process took too long, and wondered if there was a way of speeding up and improving the commissioning process and the type of contracts used. The Director of Commissioning responded by explaining the nature of the contract documentation that was used. It was the case that the contracts used had been developed over a long period of time, and that the core contract documentation did not need to be changed. It was just supplementary information/detail pertaining to an individual contract that may need to be added as required. The Director highlighted to the Committee that it was important to forward think the commissioning strategy.

A Member expressed the view that if the pensions liability for the Reablement service had been made clear at the offset, the process would not have failed. A discussion took place about clarifying the level of pension risk with respect to contracts, and the practice of banking savings to offset risk.

A further discussion took place concerning when it may be appropriate to enter into negotiations. In some cases, especially when dealing with large and complex contracts, it may be appropriate to enter into negotiations to vary a contract. Mr Cheung commented that if both parties knew what they wanted, then negotiations may not be required, and Mr Adetosoye stated that once a contract had been awarded, it would not be appropriate later to offer more money to the provider.

It was noted that the 19 staff working for the Reablement service had been kept fully informed of the proposed transition of the service, meetings were held and assurances provided. It was the case that some staff left the service during the process, but this was not uncommon. A Member asked if a management buyout was possible. It was noted that this course of action was not recommended as there were lots of associated risks.

It was agreed that sometime in the spring of 2019, an update should be provided to the Committee concerning what progress had been made towards the objective of substantial integration.

RESOLVED that the Committee be updated during spring 2019 concerning the progress made towards substantial integration of health and care services

Contracts and Commissioning Sub-Committee
25 June 2018

The Meeting ended at 8.45 pm

Chairman

CONTRACTS AND COMMISSIONING SUB-COMMITTEE

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

Present:

Councillor Stephen Wells (Chairman)
Councillor Neil Reddin FCCA (Vice-Chairman)
Simon Fawthrop, Russell Mellor, Gary Stevens, Michael Tickner
and Angela Wilkins

Also Present:

Councillor Graham Arthur, Claudine Douglas-Brown, Ellily
Ponnuthurai, Lesley Moore, John Nightingale, Emma Pearce and
Dave Starling

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Graham Mackenzie from Bromley CCG.

Apologies were received from Councillor Christopher Marlow and Councillor Simon Fawthrop acted as alternate.

2 DECLARATIONS OF INTEREST

Councillor Simon Fawthrop declared an interest as he was an employee of BT.

Councillor Fawthrop and Councillor Neil Reddin declared interests as deferred members of the Bromley Pension Scheme.

Councillor Russell Mellor declared an interest as a current Bromley pensioner.

3 MINUTES OF THE MEETING OF THE CONTRACTS SUB-COMMITTEE HELD ON 29th MARCH 2018

Members noted the draft minutes of the meeting that was held on 29th March.

It was mentioned in the minutes that Councillor Tickner had apologised for lateness. The Chairman expressed the view that this was incorrect and that it was Councillor Carr who had apologised for lateness. The minutes of the special meeting that had been held on 25th June had been sent out via email. The Chairman decided that as Members had only recently received the email, the agreement of the minutes for 25th June would be formalised at the next meeting which was scheduled for September 4th.

A Member pointed out that a report on change controls had been promised but had not been received. Members felt that it would be interesting to see a report

that explained how change controls were utilised and operated within the Council. The Chairman suggested that a report relating to change controls should come to the September meeting. The Director of Commissioning (Lesley Moore) stated that it would be more appropriate if a report on change controls came to the December meeting instead.

The Director explained that there were different kinds of change control notices and that she would be providing training on change controls the same week. The Committee agreed that the report on change controls would be incorporated into the Work Programme and assigned to the December meeting.

A Member mentioned that reports pertaining to change control notices had been looked at previously by the Executive, Resources and Contracts PDS Committee, and that it was important to avoid duplication. It was suggested that a demonstration of the CDB (Contracts Database) alerting system be given at a future Executive, Resources and Contracts PDS Committee meeting, and that members of the Contracts and Commissioning Sub Committee be invited.

It was agreed that at the September meeting, an information briefing would be provided concerning change controls, based around the modular training that would be provided by the Director of Commissioning—the report on change controls would be deferred to the December meeting.

The Chairman referenced EU procurement rules, and suggested that a future item on the Work Programme could be a consideration of what changes to procurement could be expected in the future when the UK left the EU. In response, the Head of Commissioning and Procurement (Dave Starling) explained that the rules had been adopted into UK law, and so it was unlikely that anything would change over the next two or three years.

Members were keen to see the letter that had been promised from Bromley Healthcare. The Chairman asked Mr Feven if he could provide sight of this. Mr Feven agreed to disseminate the letter via the Committee Clerk.

RESOLVED that:

- 1) Subject to the requested amendment to change the name of the Councillor who had given apologies for lateness at the March meeting, the minutes of the meeting held on March 29th were agreed and signed as a correct record.**
- 2) The minutes of the special meeting held on 25th June would be agreed at the next meeting.**
- 3) The Director of Commissioning would provide an information item relating to change controls for the September meeting.**
- 4) A report on Change Controls would be provided for the December meeting.**

5) At a future meeting of the Executive, Resources and Contracts PDS, a demonstration would be provided of the functionality of the Contracts Database. Members of the Contracts and Commissioning Sub-Committee would be invited.

6) Mr Feven would disseminate the most recent letter from Bromley Healthcare via the Committee Clerk.

4 QUESTIONS TO THE CONTRACTS AND COMMISSIONING SUB COMMITTEE FROM COUNCILLORS AND MEMBERS OF THE PUBLIC

No questions had been received.

5 JOINT COMMISSIONING UPDATE--BROMLEY COUNCIL AND BROMLEY CLINICAL COMMISSIONING GROUP

A joint commissioning update report was presented to the Committee. The report had been written jointly by Paul Feven and Graham Mackenzie—Interim Joint Directors of Integrated Commissioning. Daniel Taegtmeyer (Interim CAMHS Commissioner) attended the meeting as an alternate for Mr Mackenzie.

The report provided an update on joint commissioning activity between LBB and Bromley CCG. It was noted that the report had been based around the work programme of the Integrated Commissioning Board (ICB); this Board was the integrated officer governance body for health and social care. The Committee noted that the aim of the ICB was to develop and strengthen the commissioning approach across the borough, to improve service delivery and to ensure value for money.

The Chairman commented that the report seemed to indicate that much contractual activity was taking place, and he asked how much of this was going before LBB's Commissioning Board. Mr Feven responded that projects such as Bromley Well and the Dementia Hub (as jointly commissioned services) should have gone to the Commissioning Board.

In any joint commissioning venture, proposed services for commissioning would be scrutinised by the relevant governance bodies for both the CCG and LBB, and so would come before the Commissioning Board as a matter of course. Strategies for future development would also be referred to the Commissioning Board. Mr Feven stated that he was not sure if Integrated Care Networks (ICNs) had gone to the Commissioning Board, but he could confirm that they had been looked at by the Executive.

The Chairman expressed concern that scrutiny of joint projects may not be taking place adequately. He asked Mr Feven if joint projects had been scrutinised by the relevant LBB PDS Committees. It was confirmed that joint commissioning proposals had been brought before the Health and Wellbeing Board. The Chairman asked Mr Feven for some information concerning the composition of the ICB.

It was noted that the ICB was chaired jointly by LBB's Deputy Chief Executive and Executive Director of Education, Care and Health (Ade Adetosoye) and by the Managing Director of the CCG (Dr Angela Bhan). He explained that both Mr Adetosoye and Dr Bhan would draw on officer support from both LBB and the CCG as required. The work of the ICB was to manage a set of projects and a work programme.

The Chairman wondered where the ICB was answerable to with respect to LBB. The Director of Commissioning clarified that no reports should go anywhere until they had been looked at by the Commissioning Board. She cited the example of developing a Care Home Strategy. The strategy should be scrutinised by the Commissioning Board as the Board would have directors available who would have expertise in that area. Dave Starling sat on the Board. The Board would need to be presented with a Gateway report that would set out risk and cost implications. Only after scrutiny by the Commissioning Board could reports move on to be considered by the Portfolio Holder or by the Executive.

Mr Feven clarified that the work of the ICB was an exploration of ideas, and that there was no attempt to subvert or deviate from the scrutiny process at the appropriate time. When a project was ready for consideration it would go to the Commissioning Board. The Chairman asked if the ICB definition of 'when it is ready' equated to a Gateway Zero report that set out the business case or a Gateway 1 report which would be the last chance for Members to have any input. He was concerned that Members were provided with the opportunity for scrutiny.

A Member commented that the report had a lot of information concerning 'what' but very little information on 'how'. It was with the 'how' that would come innovation and value for money. He wanted to see how things were being done, and how LBB and the CCG would arrive at their joint objectives. More of this type of information should be included in future papers. Members wanted to see how they could be involved in the process, particularly at an early stage like Gateway Zero.

Mr Feven stated that the report was meant to be a light touch document that provided Members with a sense of the scope of activity, and to illustrate how the CCG and LBB were engaged in meaningful dialogue. The 'how' would follow later and the relevant governance procedures would be followed. He pointed out that part of the current process was to unblock pathways so that LBB and the CCG could work together to provide better services and benefit from economies of scale. A brief discussion took place about the geographical nature of ICNs.

The Chairman was concerned that joint commissioning projects may be discussed that at the end of the day may not be affordable. The Vice Chairman asked where the work plan for the ICB originated from. He also asked what the process was for deciding if a service should be commissioned or not. It was clarified that the previous body dealing with the work programme would have been the JICE (Joint Integrated Commissioning Executive); the ICB took over from the JICE. It became clear that the work programme for the ICB was derived from the HWB Priorities and from the JSNA (Joint Strategic Needs Assessment). Going forward there

could be big operational issues to deal with and so membership of the ICB may need to be expanded. This was recently the case with the addition to membership of Janet Bailey (LBB Interim Director of Children's Social Care).

A Member asked if the individuals on the ICB just 'ticked boxes' or if they were 'real' commissioners that provided challenge when required. He asked if the ICB had any 'heretics' as members who would provide the necessary degree of challenge. Mr Taegtmeyer responded that the ICB welcomed challenge and guidance, and brought in experts if required. It was noted that the Director of Commissioning may be able to suggest suitable candidates for ICB membership. Mr Feven responded that the ICB was not averse to expanding its membership. The Chairman stated that as far as LBB was concerned, challenge would come from the Commissioning Board.

Councillor Graham Arthur explained that previously there had been a divide between the CCG and the LBB, and so the plan from central government was to join both organisations together in terms of commissioning and so BCF (Better Care Fund) funding was provided to help divert money from acute care to enable LBB to provide social care. However, most of the money remained within the healthcare community. He felt that the report was helpful and informative, but hoped that at the end of the day it did not end up as a wish list that could not be funded. It was imperative that proper governance be established before any money went from LBB to another organisation.

The Chairman noted that there was no schedule or timescales in the report and this was concerning. If joint integration was the aim by 2020, what was the mechanism that would enable both parties to arrive at the required destination on time. Mr Feven responded and said that all of the projects detailed in the report had either already been completed or were a work in progress.

A Member asked what the position with respect to the alignment of contract registers was. Mr Taegtmeyer answered and explained that work on this had already commenced by a joint team. The intention was that where possible, commissioning and contract information between the CCG and LBB be aligned.

At this point the Director of Commissioning urged caution, and the need to pull back. Matters of governance had to be resolved first. Risks would need to be clarified in a business case together with who was responsible for what system. If LBB were giving the CCG access to their contracts database, the reasons for this would have to be clarified and clearly understood.

A discussion followed around the four themes mentioned in section 3.3 of the report. The Chairman agreed that the matter of Care Homes and the mental health of children and young people should be priorities. The Chairman expressed the view that it was important that LBB was involved in the decision making process regarding priorities, as Councillors were accountable to the public. He wondered how the CCG was scrutinised. Mr Taegtmeyer responded that the CCG was accountable to the NHS and to other partners.

The Chairman re-iterated his concerns that in an environment where over the next two years the Council had to find savings of £39m, it was difficult to see how all of the joint commissioning plans could be afforded. Mr Feven responded that to do nothing was not an option. A Member stated that in the future he would like to see a report that focused more on timescales and outcomes. The public were not interested in Boards, Committees and funding, but were simply interested in what was going to be done and when. In short they were interested in practical outcomes.

The Chairman referred to in year reductions in budgets. Would this be written into the joint contracts. LBB normally asked for continuous improvements and efficiencies. Mr Taegtmeyer replied that the CCG had quality improvement programmes in challenging financial landscapes, and this was not a foreign concept to the CCG. This has been ongoing in the CCG since April 2013.

The Chairman thanked Mr Feven and Mr Taegtmeyer for their time in attending and the meeting, and for a very useful discussion.

RESOLVED that the joint commissioning update report is noted.

6 COMMISSIONING DELIVERY PLAN REPORT

The Committee was presented with a report outlining the Commissioning Delivery Plan for the next four years. The report had been written by the Director of Commissioning and Members were requested to note the report.

The report highlighted the difficult financial environment that the Council was now operating in and outlined the key points that commissioners had to consider when developing a commissioning strategy. It was noted that the information gathered by commissioners would be used to complete a business case that would inform a Gateway 1 report, and that this should therefore be linked to the four year financial forecast.

The Chairman was concerned to see that there were ten ECHS reports red flagged on the Commissioning Board Work Plan. He asked when the relevant reports would be in place as some issues had already gone beyond the deadlines. He was considering asking the relevant directors to attend the Sub Committee to explain why this was the case, and what they would do to rectify the situation. The Chairman expressed concern that the relevant strategic plans for the red-flagged reports were not in place, and indeed may still not be in place in any reasonable timescale.

The Director of Commissioning informed the Committee that she was working with the Deputy Chief Executive and Mr Feven with respect to revised timescales and it was hoped that most of the red-flagged reports would be presented to the Commissioning Board by 30th July.

It was confirmed that the Commissioning Directorate had provided all the relevant training to officers across the Council which should enable the ECHS Directorate to deliver the reports on time. It was noted that in the five years

since the Commissioning Board had been established, significant savings in the region of £15m had been realised. However, it was fundamental that sufficient time be spent working through the commissioning cycle, starting from detailed service reviews, so that the commissioning process was undertaken in the most efficient way possible; this would produce the best outcomes for all concerned.

The Chairman stated that he would like to be kept informed as to whether or not the revised deadline of 30th July was met. The Chairman asked for an update report to be provided concerning this for the next meeting.

The Director of Commissioning said that this work was critical to confirm growth requirements over the next 4 years, and the deadline for finance that officers were working to was the 30th July. When these pressures were identified, then a financial envelope could be formulated to deal with any service re-design that may be required. The Chairman commented that when there were problems with getting behind on a schedule, it was often difficult to catch up, and this was concerning. The Vice Chairman asked if this matter was a one off glitch, or was it systemic.

A Member asked for an update concerning the Mortuary Contract, and asked if bids had now been received. It was explained that the contract had to be extended as the relevant health authority staff had not been available previously to deal with the new bid. However, it was the case that a bid had now been received.

A Member proposed a motion that was seconded by the Chairman. The motion was that in the future, if a report was going to be presented late to the Commissioning Board, then two weeks subsequent to the missed deadline, a letter would be required to be written by the relevant director explaining why this was the case. The letter should be sent to the following recipients:

- The Chief Executive
- The Deputy Chief Executive
- The relevant Portfolio Holder
- The Director of Commissioning
- The Commissioning Board
- The Chairman of the Contracts & Commissioning Sub Committee
- The Vice-Chairman of the Contracts & Commissioning Sub Committee

Post Meeting Note One:

An email was sent by the Committee Clerk on 18th July to the Chief Executive and the Deputy Chief Executive, outlining the principle of the recommendation. In this case the email referenced the 30th July date for the receipt of current red-flagged ECHS reports to the Commissioning Board. The Director of Commissioning, Paul Feven and Committee Members were copied in to the email.

Post Meeting Note Two:

The Chief Executive responded to the determination of the Committee and pointed out that the resolution by-passed the managerial responsibility and accountability which was held by himself. Going forward, he would ensure that the requirements of the resolution were met by the Commissioning Board. Additionally, he would ensure that the Director of Commissioning would be able to update the Committee on any actions undertaken by himself or his delegated officer and would be able to offer an explanation to Members if required.

Councillor Mellor expressed reservations about asking for the letter as he felt that it would over complicate a simple matter. Councillor Tickner expressed the view that asking for the letter would create more work, with a possible request for more resources, for these reasons he abstained.

A discussion took place concerning what information should be incorporated into the Commissioning Board Work Plan going forward. It was agreed that the named officer responsible for reports should be added. The Director of Commissioning explained some of the terminology used in the Commissioning Board Work Plan document. 'Strategy' was the equivalent of 'Gate Zero', requiring a detailed Business Case to be undertaken in line with the training modules and how this would help to mitigate future cost pressures. 'Award' meant that the bid process was completed and a decision had been made in terms of contract award.

Members discussed the relationship between the Commissioning Board and the Contracts and Commissioning Sub-Committee.

RESOLVED that:

1) In the future, if a report was late going to the Commissioning Board, then two weeks subsequent to the deadline, a letter should be written by the relevant director explaining why this was the case, as noted in the minutes.

2) Going forward, the names of responsible officers should be added to the Commissioning Board Work Plan.

3) For the September meeting, an update report should be provided to inform the Committee what occurred with respect to the provision of ECHS reports to the Commissioning Board on 30th July.

7 RETENDER OF THE EXCHEQUER SERVICES CONTRACT

'The Retender of the Exchequer Services Contract' was a report that had been looked at by the Executive on 11th July 2018. The report summarised the outcome of the soft market testing exercise that had been undertaken by officers, and the procurement approach for the retendering of the contract. The Executive was recommended to note the outcome of the soft market testing exercise, and to approve the retendering of the contract. The Executive agreed to the

recommendation.

The report had been scrutinised by the Executive, Resources and Contracts PDS on 5th July. At this meeting it was proposed that in view of the size of the contract, the report should be scrutinised by the Contracts and Commissioning Sub Committee, and that the Executive's decision should be subject to review by it.

It was noted that whilst officers were satisfied with the performance of the current contractor, no further extensions were permitted, and so the contract had to be re-tendered. The Chairman referred to the part of the contract dealing with business rates. He asked if any changes relating to business rates were made by central government, would there be enough flexibility in the revised contract to allow for this; the answer to this was affirmative.

The Chairman referred to 'cash collections' and asked if in this digital age, LBB still required a cash facility as part of the contract. Mr John Nightingale (Head of Revenues and Benefits) explained that cash collections were still required. Cash was still collected from some schools and the kiosk in the Stockwell Building; some people still came into the Council to pay their council tax using cash.

Members discussed the current scope of the contract, and the services that had been added into the contract since the original contract award. There was also a discussion about the potential to add in additional services at a later date. It was noted that the Web Recruitment module of the ResourceLink software was not fit for purpose and so this part of the contract would not be renewed.

The report had advised that the new provider should undertake a health check after 12 months to see what improvements and savings could be made. The Vice-Chairman wondered how this would work out practically, and how LBB could be sure that the benefits of any efficiencies were accrued by LBB.

A discussion took place concerning Service Level Agreements and Key Performance Indicators, and a Member asked when the KPIs would be available. Emma Pearce (*Head of Performance, Governance and Contracts—Commissioning and Procurement*) clarified that this information should be available by the beginning of September. The Chairman asked if a document of some sort could be presented to the September meeting that would outline the KPIs for the new contract.

A Member mentioned that Liberata had been good at attending committees every six months to provide updates and to answer any questions that Members had. She asked if this practice would be formalised in the new contract. The Director confirmed that for any contracts in excess of £5m, there would be a clause written into the contract that stipulated that a representative of the contractor had to be available to attend PDS meetings to address performance issues if required. A Member expressed the view that in the case of large contracts, a clause should be included which gave LBB the ability to call Directors and Chief Executives to PDS meetings.

A Member asserted that it was wrong for the Council to be generating huge 'wet blanket' contracts that made it impossible for small businesses to take part in the tender process, and that this was contrary to central government policy. He felt that small businesses should be allowed to tender for specialist parts of the contract.

The Director of Commissioning responded that the current contract had been operating for fifteen years without any risk, and it was the case that the additional services added in to the contract had resulted in significant savings for the Council. If more contractors were involved, this would result in increased invoice generation and an increase in the number of client teams.

The Head of Commissioning and Procurement (Dave Starling) stated that LBB did consider central government policy. Large contractors were encouraged to use local businesses for sub-contracting work if possible. Liberata had invested heavily in software updates and maintenance and LBB would not be able to duplicate this.

A Member referred to the Public Regulations 2015. He asked if LBB had the legal authority to amend the Regulations if needed. The answer to this was no. There were exemptions to the Regulations, but the Regulations themselves could not be changed.

A discussion took place concerning the matter of TUPE and pension liability. The Director of Commissioning provided assurances that LBB was not at risk of financial loss in any way with respect to TUPE and pension liability. It was imperative that any matters relating to TUPE and pensions involved the Contract Manager. These were matters that would be factored into contracts.

The Chairman referred to section 3.5 of the report that identified a number of services that had been added into the contract by change control notices. He wondered why 'BIDs' (*Business Improvement District*) had been added. It was explained that BIDs had been added as the Council was responsible for collecting Business Rates and a proportion of this was allocated to the BID later.

Similarly, the Chairman asked why 'school sold services' had been added. It was noted that four schools remained under local authority control and had not converted to Academies. Resultantly, this contracted out service had to remain in place as the Council had a statutory duty to provide the service to schools that were still under the control of the local authority.

The Chairman referred to section 4.3 of the report which looked at some of the options to add in additional services. He asked why LBB were still writing cheques. It was explained that a small number of staff on the payroll were still paid by cheque, as were a small number of pension payments. The Chairman hoped that in the near future, the practice of using cheques could be eliminated. Members were informed that Claudine Douglas-Brown (*Head of Exchequer Services*) would be drafting a report concerning this and that the report would be presented to the Executive, Resources and Contracts PDS Committee for their consideration.

The Chairman noted section 4.8.1 of the report which was to do with a review of the current contractor accommodation. It noted that the contractor paid £437k towards accommodation costs. The Chairman commented that now may be the time for a review of the Civic Centre Accommodation Strategy. The Committee was informed that a report on this had gone to the Executive for consideration on July 11th.

The Committee discussed the Aquila Heywood contract that provided the pensions software, and the reasons suggested by officers for a contract extension.

Members discussed the various tender options that had been looked at. It was noted that the favoured option was to tender the contract 'as is' with the option for the provider to offer a price for the additional services set out in section 4 of the report.

A Member felt that there should have been an option 5 added to the report where consideration was given to splitting the contract into smaller sections. The Director of Commissioning stated that this option was not included as it would not provide value for money.

The Chairman asked why a contract period of 8 years had been preferred (with an option to extend for a further 4 years). He asked why LBB did not opt for a 10 or 15 year contract, which may provide a bigger discount. One of the reasons given for this was due to possible changes in innovation and technology which could make a longer contract period undesirable.

A Member suggested that Liberata and other large contractors like Amey be asked what smaller sub-contractors they were using. The Head of Procurement and Commissioning confirmed that the contractor on the Waste Services Contract was using small businesses as sub-contractors, and were providing apprenticeships.

The Chairman referred to the Evaluation Criteria outlined in section 9.5 of the report. It was noted that the evaluation criteria was normally 60% price and 40% quality. The Chairman asked if this could be modified given the size of the contract. The Director of Commissioning stated that for this to change a valid business case would need to be made.

Members noted section 9.8 of the report which was the Indicative Procurement Timetable. The Chairman asked if the time-scales outlined were reliable, and the Director assured that they were.

The Chairman drew attention to papers that had been placed on a table in the room that were related to individual contract areas. The Director of Commissioning stated that the papers were confidential service specifications and should not be removed from the room. The Director declared that it was not in the remit of Members to comment on service specifications.

RESOLVED that:

- 1) The Retender of the Exchequer Services Contract report is noted.**

2) The Contracts and Commissioning Sub-Committee endorse the recommendations agreed by the Executive on 11th July 2018.

3) A document is presented to the September meeting that would outline the KPIs for the new Exchequer Services Contract.

4) A document be provided to the Committee on or around 9th October (after the contract specification had gone out to public tender) to appraise Members concerning KPIs. This would be disseminated via email as there was no meeting scheduled for October.

8 CORPORATE CONTRACT REGISTER REPORT & CONTRACTS DATABASE UPDATE--PART 1

CEO 1641

Members were presented with a report which provided an update on the Corporate Contracts Register and Contracts Database. The report presented July's Corporate Contracts Register for consideration, and also provided an update concerning the Council's Contract Database.

RESOLVED that

1) The report is noted

2) Members note the progress made with respect to the Contracts Database

3) That the appended part 1 Contracts Register formed part of the Council's commitment to data transparency, and that the part 2 version contained an additional commentary—some of which may be commercially sensitive.

9 WORK PROGRAMME 2018/2019

Members noted the Work Programme report.

The Chairman stated that some items had been discussed during the course of the evening and that he anticipated that these had been picked up by the Committee Clerk and would be subsequently added to a revised Work Programme.

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

11 EXEMPT MINUTES OF THE MEETING OF THE CONTRACTS SUB-COMMITTEE HELD ON 29th MARCH 2018

Members noted the exempt information minutes for the meeting on 29th March 2018.

Members agreed the part 2 minutes and they were signed as a correct record.

RESOLVED that the part 2 minutes pertaining to the meeting on 29th March 2018 be agreed and signed as a correct record.

12 CORPORATE CONTRACT REGISTER & CONTRACTS DATABASE UPDATE--PART 2

Members noted the part 2 version of the Corporate Contracts database update, together with the additional commentary.

13 AOB

No other business was discussed.

14 DATE OF THE NEXT MEETING

The date of the next meeting was confirmed as 4th September 2018.

The meeting ended at 10.10 pm

Chairman

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London Borough of Bromley

Report No.
FSD 18065-1

PART ONE - PUBLIC

Decision Maker: RESOURCES, COMMISSIONING & CONTRACTS
MANAGEMENT PORTFOLIO HOLDER

Date: For Pre-Decision Scrutiny By Executive, Resources & Contracts Policy
Development And Scrutiny Committee Wednesday 5 September 2018

Decision Type: Non-Urgent Executive Non-Key

Title: GATEWAY 1 MEMBERS REPORT. FORMAL CONSULTATION
ON OUTLINE SERVICE PROPOSALS AND PROCUREMENT
STRATEGY - COUNTER FRAUD SERVICES. PART 1 (PUBLIC
INFORMATION)

Contact Officer: David Hogan, Head of Audit
Tel: 0208 313 4886 E-mail: david.hogan@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

Reason for report

- 1.1 The Council currently has a partnership agreement in place with the Royal Borough of Greenwich for the investigation of fraud, which expires on 31 March 2019.
 - 1.2 A review of the current fraud investigation partnership has been undertaken and various options have been considered as detailed below. Further information is contained in the Part 2 report.
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1. RECOMMENDATIONS

- 2.1 Members of the PDS Committee are requested to note and comment on the report.
- 2.2 That the Portfolio Holder endorse the recommendation outlined in the Part 2 report (FSD 18065-2).

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
-

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: Details included in the Part 2 report
 2. Ongoing costs: Recurring Cost: Details included in the Part 2 report
 3. Budget head/performance centre: Audit and Legal Services
 4. Total current budget for this head: £181,880
 5. Source of funding: Existing revenue budget for 2018/19
-

Personnel

1. Number of staff (current and additional): 0
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory Requirement: Local Government Act 1972 and Accounts and Audit Regulations 2015
 2. Call-in:
-

Procurement

1. Summary of Procurement Implications: The service proposals and procurement strategy have been developed in accordance with the Council's Financial Regulations and Contract Procedure Rules, the requirements of the of the Public Contract Regulations 2015 Light Touch Regime and the EU Procurement Regulations 12(7).
-

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable

Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Council has had a partnership agreement with the Royal Borough of Greenwich (RBG) since 2002, for the investigation of fraud. There have been various exemptions and extensions to the partnership agreement, the latest of which expires on the 31 March 2019.
- 3.2 Whilst the service has worked well since its inception and this partnership does not contravene any EU procurement regulations (as set out in Regulation 12(7) of the said rules as it is an agreement between two public authorities aimed at carrying out jointly their public service tasks and is governed only by considerations relating to the public interest), there is a duty to ensure that best value is being obtained.
- 3.3 The alternative options which were considered are detailed in the Part 2 report and are summarised below:
- Option 1 - Build an in-house resource, directly recruiting and managing investigative staff, training managers, commissioning a suitable case management system and contracting with the necessary intelligence providers, such as NAFN (National Anti-Fraud Network), Land Registry etc.
 - Option 2 - Enter into a new partnership arrangement with an alternate public sector provider.
 - Option 3 - Engage a commercial provider from the private sector via OJEU tender framework.
 - Option 4 - Review and renew the existing partnership arrangement with the Royal Borough of Greenwich.
- 3.4 Please see the Part 2 report (Exempt) for details of the procurement strategy and the justification for the contract award.

4. FINANCIAL IMPLICATIONS

- 4.1 Audit currently has a budget of £182k to undertake fraud work.
- 4.2 Further financial considerations are included in the Part 2 report.

5. PERSONNEL IMPLICATIONS

- 5.1 Please see Part 2 (Exempt) report for further details on the personnel implications.

6. LEGAL IMPLICATIONS

- 6.1 Please see Part 2 (Exempt) report for further details on the legal implications.

7. PROCUREMENT IMPLICATIONS

- 7.1. Please see Part 2 (Exempt) report for further details on the procurement implications.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children Policy Considerations
Background Documents: (Access via Contact Officer)	N/A

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Report No.
CSD18128

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: RESOURCES, COMMISSIONING AND CONTRACTS
MANAGEMENT PORTFOLIO

Date: Wednesday 5 September 2018

Decision Type: Non-Urgent Executive Key

Title: EMPLOYEE BENEFITS

Contact Officer: Emma Downie, Head of HRIS & Reward
E-mail: emma.downie@bromley.gov.uk

Chief Officer: Director of Human Resources

Ward: Not Applicable

1. REASON FOR REPORT

- 1.1 The contract with our current employee benefits provider, Sodexo, is due to end on 9th December 2018.
- 1.2 The report sets out:
 - Summary of the outcome of soft market testing exercise undertaken by officers
 - The business case to enter into the Crown Commercial Services CCS framework for a new employee benefits provider.

2. RECOMMENDATION(S)

Members of the Executive, Resources & Contracts Policy and Development Committee are asked to:

- 2.1 Note the outcome of the soft market testing exercise.

The Portfolio Holder is asked to:

- 2.2 Agree to enter into the CCS Framework and engage with Edenred to provide Employee Benefits services for the total contract value of up to £544,150. The total contract value includes the vouchers for the merited rewards.
- 2.3 Agree the contract term as set out in para 3.25 of this report for a period of 4 years.

Impact on Vulnerable Adults and Children

Summary of Impact: The provision of employee benefits services is vital for the Council in attracting and retaining employees to LB Bromley, especially in hard to fill posts such as Social Work positions.

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: £544,150
 2. Ongoing costs: Recurring Cost: £136k
 3. Budget head/performance centre: Human Resources
 4. Total current budget for this head: £200k
 5. Source of funding: Existing revenue budget for 2018/19
-

Personnel

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

Legal

1. Legal Requirement: None
 2. Call-in: Applicable
-

Procurement

1. Summary of Procurement Implications: EU compliant framework
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 1464 employees
-

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 with an overview of the history of the employee benefits contract along with the outcomes of soft market testing and proposals for a replacement provider.

Contract History

3.2 The Council's current Employee Benefits contract is provided by Sodexo (formerly P&MM). The contract has been with Sodexo since September 2007 with the current contract due to expire on 9th December 2018.

3.3 Whilst officers are on the whole satisfied with the current contractor's performance there are no further extensions under the terms of the Contract and the service will need to be retendered.

3.4 HMRC have also made changes to certain salary sacrifice schemes, such as the technology schemes, meaning that the employer NI savings, which funded the leisure & retail element, are no longer in place.

3.5 In October 2018, there are also changes planned to Childcare Vouchers with the introduction of a government scheme. Therefore, from October 2018, only employees currently within the salary sacrifice scheme at this point can continue to pay into this and therefore the employer NI savings received from this will reduce once they choose to leave the scheme.

Current Scope of Employee Benefits

3.6 The following services are currently included in the Employee Benefits Contract:

- Childcare Vouchers
- Cycle to Work Scheme
- Technology Salary Sacrifice
- Telephone Salary Sacrifice
- Leisure & Retail Discount Portal (including access to discounted vouchers)

3.7 Following a previous review, the telephone salary sacrifice scheme has not proved worthwhile and we would therefore not look to replace this element.

3.8 The £135,000 annual spend for merited rewards, previously agreed as part of Localised Pay, does not currently form part of this contract.

Summary of Business Case

3.9 In April 2013, the Council withdrew from national terms and condition and introduced Localised Pay.

3.10 A key part of Localised Pay was to acknowledge and invest in staff, and improve the Council's ability to recruit and retain a skilled and flexible workforce in challenging times

3.11 Both employee benefits and reward pay a huge part in the Council's ability to recruit and retain staff, especially those in shortage, hard to fill, occupations.

- 3.12 As part of the Localised Pay agreement, Members agreed an annual amount of £200,000 towards merited pay to reward employees for exceptional performance. The estimated spend on vouchers totals approximately £135k per annum, with an additional £65,000 being paid for NI and tax.
- 3.13 Currently, the voucher spend is not included within the employee benefits contract. It would therefore be beneficial to include this going forward to create a more streamlined process in the distribution of vouchers.
- 3.14 HMRC have made changes to some salary sacrifice schemes, which will result in the loss of some of the employer NI savings which are used to fund this contract. It is therefore important for us to find more competitive, affordable services.
- 3.15 As part of the review of the current services, officers have also reviewed a number of different aspects to this contract as follows:

Options to add additional services in

- 3.16 In addition to the current services set out in para 3.6 of this report, HR reviewed the additional services which could be included into the contract. Those services included the following:
- Online Vouchers for Merited Reward
 - Salary Sacrifice Gym Membership
 - Annual Leave Purchasing
 - Salary Sacrifice Lease Car Arrangements
- 3.17 Online Vouchers for Merited Reward would create a more streamlined service when administering the annual scheme and provide a quick and easy way for employees to access and choose their own vouchers. This would be fully auditable and save officer time.
- 3.18 Salary Sacrifice Gym Membership would link to Dep Rep Dream Organisation suggestions and also help to support a healthy workforce.
- 3.19 Although annual leave purchasing and salary sacrifice lease car arrangements could both bring potential savings in employer NI costs, these would both need further investigation and therefore will not be progressed at this stage.

Options to remove current services

- 3.20 Officers reviewed the current employee benefits offerings and will not provide a telephone salary sacrifice scheme going forward. The benefit to employee and employer was minimal and the take up very low.

Options Appraisal

3.21 Option 1 – Do Nothing (Not recommended)

3.21.1 The Council require an employee benefits service in order to attract candidates to work for the London Borough of Bromley, to enable the Council to continue to deliver value for money services to its residents and continue to work towards achieving the Building a Better Bromley 2020 Vision. Providing a good range of employee benefits is a key part of recruitment and retention.

3.21.2 For these reasons, the option to do nothing is not recommended.

3.22 Option 2 – Join the ESPO Framework (not recommended)

3.22.1 Although the ESPO framework offers benefits in not having to complete a full tender exercise, the costs associated with this, for one off and ongoing costs, are still much higher than those offered under the CCS framework (detailed in para 3.24).

3.22.2 For these reasons, this option is not recommended.

3.23 Option 3 – Go out to a full tender exercise (not recommended)

3.23.1 Given a suitable framework is in place which has already been through the procurement process, offers a low cost option and given the timescales available to implement a new system, Officers do not consider there to be any benefits to going out to with a full tender exercise for this contract.

3.23.2 For these reasons, this option is not recommended.

3.24 Option 4 – Join the Crown Commercial Services (CCS) Employee Services RM3704 Framework (recommended)

3.24.1 Officers, with the assistance of procurement, have reviewed the CCS Framework for Employee Services RM3704, of which Edenred are the sole provider. The CCS agreement allows Government departments including Local Authorities to benefit from its procurement route, meaning that the Council would avoid substantial procurement costs.

3.24.2 The framework offers access to Edenred as the sole provider, who have been selected for their ability to provide customers with a comprehensive range of services. The framework is compliant with UK/EU procurement legislation and there is no need for the Council to run a full EU procurement process.

3.24.3 The Framework went live on 12th November 2015 and ends on the 11th November 2018, although it now has an extension for a further year. It was an open procedure and OJEU notice was published

3.24.4 The key benefits of signing up to the Framework are:

- It is a far quicker process than going through a full tender process
- CCS have already been out and tested the market in the last few years as part of the process leaving little benefit to the Council of doing the same.
- CCS have already carried out a compliant UK/EU procurement process – little point to the Council incurring the costs of doing the same.
- During the process, Edenred have been reviewed for their financial stability and all other necessary due diligence and ability checks.
- Fixed price throughout the life of the contract, officers will not incur any additional charges.
- The pre-agreed basic contract terms are in place which will require legal input, however this will not require legal to draft contract documents from scratch.
- This will save officers time and cost on running a full procurement process.

3.24.5 The preferred options are further explored below.

Preferred Option

- 3.25 Officers recommend that the Council call off the CCS framework and enter into an agreement for a period of 4 years.
- 3.26 After initial market testing and review of the suppliers on the existing ESPO framework, officers were then advised about the CCS framework and the further cost savings that could be realised by looking at this route.
- 3.27 For comparison, the ESPO Framework pricing is below:

ESPO Framework Pricing

Company	Initial set up costs (one-off)	Annual Costs
Sodexo	No Cost (Existing Supplier)	<ul style="list-style-type: none"> £4.95 per head per annum 1-1000 employees £3.50 per head per annum 1001 + employees Childcare Vouchers 0.50% administration fee No administration fees on Cycle to Work or Technology
Edenred	£1,200	<ul style="list-style-type: none"> £1.35 per head per annum Childcare Vouchers 0.20% administration fee No administration fees on Cycle to Work or Technology
Wider Plan	£1,750	<ul style="list-style-type: none"> £0.15 per head per annum Childcare Vouchers 0.85% administration fee, subject to minimum charge of £2000 per annum No administration fees on Cycle to Work or Technology

- 3.28 Under the CCS Framework, Edenred are the sole provider. Costs are minimal, with no set up costs and a low administration cost on the childcare voucher scheme.
- 3.29 Under the CCS Framework, officers would have access to the reward portal, Compliment Select, which is not covered under the ESPO Framework. This would allow easy administration of the annual merited reward scheme.

3.30 There would be no set up costs involved in moving to Edenred under the CCS Framework.

3.31 Our existing Employee Benefits supplier, Sodexo, have confirmed they are unable to compete with the prices offered by Edenred under the CCS Framework.

CCS Framework Pricing

Company	Initial set up costs (one-off)	Annual Costs
Edenred	No Set Up Costs	<ul style="list-style-type: none"> • No cost per head • Childcare Vouchers – 0.18% Administration Fee • No administration fees on Cycle to Work, Technology or Compliments Select (Reward Portal) • £750 annual fee for Salary Sacrifice Gym Membership

3.32 The Total Contract Value for the maximum 4 year contract with Edenred would be up to £544,150. This amount includes the annual £135,000 for merited reward vouchers.

3.33 Outside of these frameworks, Officers also reviewed offerings from Zest and Thomsons.

3.34 Although there is a dedicated employee benefits market out there, for the reasons set out in para 3.23 of this report officers felt that there was little or no benefit to go out to a full tender exercise when Edenred offers such a low cost option under the CCS Framework.

Stakeholder Engagement

3.35 On-going discussions will take place with staff, Heads of Service and other affected service users throughout the implementation of this Contract.

Indicative Procurement Timescales

3.36 Post signing of the Contracts with the Framework Provider, the project is expected to require 2-3 months to complete and will need to be in place by the 10th December 2018 when the existing contract ends. The table below sets out the indicative timetable for the project

Task	Date
Commissioning Board	20 th August 2018
Executive, Resources and Contracts PDS	5 th September 2018
Enter in to discussions with the Framework and Edenred	6 th September 2018
Enter into the Framework	30 th September 2018

Project Kick Off	1 st October 2018
System to be in place (latest)	10 th December 2018

IT and GDPR

- 3.37 Any third party offering services of an independent web based solution would need to provide assurances and evidence to LBB that;
- Their connection to the site is via https
 - Provide evidence of regular suitable health checks
 - Have effective privacy notices
 - The system has site and administrator access controls
- 3.38 Although a web based solution has the afore detailed security implications, any other solution would have the same security implications but would also have additional overheads. By having an independent solution (from LBB network) we transfer the risk and costs
- 3.39 An agreed retention policy, and breach notification procedure would also need to be evidenced.
- 3.40 LBB would need to ensure that staff are made aware the proposed solution/services are independent to LBB and that LBB would not be liable for any personal information uploaded. The information provided would be owned by the provider as the data controller and so the contractual relationship ultimately will be between the employee and the company providing the requested product/service.
- 3.41 We should also make staff aware that the registration on the site is not compulsory as part of their employment.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The provision of employee benefits services is vital for the Council in attracting and retaining employees to LB Bromley, especially in hard to fill posts such as qualified Social Worker roles.

5. POLICY IMPLICATIONS

- 5.1 As the Council is already a Commissioning Authority as set out in the Council's Corporate Operating Principles and is key to achieving the Building a Better Bromley 2020 vision, the retendering of this Contract will continue to ensure that the service is provided as efficiently and effectively as possible, in light of the financial pressures facing the Council over the next few years.

6. FINANCIAL IMPLICATIONS

- 6.1 The current annual Employee Benefit contract is estimated to be £7.4k per annum. The cost of the scheme is funded by the savings in the Employer's National Insurance (NI) contributions.
- 6.2 Currently the cost of the Merit Award Vouchers do not form part of this contract. Approximately £135,000 is spent on vouchers per annum, with an additional £65,000 being paid for NI and tax.

6.3 The table below summarises the comparative costs of the companies within the two frameworks: -

	One-off Cost	Est Cost over 4 Years	Total Admin costs	Est cost of Merit Award Vouchers	Total Est Contract Sum
	£	£	£	£	£
ESPO Framework					
Sodexo	0	29,616	29,616 ✓	540,000	569,616
Edenred	1,200	9,183	10,383 ✓	540,000	550,383
Wider Plan	1,750	8,879	10,629 ✓	540,000	550,629
CCS Framework					
Edenred	0	4,150	4,150 ✓	540,000	544,150

6.4 Officers are recommending that the Council enter into the CCS Framework and engage Edenred to provide the Employee Benefits services including the vouchers for the Merit Awards. The estimated contract value will be £544,150 over the four year term.

6.5 The table below summarises the part year and full year effect of the proposal: -

	Current PYE 2018/19	New PYE	Total 2018/19	FYE 2019/20
	£	£	£	£
Estimated cost of existing contract	5,550	260	5,810	1,037
Estimated cost of vouchers (merit awards)	101,250	33,750	135,000	135,000
Total estimated cost	106,800	34,010	140,810	136,037
Budget for contract costs (funded from NI savings)	5,550	1,850	7,400	6,000
Budget for Merit Award Vouchers	101,250	33,750	135,000	135,000
Total Budget	106,800	35,600	142,400	141,000
Potential net saving depending on level of NI savings			-1,590	-4,963

6.6 Paragraph 3.5 of this report highlights that the effect of the HMRC changes in the Childcare Vouchers scheme will result in a gradual reduction in Employer NI savings over the next few years, although it is expected that the NI savings will be sufficient to cover the annual cost of the contract with Edenred.

6.7 It should therefore be noted that the small savings shown in table above will reduce over the next few years as the NI savings decrease as a result of the impact of the HMRC changes to the salary sacrifice schemes.

7. PERSONNEL IMPLICATIONS

7.1 There are no TUPE implications with this project

7.2 The other personnel implications are set out in the body of the report

8. LEGAL IMPLICATIONS

8.1 The Council may under Regulation 33 of the Public Contracts Regulations 2015 (Regulation) award the contract through a Framework Agreement set up by another public authority provided

it has been competitively tendered in compliance with the Regulation and the Council is named as a body who can access the Framework.

8.2 Any contract awarded will need to be in accordance with the Framework call-off procedure and using the call-off terms and conditions under the Framework.

9. PROCUREMENT IMPLICATIONS

9.1 To the extent that the expenditure envisaged is not considered to be an employee emolument, it falls in to being considered under the Public Contract Regulations 2015, as a Supply item, which is inclusive of a de minimise cost covering the provision of a Service. The requirements of the Regulations and the need to demonstrate “Value for Money” are met by sourcing this provision from an EU compliant framework, which the CCS contract provides.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	[Title of document and date]

Report No.
FSD18067

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: RESOURCES, COMMISSIONING & CONTRACTS
MANAGEMENT PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive, Resources & Contracts PDS
Committee on 5th September 2018

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2018/19

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

Chief Officer: Director of Finance

Ward: All

1. Reason for report

On 11th July 2018, the Executive received a report summarising the current position on capital expenditure and receipts following the 1st quarter of 2018/19 and agreed a revised Capital Programme for the four year period 2018/19 to 2021/22. This report highlights changes agreed by the Executive in respect of the Capital Programme for the Resources, Commissioning & Contracts Management Portfolio. The revised programme for this portfolio is set out in Appendix A, detailed comments on individual schemes are shown in Appendix B, and details of the 2017/18 outturn position are included in Appendix C.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 11th July 2018.

Corporate Policy

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

Financial

1. Cost of proposal: Total increase of £0.02m over the four years 2018/19 to 2021/22, mainly due to the addition of a budget to the Performance Management/Children Services IT scheme
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £34.01m for the Resources Portfolio over the four years 2018/19 to 2021/22
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
-

Staff

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

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Not Applicable
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Capital Monitoring – variations agreed by the Executive on 11th July 2018

- 3.1 A revised Capital Programme was approved by the Executive on 11th July 2018, following a detailed monitoring exercise carried out after the 1st quarter of 2018/19. The base position is the programme approved by the Executive on 7th February 2018, as amended by variations approved at subsequent Executive meetings. All changes to schemes in the Resource, Commissioning & Contracts Management Portfolio Programme are itemised in the table below and further details are included in paragraph 3.2. The revised Programme for the Portfolio is attached as Appendix A whilst Appendix B shows actual spend against budget in the first quarter of 2018/19, together with detailed comments on individual scheme progress. Appendix C included details of the final outturn in 2017/18.

	2018/19	2019/20	2020/21	2021/22	TOTAL 2018/19 to 2021/22
	£'000	£'000	£'000	£'000	£'000
Programme approved by Executive 07/02/18	20,351	9,150	960	0	30,461
Rephasing from 2017/18 to 2018/19 (para 3.2)	3,524	0	0	0	3,524
Approved Programme prior to 3rd Quarter Monitoring	23,875	9,150	960	0	33,985
Variations approved by Executive 11/07/18					
Performance Management /Childrens Services IT (para 3.3)	26	0	0	0	26
Schemes rephased from 2018/19 into 2019/20 (para 3.4)	Cr 6,483	6,483	0	0	0
Total amendments to the Capital Programme	Cr 6,457	6,483	0	0	26
Total Revised Resources, Commissioning & Contracts Management Programme	17,418	15,633	960	0	34,011

3.2 Net underspend in 2017/18 rephased into 2018/19

The 2017/18 Capital Outturn was reported to the Executive on 11th May 2018. The final capital outturn for the year for Resources, Commissioning and Contracts Management Portfolio schemes was £5,050k compared to a revised budget of £8,572k approved by the Executive in February; an underspend of £3,522k. This is mainly due to slippage of £2,458k on the Property Investment scheme, and £535k on various IT schemes. After allowing for minor adjustments, a total of £3,524k has been re-phased into 2018/19. Details of the 2017/18 outturn for this Portfolio are set out in Appendix C.

3.3 Increase in Performance Management/Children Services IT (£26k increase in 2018/19)

Following a Gateway review in April 2015, Bromley began working on a project for the implementation of new case management systems for Children's Social Care. The project has been through the development stage, and the implementation stage commenced in November 2016. The Executive approved the increase of £26k for additional resource to continue the implementation, funded by a reduction to the Social Care Grant scheme.

3.4 Schemes re-phased from 2017/18 into future years

As part of the 1st quarter monitoring exercise, a total of £6,483k has been rephased from 2018/19 into 2019/20 to reflect revised estimates of when expenditure on Resources, Commissioning and Contracts Management schemes is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Scheme rephasings are itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure - Rephasing in Q1 Monitoring	2018/19	2019/20	TOTAL
	£'000	£'000	£'000
Civic Centre Development Strategy	Cr 3,822	3,822	0
Upgrade of Core Network Hardware	Cr 426	426	0
Replacement of Storage Area Networks	Cr 721	721	0
Rollout of Windows 7 and Office 2000	Cr 97	97	0
Replacement of MD110 telephone switch	Cr 138	138	0
SharePoint Productivity Platform upgrade/replacement	Cr 1,156	1,156	0
Windows Server 2003 replacement program	Cr 123	123	0
Total Resources, Commissioning & Contracts Management Scheme rephasing	Cr 6,483	6,483	0

Post-Completion Reports

3.6 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. After major slippage of expenditure in prior years, Members confirmed the importance of these as part of the overall capital monitoring framework. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are currently due for the Resources, Commissioning & Contracts Management Portfolio before the end of the 2018/19 monitoring cycle:

- Digital Print Strategy

This quarterly report will monitor the future position and will highlight any further reports required.

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.

5. FINANCIAL IMPLICATIONS

5.1 These were reported in full to the Executive on 11th July 2018. Changes agreed by the Executive for the Resources, Commissioning & Contracts Management Portfolio Capital Programme are set out in the table in paragraph 3.1.

Non-Applicable Sections:	Legal, Personnel and Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Capital Programme Monitoring Qtr 3 2017/18 & Annual Capital Review 2018-2022 (Executive 07/02/18) Capital Programme Monitoring Qtr 1 2018/19 (Executive 11/07/18) Capital Programme Outturn 2017/18 report (Executive 21/05/18)

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO - APPROVED CAPITAL PROGRAMME 11 JULY 2018									
Code	Capital Scheme/Project	Total Approved Estimate	Actual to 31.3.18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Responsible Officer	Remarks
		£'000	£'000	£'000	£'000	£'000	£'000		
PROPERTY									
939320	Emergency Works on Surplus Sites	312	188	124	0	0	0	Michael Watkins	(Block Capital) Essential to maximise capital receipts
917246	Carbon Management Programme (Invest to Save funding)	1,266	883	383	0	0	0	Lee Gullick	Revenue savings (schemes to be worked up); £250k funded by Salix
936407	Property Investment Fund	112,553	97,057	15,496	0	0	0	Michael Watkins	Various property acquisitions - met from Property Investment Fund, Growth Fund, and Capital Receipts
936409	Civic Centre Development Strategy	14,100	3	165	12,972	960	0	Cathy Pimm	Approved Executive 18/05/16 and Council 04/07/16
950831	Banbury House Demolition Site Prep	166	5	161	0	0	0	Michael Watkins	
936405	Property Disposal / Feasibility Work (Growth Fund)	0	8	Cr 8	0	0	0	Michael Watkins	
TOTAL - PROPERTY		128,397	98,144	16,321	12,972	960	0		
CORPORATE SERVICES									
936448	Upgrade of Core Network Hardware	1,050	424	200	426	0	0	Vinit Shukle	
936452	Performance Management/Children's Services - information technology	697	677	20	0	0	0	Janet Bailey	Approved by Executive 16/06/10
936454	Replacement of Storage Area Networks	1,780	959	100	721	0	0	Vinit Shukle	Business continuity - need to keep data secure and accessible
936455	Rollout of Windows 7 and Office 2010	763	636	30	97	0	0	Vinit Shukle	Upgrade of all desktops and laptops
936456	Replacement of MD110 telephone switch	760	572	50	138	0	0	Vinit Shukle	Essential replacement of switch that was installed in 1999
936457	SharePoint Productivity Platform upgrade/replacement	1,500	194	150	1,156	0	0	Vinit Shukle	
936458	Windows Server 2003 replacement program	900	737	40	123	0	0	Vinit Shukle	Approved by Executive 11/02/15
936459	Review of Corporate Customer I.T System	239	100	139	0	0	0	Duncan Bridgewater	Approved by Executive 10/02/16
936460	Upgrade of MS Dynamics CRM System	480	112	368	0	0	0	Duncan Bridgewater	
TOTAL CORPORATE SERVICES		8,169	4,411	1,097	2,661	0	0		
RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO		136,566	102,555	17,418	15,633	960	0		

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO - APPROVED CAPITAL PROGRAMME 2018/19 - 1ST QUARTER MONITORING					
Capital Scheme/Project	1st QUARTER 2018/19				Responsible Officer Comments
	Actual to 31.03.18	Approved Estimate Feb 2018	Actual to 02.08.18	Revised Estimate July 2018	
	£'000	£'000	£'000	£'000	
PROPERTY					
Emergency Works on Surplus Sites	188	30	0	124	(Block Capital) Essential to maximise capital receipts. To prepare surplus sites for disposal and to cover any emergency works.
Carbon Management Programme (Invest to Save funding)	883	0	0	383	All loan repayments have been made. Officers are currently reviewing potential projects which includes LED lighting and controls in Stockwell Blocks and the Central Library.
Property Investment Fund	97,057	13,038	11	15,496	Additional £15m capital receipts to fund future acquisition (approved Exec 11/02/15). Following an instruction from the Resources Portfolio Holder, no purchases are currently being pursued. Should this position change then a further update will be issued.
Civic Centre Development Strategy	3	3,948	0	165	At the Executive meeting on 11 July 2018, members approved a revised scope of work for the Civic Centre Programme and office accommodation at Central Depot. An allocation of £122k was approved to carry out construction design feasibility work, which will be reported back to the Executive when it had been completed.
Banbury House Demolition Site Prep	5	166	0	161	Executive 10/01/18 approved £166k from capital receipts, for demolition and site clearance.
Property Disposal / Feasibility Work (Growth Fund)	8	0	0	Cr 8	Where allowable, expenditure will be funded by the receipts generated from site sales, or feasibility costs for a re-development will be capitalised.
TOTAL PROPERTY	98,144	17,182	11	16,321	
CORPORATE SERVICES					
Upgrade of Core Network Hardware	424	626	0	200	Additional hardware has been purchased and is being configured to meet the needs of London Public Service Network, Direct access, Citrix and reverse proxy application servers. A full Network Refresh proposal has also been delivered by BT. £426k has been rephased into FY19/20.
Performance Management/Children's Services - information technology	677	0	16	20	The Care First upgrade to Eclipse is in progress. Expenditure in 17/18 funded from Adult Social Care Grant.
Replacement of Storage Area Networks	959	500	0	100	The major SAN replacement project is almost complete. The project is at final stage. Works are still continuing to insure that new SAN is sufficiently working, however it is likely to fall into next financial year. £720k has been rephased into FY19/20.
Rollout of Windows 7 and Office 2010	636	75	0	30	The project is almost complete apart from some of the XP machines that Officers are struggling to replace due to the software installed on those machines. The issue is with the Service to resolve with their 3rd party due to the specific nature of the software. Microsoft audit recently undertaken to ensure compliance. £97k has been rephased into FY19/20.
Replacement of MD110 telephone switch	572	188	0	50	The bulk of the works (including MD110, Lync and call recording) are completed. The move to the new provider (Virgin) are completed. Awaiting confirmation of all outstanding invoices and project completion from 3rd party. £138k has been rephased into FY19/20.
SharePoint Productivity Platform upgrade/replacement	194	1,150	Cr 5	150	Officers are now taking a tactical solution where project will move to Sharepoint 2010 from 2007 version, before finally moving to new platform of Office 365. Ongoing project which is gaining momentum. £150k is expected to be spent this year; the remaining budget has been rephased to FY19/20.
Windows Server 2003 replacement program	737	150	0	40	Approved by Executive 11/02/15. This scheme is linked with various other schemes including Replacement of Storage Area Networks and Upgrade of Core Network Hardware. There were some delays due to compatibility of systems to be upgraded. The project is in the process of updating / replacing around 230 servers with approximately less than 10 now left to replace. These servers support CRM and SharePoint systems which are in the process of being migrated. There are a few more hardware items to purchase until the project is completed, which is anticipated to be by late Summer. The remaining balances of £123k has been rephased to FY19/20 and it is expected that this will be requested to be used towards the implementation of the ICT strategy when it is formally approved.
Review of Corporate Customer I.T System	100	0	62	139	£100k Approved by Executive 10/02/16, further £176k approved by Executive 14/09/16. Work is underway and progressing to complete the required system upgrades. Completion anticipated by December 2018. Executive 10/01/18 approved reduction of £37k to fund CRM Upgrade scheme.
Upgrade of MS Dynamics CRM System	112	480	0	368	Executive 10/01/18 approved £443k from capital receipts and £37k from Review of Customer Services IT Systems scheme.
TOTAL CORPORATE SERVICES	4,411	3,169	73	1,097	
RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO	102,555	20,351	84	17,418	

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO - CAPITAL PROGRAMME OUTTURN 2017/18					
Capital Scheme/Project	2017/18 OUTTURN				
	Actual to 31.03.18 £'000	Approved Estimate Feb 2018 £'000	Final Outturn £'000	Variation	Comments / action taken
PROPERTY					
Emergency Works on Surplus Sites	188	108	14	Cr 94	2017/18 underspend rephased into 2018/19
Carbon Management Programme (Invest to Save funding)	883	383	0	Cr 383	2017/18 underspend rephased into 2018/19
Civic Centre Development Strategy	3	40	1	Cr 39	2017/18 underspend rephased into 2018/19
Property Investment Fund	97,057	6,870	4,412	Cr 2,458	2017/18 underspend rephased into 2018/19
Banbury House Demolition Site Prep	5	0	5	5	Scheme completed
Property Disposal / Feasibility Work (Growth Fund)	8	0	8	8	Budget allocation to be provided
TOTAL PROPERTY	98,144	7,401	4,440	Cr 2,961	
CORPORATE SERVICES					
Upgrade of Core Network Hardware	424	0	0	0	Scheme completed
Performance Management/Children's Services - information technology	677	214	220	6	Provision of £6k reprofiled from Social Care Grant
Replacement of Storage Area Networks	959	327	6	Cr 321	2017/18 underspend rephased into 2018/19
Rollout of Windows 7 and Office 2000	636	51	1	Cr 50	2017/18 underspend rephased into 2018/19
Replacement of MD110 telephone switch	572	0	0	0	Scheme completed
SharePoint Productivity Platform upgrade/replacement	194	166	10	Cr 156	2017/18 underspend rephased into 2018/19
Windows Server 2003 replacement program	737	204	191	Cr 13	2017/18 underspend rephased into 2018/19
Review of Corporate Customer IT	100	209	70	Cr 139	2017/18 underspend rephased into 2018/19
Upgrade of MS Dynamics CRM System	112	0	112	112	Provision of £112k reprofiled from future years allocation
TOTAL CORPORATE SERVICES	4,411	1,171	610	Cr 561	
RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO	102,555	8,572	5,050	Cr 3,522	

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Report No.
FSD18068

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: Resources, Commissioning and Contracts Management
Portfolio Holder

Date: For pre-decision scrutiny by Executive, Resources and Contracts PDS
Committee on 5th September 2018

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - QUARTER 1 PERFORMANCE
2018/19

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

Chief Officer: Director of Finance

Ward: All

1. Reason for report

- 1.1. This report summarises treasury management activity during the first quarter of 2018/19. The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 30th June 2018 totalled £303.6m and there was no outstanding external borrowing. For information and comparison, the balance of investments stood at £284.8m as at 31st March 2018 and £320.1m as at 30th June 2017, and, at the time of writing this report (20th August 2018) it stood at £319.4m.
-

2. RECOMMENDATION(S)

- 2.1. The Resources, Commissioning and Contracts Management Portfolio Holder is requested to note the Treasury Management performance for the first quarter of 2018/19.

Corporate Policy

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

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £3.491m (net) in 2018/19; £170k surplus currently projected
 5. Source of funding: Net investment income
-

Staff

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

Legal

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

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

3.1. General

- 3.1.1. Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year comparing actual activity to the strategy. In practice, the Director of Finance has reported quarterly on treasury management activity for many years, as well as reporting the annual strategy before the year and the annual report after the year-end.
- 3.1.2. At its meeting on 5th July 2018, the Executive, Resources and Contracts PDS Committee discussed the option of not reporting on treasury management activity quarterly unless Officers felt that a matter should come before the Committee sooner. As Financial Regulations currently require quarterly reports, the mid-year review report will therefore request that the Portfolio Holder recommends that Council formally approves this change.
- 3.1.3. This report includes details of investment performance in the first quarter of 2018/19. The 2018/19 annual treasury strategy, including the MRP (Minimum Revenue Provision) Policy Statement and prudential indicators, was originally approved by Council in February 2018. The annual report for financial year 2017/18 was submitted to the Executive, Resources and Contracts PDS Committee on 5th July 2018 and Council on 16th July 2018.
- 3.1.4. Recent changes in the regulatory environment place a much greater onus on Members to undertake the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 3.1.5. 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.
- 3.1.6. Some of the monies identified above are short term and investment of these needs to be highly "liquid", particularly if it relates to a positive cash flow position, which can change in the future. Future monies available for Treasury Management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding (which will require the Council to make revenue savings to balance the budget in future years), there is a likelihood that such actions may be required in the medium term, which will reduce the monies available for investment.
- 3.1.7. 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 £5.4m in 2018/19 and £5.5m in a full year. 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.

3.1.8. 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 ended 30th June 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 first quarter of 2018/19:-

	Qtr ended 31/06/18		Ref para
	Deposits	Ave Rate	
	£m	%	
Balance of "core" investments b/f	180.00	1.35	
New investments made in period	30.00	1.06	
Investments redeemed in period	-40.00	1.49	
"Core" investments at end of period	170.00	1.28	
Money Market Funds	51.30	0.49	3.4.1
CCLA Property Fund*	40.00	10.30	3.4.4.5
Diversified Growth Funds*	10.00	-0.07	3.4.4.7
Multi-Asset Income Funds*	30.00	7.45	3.4.4.11
Project Beckenham Loan	2.30	6.00	3.4.3.1
"Alternative" investments at end of period	133.60	5.04	
Total investments at end of period	303.60	2.94	
* The rates shown here are the total return i.e. dividend income received, plus change in capital value. 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 30th June 2018 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. An average return of 1.0% was assumed for new investments in the 2018/19 budget in line with the estimates provided by the Council's external treasury advisers, Link Asset Services, and with officers' views. The return on the three new "core" investment placed during the first quarter of 2018/19 was 1.06%, compared to the average LIBID rates of 0.36% for 7 days, 0.55% for 3 months, 0.67% for 6 months and 0.84% 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 and building societies on the Council's list now comprise Lloyds, RBS, HSBC, Barclays, Santander UK, Goldman Sachs International Bank, Standard Chartered, and Nationwide and Skipton Building Societies, and all of these have reduced their interest rates significantly in recent years. The Director of Finance will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.
- 3.2.7. The chart in Appendix 1 shows total investments at quarter-end dates back to 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. At its meeting on 2nd August, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate; the first increase above 0.5% since the financial crash in 2008. This removed the emergency cut in August 2016 after the EU referendum. Overall, the MPC was more hawkish than expected, i.e. this indicates a faster pace of increases than previously expected. The Link Asset Services forecast below includes increases in Bank Rate of 0.25% in August 2019, May 2020 and November 2020.

Date	LATEST FORECAST (Aug18)				PREVIOUS FORECAST (May18)			
	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%
Dec-18	0.75%	0.80%	0.90%	1.00%	0.75%	0.90%	1.00%	1.10%
Jun-19	0.75%	0.90%	1.00%	1.10%	0.75%	0.90%	1.00%	1.20%
Dec-19	1.00%	1.10%	1.20%	1.30%	1.00%	1.20%	1.40%	1.47%
Jun-20	1.25%	1.40%	1.50%	1.60%	1.25%	1.40%	1.50%	1.60%
Dec-20	1.50%	1.60%	1.70%	1.80%	1.50%	1.60%	1.70%	1.80%

3.4. Other accounts

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, Prime Rate, Insight and Legal & General funds currently offer the best rate at around 0.65%, which compares to around 0.48-0.50% in March, reflecting the effect of the base rate rise in August as maturities are re-invested.
- 3.4.1.2. The total balance held in Money Market Funds has varied during the quarter, moving from £22.5m as at 31st March 2018 to £51.3m as at 30th June 2018, and currently stands at £57.1m (as at 20th August 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, or shorter dated (less than three months) fixed term investments; however they are the most liquid, with funds able to be redeemed up until midday for same day settlement.

Money Market Funds	Date Account Opened	Actual balance 31/03/18	Actual balance 30/06/18	Ave. Rate Q1 2017/18	Latest Balance 20/08/18	Ave. Daily balance to 20/08/18	Latest Rate 20/08/18
		£m	£m	%	£m	£m	%
Prime Rate	15/06/2009	-	15.0	0.50	15.0	13.5	0.65
Ignis	25/01/2010	15.0	15.0	0.51	12.1	14.9	0.62
Insight	03/07/2009	7.5	14.9	0.49	15.0	13.6	0.65
Legal & General	23/08/2012	-	6.4	0.48	15.0	12.7	0.65
Blackrock	16/09/2009	-	-	0.40	-	-	0.57
Fidelity	20/11/2002	-	-	0.41	-	3.8	0.52
Morgan Stanley		-	-	0.43	-	-	0.59
TOTAL		22.5	51.3		57.1	58.5	

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. More recently, a deposit of £5m was placed with Metropolitan Housing Trust (A+) in April 2018 for two years at a rate of 1.75%.

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 which MHCLG are currently consulting on.

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	-25.34
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
01/04/18 - 30/06/18	4.48	5.82	10.30
Cumulative return	4.68	1.10	5.78

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 1.10%.

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, -0.81% in 2017/18 and -0.07% in the first quarter of 2018/19, with overall net returns since inception of 1.21%, as shown in the table below.

Annualised 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	-0.81
01/04/18 - 30/06/18	9.20	-9.74	-0.07
Cumulative return	2.54	-0.13	1.21

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, Commissioning and Contracts Management Portfolio Holder. The fund return for the quarter to 30th June 2018 was capital growth of 3.49% and dividends paid of 3.96%, resulting in a total return of 7.45%. Since inception, dividends paid have totalled 4.31%, partly offset by a reduction of 3.81% to the capital value, resulting in a total return of 0.50%, as shown in the table below.

Annualised net return	Dividend %	Capital Growth %	Total return %
12/07/17 - 31/03/18	4.42	-6.27	-1.85
01/04/18 - 30/06/18	3.96	3.49	7.45
Cumulative return	4.31	-3.81	0.50

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. **Regulatory Framework, Risk and Performance**

3.5.1. 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.

3.5.2. 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.

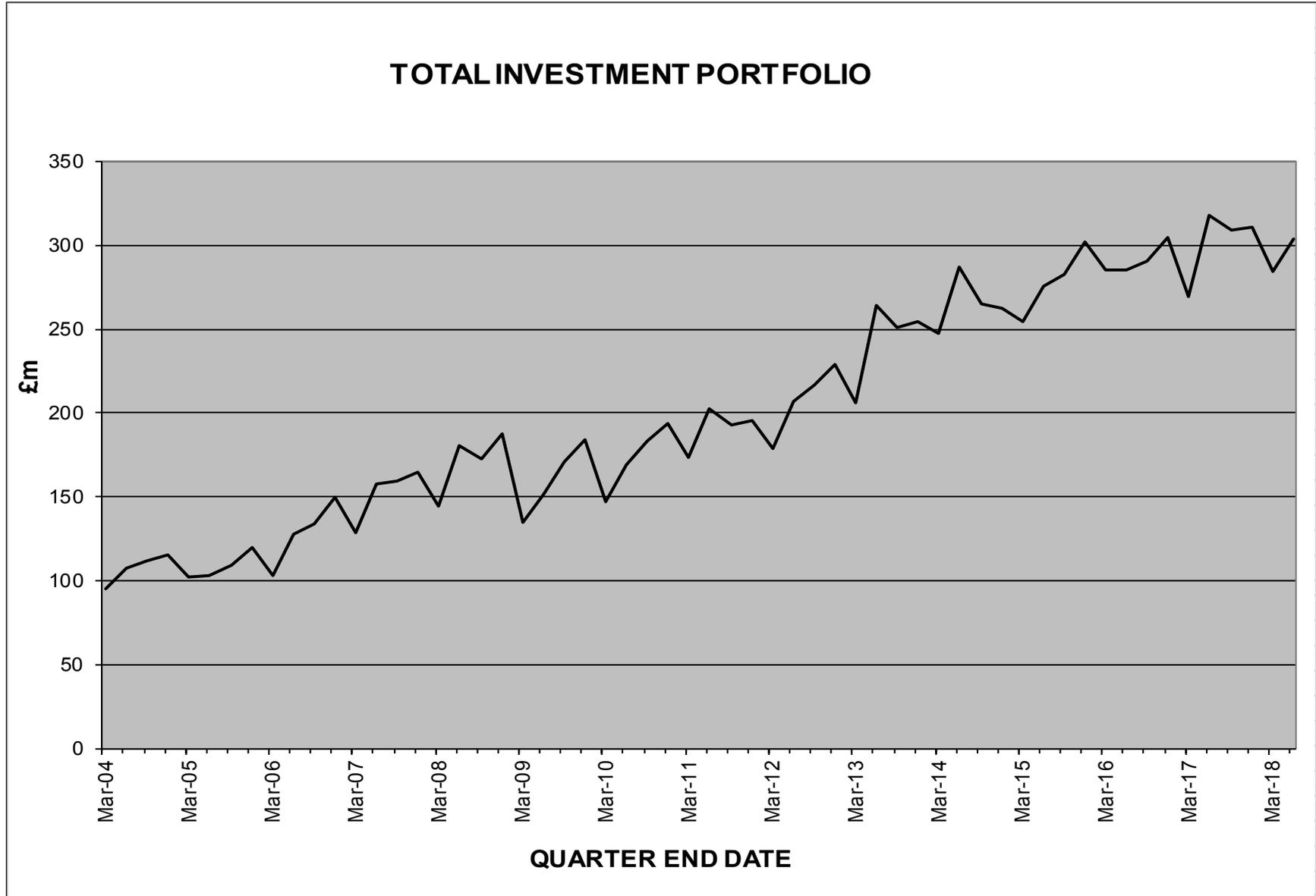
5. FINANCIAL IMPLICATIONS

5.1 At the time of setting the 2018/19 budget, the Bank of England had recently increased the Base Rate to 0.50% from 0.25%, reversing the emergency cut in August 2016 following the EU referendum, and in line with the MPC’s forward guidance, it was now anticipated by many “experts” that rates will increase slowly, with only two more increases by 2020, to 1.0%. As a result, an average rate of 1.0% was prudently assumed for interest on new fixed term deposits.

5.2 Despite the increase in the base rate, there has been very little impact on interest income from lending to banks. This is partly due to banks having the ability to borrow from the Bank of England at very low rates as well as the strengthening of ‘balance sheets’ reducing the need to borrow. In addition, utilisation of the Investment Fund and Growth Fund as well as the Highways Investment Scheme has reduced the resources available for treasury management investment. However, the treasury management strategy was revised in December 2017 to enable an increase in the limit for alternative investments to £100m which will generate additional income of around £2m compared with lending to banks. As a result, additional income of £600k was included in the 2018/19 budget.

5.3 At present, a surplus of £170k is projected for 2018/19 mainly as a result of the rates achieved on two of the fixed term investments made since the budget was set. However, it should be noted that despite the further increase in base rate as referred to in paragraph 3.3.1, rates have not increase by the same level (as counterparties had essentially already priced that in), so further maturities during the year may not achieve similar rates when subsequently re-invested.

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



INVESTMENTS HELD AS AT 30TH JUNE 2018

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m
FIXED DEPOSITS				
GOLDMAN SACHS	02/08/2017	01/08/2018	0.93000	10.0
GOLDMAN SACHS	18/08/2017	17/08/2018	0.79000	5.0
GOLDMAN SACHS	19/09/2017	18/09/2018	0.95000	5.0
SKIPTON BUILDING SOCIETY	03/11/2017	02/11/2018	0.92000	10.0
LLOYDS BANK	19/11/2015	19/11/2018	1.82000	5.0
LANCASHIRE COUNTY COUNCIL	18/12/2015	18/12/2018	1.50000	10.0
CLOSE BROTHERS	02/03/2018	01/03/2019	1.15000	20.0
RBS	09/10/2017	09/04/2019	1.00000	20.0
SANTANDER BANK	18/04/2018	17/04/2019	0.96000	15.0
SANTANDER BANK	15/06/2018	14/06/2019	0.86000	10.0
LLOYDS BANK	29/07/2016	31/07/2019	1.34000	2.5
PLACES FOR PEOPLE HOMES LTD	16/08/2017	16/08/2019	1.60000	10.0
HYDE HOUSING ASSOCIATION	22/08/2017	22/08/2019	1.30000	10.0
LLOYDS BANK	18/08/2016	19/08/2019	1.14000	7.5
LLOYDS BANK	05/12/2016	05/12/2019	1.37000	25.0
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75000	5.0
TOTAL FIXED INVESTMENTS				170.0
OTHER FUNDS				
STANDARD LIFE (IGNIS) LIQUIDITY FUND				15.0
INSIGHT STERLING LIQUIDITY FUND				14.9
LGIM STERLING LIQUIDITY FUND				6.4
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.0
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				303.6

INVESTMENTS HELD AS AT 30TH JUNE 2018

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
<u>UK BANKS</u>							
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	1.14	7.5			
LLOYDS BANK	05/12/2016	05/12/2019	1.37	25.0	40.0	40.0	0.0
GOLDMAN SACHS INTERNATIONAL BANK	02/08/2017	01/08/2018	0.93	10.0			
GOLDMAN SACHS INTERNATIONAL BANK	18/08/2017	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
ROYAL BANK OF SCOTLAND	09/10/2017	09/04/2019	1.00	20.0	20.0	80.0	60.0
CLOSE BROTHERS	02/03/2018	01/03/2019	1.15	20.0	20.0	30.0	10.0
SANTANDER BANK	18/04/2018	17/04/2019	0.96	15.0			
SANTANDER BANK	15/06/2018	14/04/2019	0.86	10.0	25.0	30.0	5.0
<u>LOCAL AUTHORITIES</u>							
LANCASHIRE COUNTY COUNCIL	18/12/2015	18/12/2018	1.50	10.0	10.0	15.0	5.0
<u>UK BUILDING SOCIETIES</u>							
SKIPTON BUILDING SOCIETY	03/11/2017	02/11/2018	0.92	10.0	10.0	10.0	0.0
<u>HOUSING ASSOCIATIONS</u>							
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			
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.0	25.0	25.0	0.0
<u>OTHER INVESTMENTS</u>							
STANDARD LIFE (IGNIS) LIQUIDITY FUND				15.0	15.0	15.0	0.0
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.0	15.0	15.0	0.0
INSIGHT STERLING LIQUIDITY FUND				14.9	14.9	15.0	0.1
LGIM STERLING LIQUIDITY FUND				6.4	6.4	15.0	8.6
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				303.6	303.6		

Report No.
CSD16105

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 5th September 2018

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

Title: BT ICT Contract Monitoring Report

Contact Officer: Vinit Shukle, Head of ICT
020 8313 4992 E-mail: Vinit.Shukle@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: n/a

1. Reason for report

This is the BT ICT contract performance report, utilizing the Pan London Framework, covering the period 1st August 2017 – 30th June 2018 given that the last report came to members in 11th October 2017.

2. **RECOMMENDATION**

The Executive and Resources PDS is requested to note and comment on the information contained in this report on the performance of BT in their delivery of ICT services during the period 1st August 2017 – 30th June 2018.

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: Information Systems – BT contract budget
 4. Total current budget for this head: £3.06m
 5. Source of funding: Existing revenue budget 2018/19
-

Staff

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

Legal

1. Legal Requirement: None
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): ICT systems used by all LBB members, staff and the General public
-

Ward Councillor Views

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

3. COMMENTARY

3.1 BT was awarded the ICT contract in October 2015 at a total contract value of £9.8m. This commenced on 1st April 2016 and was split up in to 2 distinct lots.

Lot 1 - End User Computing (desktop / laptops etc)

Lot 3 - Data Centre Services (servers / storage).

3.2 The contract is predominately consumption based therefore is flexible and as services are reduced then the cost decrease, conversely if an element is used more often, then the costs would increase.

3.3 During 2017 officers undertook a service review to consider other areas of work within ICT that could be included in the BT contract to help with resilience and provide efficiencies. As a result of this work, further services were added to the BT Contract in 1st November 2017 relating to ICT project staff, ICT development staff and system administrators. The value of this additional service, plus a further 3 year extension totalled the core contract to £21.8m.

3.4 Following services were transferred across to the BT contract

- Tupe transfer of 18 staff
- Transfer of help desk for CareFirst system
- Responsibility of the delivery of Inflight development projects and
- Review of our 3rd party contract spend with a view to delivery of further savings

4. Service Performance

3.1 Service performance report from BT is attached as Appendix A.

3.2 £13.5k service credit provided by BT to LBB as a result of KPI breaches within this period and the breaches are detailed below under respective headings.

3.3 **Lot 1 End user computing:** There were no breaches of Key performance Indicators (KPI) in this reporting period.

3.4 **Lot 1 End user computing - review.** There were no breaches of KPI in this period and we believe that this is an excellent performance.

3.5 **Lot 3 Data Centre Services:** There were 4 breaches of KPI in this reporting period. The Breaches were in September 2017, November 2017 and December 2017. The 3 KPI failures within 6 months automatically triggered an additional breach of KPI, 4th breach. Were there any financial breaches

3.6 **Lot 3 Data Centre Services - review:** The breaches in September 2017, November 2017 and December 2017 were due to insufficient resources due to being on holidays and sickness. This highlighted gaps in the resources and process was addressed by BT increasing their resource capacity on the help desk as well as additional staff to monitor calls.

3.7 **Service desk:** There has been a total of 2 KPI breaches, and both of the breaches were in October 2017. The breaches in October were due to high call volume and unexpected absence on the help desk, which impacted the performance in the first 2 weeks of the month. Whilst additional resources were bought in to cover this work, BT were unable to recover the KPIs by the end of the month which resulted in the KPI penalty being applied.

- 3.8 This does highlight a need to closely monitor the number of incoming calls and appropriate staffing levels to ensure that the high level of service to LBB staff is maintained which BT have addressed.
- 3.9 **Ticket volumes:** The service desk received high volume of tickets in regards with password reset and unlocking of the user accounts.
- 3.10 The service desk receives between 2,300-3,000 tickets per month, with the higher percentage being service requests. Between August 2017 and November 2017 there were increased in number of incidents logged. This was due to upgrade of the email systems.
- 3.11 Since November 2017 we have seen continued declined in the amount of incident logs and service request logs as a result of the successful implementation of the email system.
- 3.12 The baseline is monitored and if the calls drop over a 3 month period we will re-baseline and our costs will accordingly be reduced. In the meantime, we are still monitoring Tickets logged to determine any underlying issues that we can resolve to help reduce call volumes.
- 3.13 **Analysis of Calls:** Looking at the breakdown of the calls to the help desk were around e-mail. This increase was due to the exchange migration project and password reset which has been extremely challenging. Whilst much of the work is being done out of hours the users can still be impacted when they next logon. The project is now completed we should expect the number of calls to reduce as the system enters a stable state.
- 3.14 There was high number of calls to the help desk in regards with the password reset, as a result a Self Service Password Reset Tool has been implemented to reduce the calls to the help desks.
- 3.15 There were also calls from users in regards with issues encountered when working from home using Citrix and remote access to Bromley network. BT are in process of delivery a project that would upgrade a key component that would that would resolve the issues that users are encountering and reduce the number of calls relating to this issue to the help desk.
- 3.16 **Networking:** The network BAU service is covered under the lot 1 & 3 KPI's as incidents are generated from end user device / Server connectivity issues. There is a specific KPI for internet connectivity. The actual internet service provider is via the London Public Service Network, who provide a 200mb resilient solution to the authority. BT are responsible for ensuring that the internet connection is available from and to the LBB network. This KPI has not been breached.
- 3.17 **E-Mail Summary:** The levels of e-mail received have increased slightly over the past year to around 400,000 per month. The number of Spam messages has remained relatively consistent and are being blocked. Once again the biggest drop has been in traditional virus infected e-mail with minimal being received. Looking at industry trends this is a typical pattern as currently more effort is being put into ransomware as this is becoming the most profitable. Ransomware is where a machine is compromised and the files on the computer are encrypted. The only way to decrypt the files is to pay a ransom in bitcoins to the creators of the ransomware and hopefully receive a 'key' to unlock your files. Typically these types of threat are spread in e-mails, many of which are actually detected as spam as the e-mails themselves contain no malicious content but provide a link to an infected website, hence there is no malicious content to 'find' within the e-mail.
- 3.18 **The new service change:** The majority of functions provided in house by the ISD team, such as application support, line of business administration, development & integration and technical design were moved to BT on 1st November 2017 leaving a much smaller more focussed Client Unit. The move has provided greater resilience as the in house services include several single points of failure.

3.19 **Performance Management:** BT identified that some areas within ISD had suffered due to lack of demand management, prioritising of resources and performance measurement. Like most external organisations BT has well developed performance management systems, which have been rolled out to all transferring staff.

3.20 **Performance Management Review of new services:** The KPIs proposed by BT were in alignment of the framework KPI for Lot1 and Lot 3 and there were no breaches of these KPIs in this reporting period.

5. Procure to pay process

5.1 BT is working with the Council's ICT Client team and has already streamlined the procurement process – including:

- Using its service desk as a point of contact for these requests
- Holding lists of authorisers such that approvals can be gained quicker

We are also investigating options of online portals that allow access to online request of services and equipment, as part of the improvement as detailed in the original project Esther proposal.

6. Customer Satisfaction Survey

6.1 A targeted short satisfaction survey was sent in the beginning of March 2018 to all Managers and System Administrators. The survey provided positive feedback for LBB IT Client team and BT. Please see Appendix B which provides summary of the survey results.

7. IT Strategy

7.1 The retained intelligent client function has been working more closely and has been delivered. The IT Strategy has highlighted the requirements of capital investment to upgrade and refresh of the infrastructure to support Council Services as well as accommodation strategy and efficiency savings. A further report detailing the upgrade and refresh of the infrastructure will follow.

8. Project delivery

8.1 In order to ensure the Council get at least the same level of project effort that they do from the staff pre-transfer, BT have introduced a rate card ('TUPE rate') that aligns to the actual cost of the resource.

9. Third Party Contractors

9.1 Through the "gain/share" arrangement that was agreed and introduced as part of new services, an Oracle Support proposal has been delivered by BT that provides £30k per year savings for the Council.

10. POLICY IMPLICATIONS

10.1 The Executive Committee approved the commissioning of the IT Service on 17th September & 14th October 2015 following pre-decision scrutiny by the Resources Policy Development & Scrutiny Committee on 8th October 2015.

10.2 This approach is consistent with the council's stated ambitions around an excellent Council under its vision for Building a Better Bromley 2020.

10.3 The Council's Corporate Operating Principles include a commitment that services will be provided by whoever offers customers and council tax payers excellent value for money.

11. FINANCIAL IMPLICATIONS

11.1 The actual spend on the BT contract for 2017/18 was £2.672m compared to a revenue budget of £2.628m. The extra £44k relates to additional spend on 'in-flight' projects which were funded by an under spend from staffing vacancies.

11.2 As at 31 July 2018, no variance has been projected against the 2018/19 revenue budget of £3.06m.

12. LEGAL IMPLICATIONS

12.1 There is an ongoing requirement under the Council's Contract Procedure Rule 23 to monitor contract performance, costs and user satisfaction and report annually to the Executive.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	BT Performance report.

Appendix A
BT Performance Report

Appendix B

Customer Satisfaction Survey Summary

Q1. I find it easy to use the IT ordering process (Service Requests)	Answer Choices <input checked="" type="checkbox"/> Strongly Agree Agree Don't Know Disagree Strongly Disagree	Responses 15.58% 61.04% 16.88% 6.49% 0.00%
Q2. I think the IT staff I deal with are knowledgeable	Answer Choices <input checked="" type="checkbox"/> Strongly Agree Agree Don't know Disagree Strongly Disagree	Responses 29.87% 64.94% 2.60% 2.60% 0.00%
Q3. Do we keep you fully up to date when dealing with your issues?	Answer Choices <input checked="" type="checkbox"/> Always Sometimes Don't know Rarely Never	Responses 42.86% 50.65% 5.19% 1.30% 0.00%
Q4. Do we get it right first time?	Answer Choices <input checked="" type="checkbox"/> Always Sometimes Don't know Rarely Never	Responses 22.08% 74.03% 2.60% 1.30% 0.00%

BT Enterprise, Major & Public Sector

BT Performance Report Policy Development & Scrutiny Committee

14th August 2018v1.5

Document Information

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Author:	Andrew Gee
Author Contact Details:	andrew.gee@bt.com
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Distribution:	Nick Adams – Business Development Director Hayden Edwards – Client Delivery Director Vinit Shukle – Head of IT Bromley

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Introduction

This report has been produced for the Policy Development & Scrutiny Committee to provide an update on the performance of BT delivering the services called off against the Pan-London Framework. The report covers the period from August 2017 to June 2018.

During the period of this report a number of items progressed, over and above the Service Performance that are worth noting:

- TUPE Transfer of an additional 18 Bromley IT staff into BT. This sought to improve the resilience of Council IT, deliver further savings, improve the quality of the user experience and integrating IT into a single function and via a single service desk.
- Elections were well supported and with the IT project completing successfully.
- Creation of a Council wide ICT strategy
- The BT Service Desk moved to a Freephone number.
- Upgrade of the CRM Service, and a Council wide review of CRM

1. Service Performance

Each Horizontal Capability or Lot has a set of Key Performance Indicators that are reported on. Failure to meet these targets without an agreed reason, results in a service credit to Bromley.

1.1. Key Performance Indicators Lot 1 End User Computing

1.1.1. Key Performance Indicators EUC August 2017 to June 2018

These performance indicators measure how BT manage the end user computing estate in Bromley, including user devices and supporting infrastructure. There are currently 6 Key Performance Indicators reported on for Lot 1.

BT have successfully met each target for the period of this report without a single KPI failure for Lot 1. The table below highlights the consistent success at meeting targets for Lot 1

Table 1.1.1a covers KPI performance from August 2017 to December 2017

KPI Ref	Description	Target	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
EUC-KPI-01	P1 Restoration EUC	99%	100%	100%	100%	100%	100%
	P2 Restoration EUC	95%	100%	100%	100%	100%	100%
	P3 Restoration EUC	90%	99%	97%	98%	98%	96%
	P4 Restoration EUC	90%	99%	100%	100%	100%	98%
EUC-KPI-02	Critical Application Availability	99.7%	99.90%	100.0%	99.91%	100%	99.97%
EUC-KPI-07	Anti-virus, Firewall, and Malware File Release	95% of the time	100%	100%	100%	100%	100%

KPI Ref	Description	Target	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
EUC-KPI-08	Install, Move, Add or Change (IMAC)	90% of the time	99%	96%	96%	100%	96%
EUC-KPI-10	Image Management	99% of the time	100%	100%	100%	100%	100%
EUC-KPI-12	Asset Management: Hardware and/or Software Inventory Accuracy	95% accuracy	95%	95%	95%	95%	95%
EUC-KPI-13	Non Achievement of KPI's	Any 3 KPIs missed in 6 months or 5 KPIs missed in 12 months	100%	100%	100%	100%	100%

Table 1.1.1 b covers KPI performance from January 2018 to June 2018

KPI Ref	Description	Target	Jan-18	Feb-18	Mar-18	Apr-18	May-18
EUC-KPI-01	P1 Restoration EUC	99%	100%	100%	100%	100%	100%
	P2 Restoration EUC	95%	100%	100%	100%	100%	100%
	P3 Restoration EUC	90%	98%	99%	98%	99%	96%
	P4 Restoration EUC	90%	100%	100%	100%	100%	100%
EUC-KPI-02	Critical Application Availability	99.7%	100.0%	99.99%	100.0%	100.0%	100%

KPI Ref	Description	Target	Jan-18	Feb-18	Mar-18	Apr-18	May-18
EUC-KPI-07	Anti-virus, Firewall, and Malware File Release	95% of the time	100%	100%	100%	100%	100%
EUC-KPI-08	Install, Move, Add or Change (IMAC)	90% of the time	95%	100%	95%	92%	99%
EUC-KPI-10	Image Management	99% of the time	100%	100%	100%	100%	100%
EUC-KPI-12	Asset Management: Hardware and/or Software Inventory Accuracy	95% accuracy	95%	95%	95%	95%	95%
EUC-KPI-13	Non Achievement of KPI's	Any 3 KPIs missed in 6 months or 5 KPIs missed in 12 months	100%	100%	100%	100%	100%

1.2. Key Performance Indicators Lot 3 Data Centre Services

1.2.1. Key Performance Indicators DC August 2017 to June 2018

These performance indicators measure how BT manage the infrastructure in the Bromley Data Centre.

There are currently 7 Key Performance Indicators reported on for Lot 3.

There were 4 failures across the 63 KPI's measured for Lot 3 over the period of the report. The volume of calls in each KPI measured can be very low, and therefore missing only 1 or 2 calls can result in a missed KPI.

- P3 Incident Resolution in September; 4 tickets were missed in the month, 2 due to poor call handling, (not picking up the call quickly enough) and 2 were genuinely complex issues that took a longer time to resolve.

- P4 Incident Resolution in November 2018 1 ticket missed in the month for this category, poor call management, where the ticket didn't get to the right team quickly enough.
- P3 Incident Resolution in December 2018 4 calls missed. 1 CITRIX Remote access call that involved extensive work to correct and took too long to meet the 9 hour SLA. The other 3 calls relate to tickets raised against Lync dropping calls. These were managed poorly, with technical steps being carried out, but no engagement back to the caller to set expectation. This highlighted a gap in process as the engineer in question expected another party to update the user. Steps have been taken to correct this.
- The 3 KPI failures within a 6 month period automatically triggers an additional credit, 4th KPI failure.
- Remedial actions were implemented and January to April has shown a strong performance with no KPI's missed.

Table 1.2.1a Shows KPI performance for Lot 3 August 2017 to December 2017

KPI Ref	Description	Target	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
DC-KPI-01	P1 Incident Management	99%	100%	100%	100%	100%	100%
	P2 Incident Management	95%	100%	100%	100%	100%	100%
	P3 Incident Management	90%	95%	82%	91%	95%	84%
	P4 Incident Management	90%	94%	100%	100%	80%	100%
DC-KPI-02	Critical Application Service Availability	99.7% for Business Hours 1	99.99%	99.99	99.99%	99.99%	99.99%
DC-KPI-06	Backups	98%	99.94%	100%	100%	99.98%	99.83%
DC-KPI-08	Non Achievement of KPI's	Any 3 KPIs missed in 6 months or 5 KPIs missed in 12 months	100%	100%	100%	100%	3 Failures

Table 1.2.1b Shows KPI performance for Lot 3 January 2018 to June 2018

KPI Ref	Description	Target	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
DC-KPI-01	P1 Incident Management	99%	100%	100%	100%	100%	100%	100%
	P2 Incident Management	95%	100%	100%	100%	100%	100%	100%
	P3 Incident Management	90%	90%	100%	100%	100%	73%	93%

KPI Ref	Description	Target	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
	P4 Incident Management	90%	100%	100%	100%	83%	100%	100%
DC-KPI-02	Critical Application Service Availability	99.7% for Business Hours 1	100.00%	100.00%	100%	100%	100%	100%
DC-KPI-06	Backups	98%	99.99%	99.96%	100.00%	99.98%	100.00%	99.80%
DC-KPI-08	Non Achievement of KPI's	Any 3 KPIs missed in 6 months or 5 KPIs missed in 12 months	100%	100%	100%	100%	100%	100%

1.3. Key Performance Indicators Service Desk

1.3.1. Key Performance Indicators Service Desk August 2017 to June 2018

The BT Service Desk is delivered from a BT Shared Service Centre in Chesterfield. The desk is setup to resolve as many calls within the “first point of contact team” as possible without the need to pass the call onto another team and thereby giving a more seamless and better user experience for people contacting the desk.

There are 8 KPI's currently being reported on to measure how effectively the desk is performing. Below is a summary of the performance indicators we have in place for the service desk function:

- 1: Service Request Response; A target of 90% of all requests for service to be acknowledged within 4 hours to ensure calls are handled promptly.
- 2: Service Request Resolution; A target to resolve over 90% of Service Requests within 5 days (this includes dealing with any 3rd party suppliers) to ensure that most calls are fixed within a reasonable time scale. BT are consistently performing around 99% with the lowest figure being 97%.
- 3: Internet available 100% of the time
- 4: Speed to answer; 85% or more calls to be answered within 30 seconds.
- 5: A target of no more than 3% of calls abandoned
- 6: First time Fix; A target of 70% of all calls to be resolved by the service desk without the need to pass to another team. We have consistently over performed on this measured but we are also continuing to move processes to the desk to improve the users experience.

7: Number of open Incidents as a percentage of all Incidents; A target to ensure that we aren't holding onto old calls and not closing them.

8: Reopened calls; This target of no more than 3% of calls unopened ensures that engineers are closing calls correctly and only a small number are being reopened due to call not being fixed. This target ensures the engineers consider the customers view before closing the call.

The table below is a summary of the Key Performance Indicators in place for the Service Desk for the period covered by this report. The period includes the take on of services for 'Project Esther' in November 2017 (the transfer of 18 additional staff and new services to BT). A number of changes to Service Desk processes were made to accommodate the additional services associated with Project Esther and these changes were made without impacting any of the KPI's reported on.

It is worth noting that in October, a combination of continually high call volumes and unexpected absence from the desk impacted performance in the first two weeks of the month. Additional resources were brought in to cover but we were unable to recover the KPI by the end of month resulting in the two failures, Speed to Answer and Calls Abandoned. Additional resources have now been added to the Desk to manage the increased call volumes.

Table 1.3.1a Shows KPI performance for the Service Desk August 2017 to December 2017

Ref	Description	Target	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
BES-KPI-01a	Service Request Response	=<4 hours	100%	100	100%	100%	100%
BES-KPI-01b	Service Request Resolution	=<5 days	99%	99%	100%	99%	97%
BES-KPI-02	IT Service Management System (Service Management)	100.00%	100%	100%	100%	100%	100%
BES-KPI-03	Internet Connectivity		100%	100%	100%	100%	100%
BES-KPI-04	Speed to Answer	=<30 seconds 85%	93%	90%	82%	86%	88%
BES-KPI-05	Call abandoned	<=3%	1%	1%	5%	2%	2%
BES-KPI-07	First Time Fix (FTF)	70.00%	77%	82%	79%	81%	83%
BES-KPI-10	Number of open Incidents as percentage of all Incidents outside SLA	=<7%	1%	1%	1%	1%	1%

Ref	Description	Target	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
BES-KPI-11	Reopened calls	<=5%	2%	1%	2%	2%	1%

Table 1.3.1b Shows KPI performance for the Service Desk January 2018 to June 2018

Ref	Description	Target	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
BES-KPI-01a	Service Request Response	=<4 hours	100%	100%	100%	100%	100%	100%
BES-KPI-01b	Service Request Resolution	=<5 days	99%	99%	98%	98%	97%	99%
BES-KPI-02	IT Service Management System (Service Management)	100.00%	100%	100%	100%	100.00%	100%	100%
BES-KPI-03	Internet Connectivity		100%	100%	100%	100.00%	100%	100%
BES-KPI-04	Speed to Answer	=<30 seconds 85%	90%	94%	94%	89%	90%	91%
BES-KPI-05	Call abandoned	<=3%	2%	1%	1%	2%	2%	2%
BES-KPI-07	First Time Fix (FTF)	70.00%	82%	81.00%	80.00%	71.00%	85.00%	84%
BES-KPI-10	Number of open Incidents as percentage of all Incidents outside SLA	=<7%	1%	1%	1%	1%	0%	1%
BES-KPI-11	Reopened calls	<=5%	1%	1%	1%	1%	1%	1%

2. Ticket & Telephone Volumes/Overview

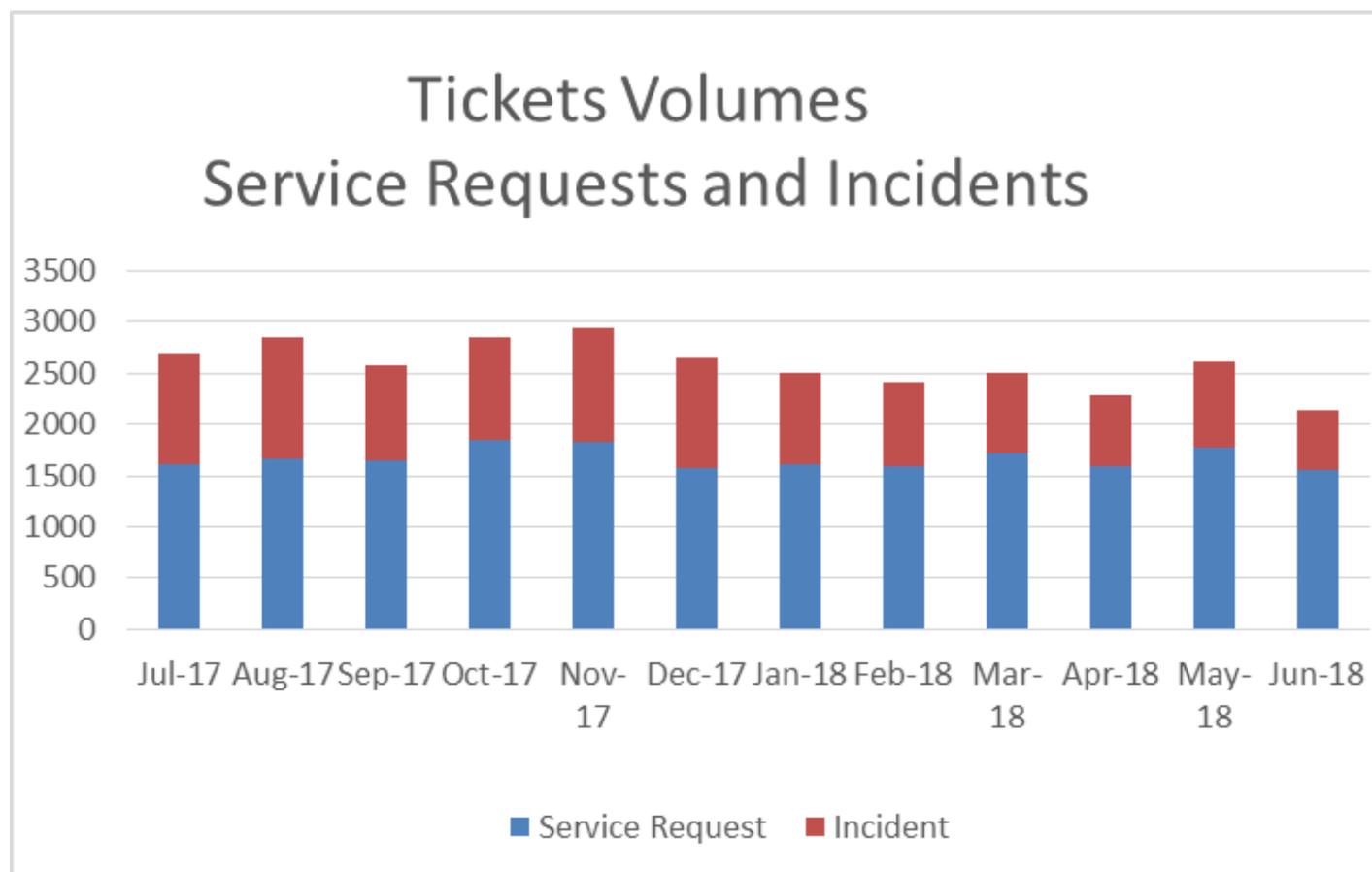
2.1.1. Ticket Volumes/Overview.

Each new call to the Bromley Help Desk creates a record or ticket. These tickets can provide good evidence of volumes and types of calls being raised by Bromley Council users. Many of the KPI are based on our performance in resolving these tickets. The graph below shows the volume of calls logged by the Service Desk and the proportion of calls that are faults.

Faults relate to calls/e-mails to the Service Desk reporting a failure in a system. These are managed as Priority 1 to 4 faults, 1 being a complete system failure with a 4 hour target to fix.

Service Requests are contacts to the Service Desk where the user is asking for something to be done, for instance: New User, change of permissions or a new PC would all be Service Requests.

Table 2.1.1a



2.2. Telephone Overview

At the last performance committee attended BT were asked to give a view of call data beyond the summary of performance over the month.

Using three months data, March to May 2018 the analysis shows:

For the calls to the desk over the three month period, the target is answering calls in 30 seconds,

- For call that met the target of 30 seconds, the average time to pick up a call was 7 ½ Seconds

- The average time to pick up a call which failed to be picked up in 30 seconds was 140 seconds.
- The longest time taken to pick up a call within the three month period was 16 minutes
- Of the 4,331 calls answered by the desk, 35 were over 5 minutes (0.8% of calls).

Abandoned calls are all calls where the user hangs up before its answers.

- Average time in the queue for a call that was abandoned or aborted was 98 seconds,
- For users who held on past the 30 second mark before abandoning the call (79 calls), the average time to hang on before abandoning was 138 seconds.
- The longest anyone held on before abandoning a call was just over 7 minutes at 423 seconds, 5 abandoned calls exceeded 5 minutes.

2.3. Analysis of Tickets Raised.

Incidents and password requests.

1: Password resets are currently the most common reason to call the desk. Bromley Council and BT have recently been actively encouraging users to take up Self Service for password resets and we are monitoring call volumes closely to understand how effective the tool/process is. During the initial attempt to get users to manage passwords many users called the desk to be setup to use Self Service resulting in a peak of calls. Call volumes are now dropping as hoped and we are monitoring this progress.

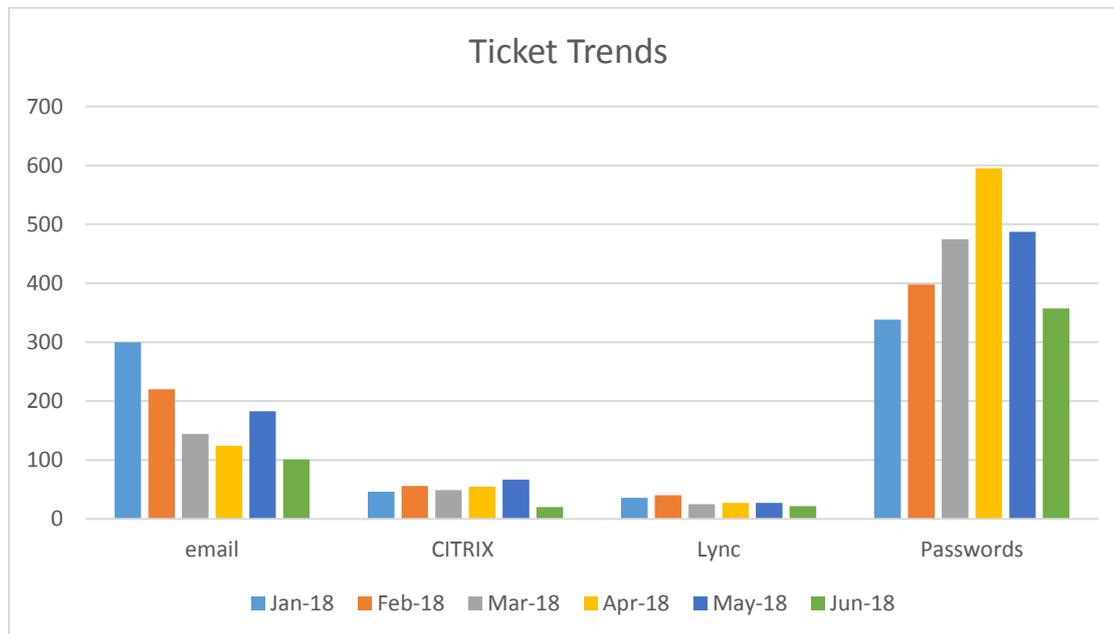
2: e-mail issues: e-mail is the most used system in Bromley. We have recently upgraded Microsoft Exchange to improve the stability of the e-mail system. The number of calls for e-mail (both Exchange and Outlook) have continued to reduce showing that the new exchange environment has added stability.

3: CITRIX and Remote access: Bromley Council support a wide range of remote users accessing the network securely for Bromley systems from a combination of Council laptops and tablets as well staff accessing via their own computers. The wide range of hardware and software able to access the Council network and the levels of security mean this is a complex arrangement and we receive an appreciable volume of calls requesting help from users needing access to the network. We are upgrading a critical component for remote access in August to reduce the number of calls from users whose Anti-Virus conflict with our security configuration.

4: At the start of the contract BT inherited a number of issues with the Lync system, which manages the desk phones for Bromley Council. BT and the Council have taken a number of corrective actions on the environment. The current number of calls from users requiring support for Lync, which is used by almost everyone daily, are low. We are continuing to monitor to see if further action is required.

The table below shows a graphical representation of this

Table 2.3a key ticket category trends.



2.4. E-mail Summary

The charts below give an overview of e-mails coming into Bromley between March and May this year. E-mails are categorised when they are received based on industry standard rules, and the first chart shows the types of e-mails being received. This helps filter out genuine e-mails from SPAM and to exclude any possible malicious e-mail.

The second graph gives an indication of the volume of e-mails we receive each month.

Table 2.4a

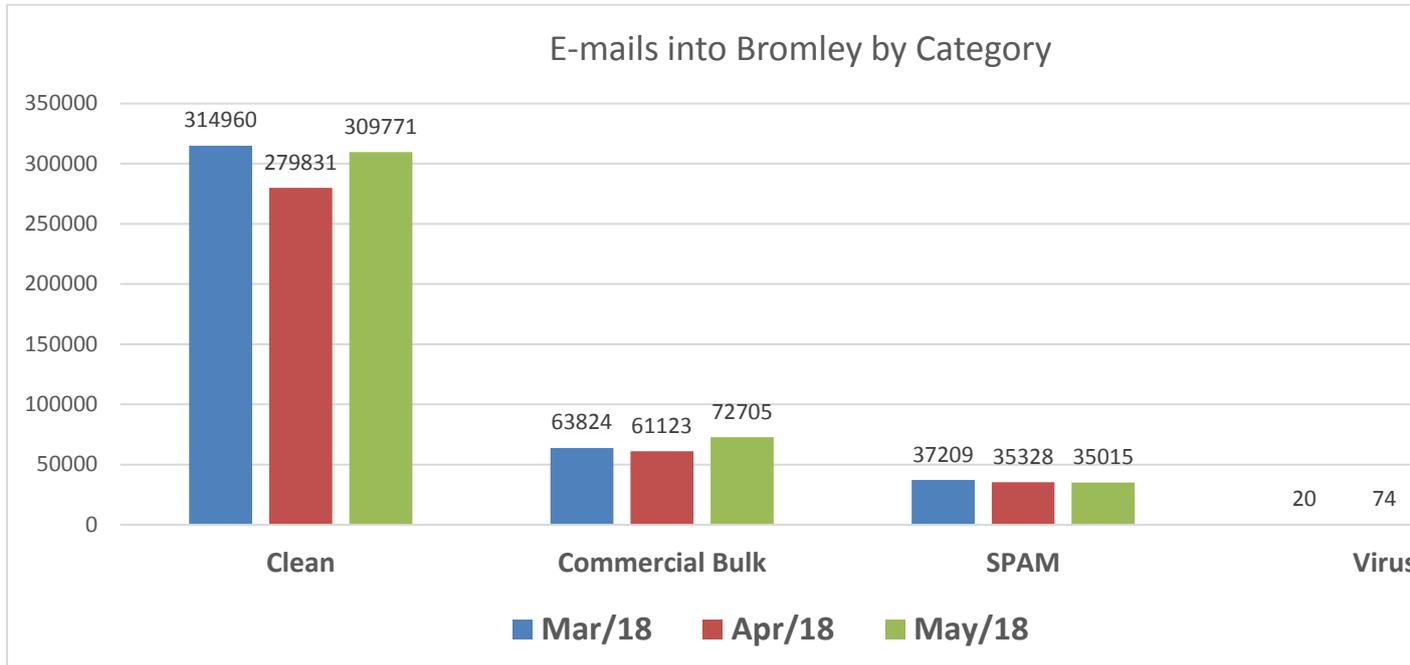
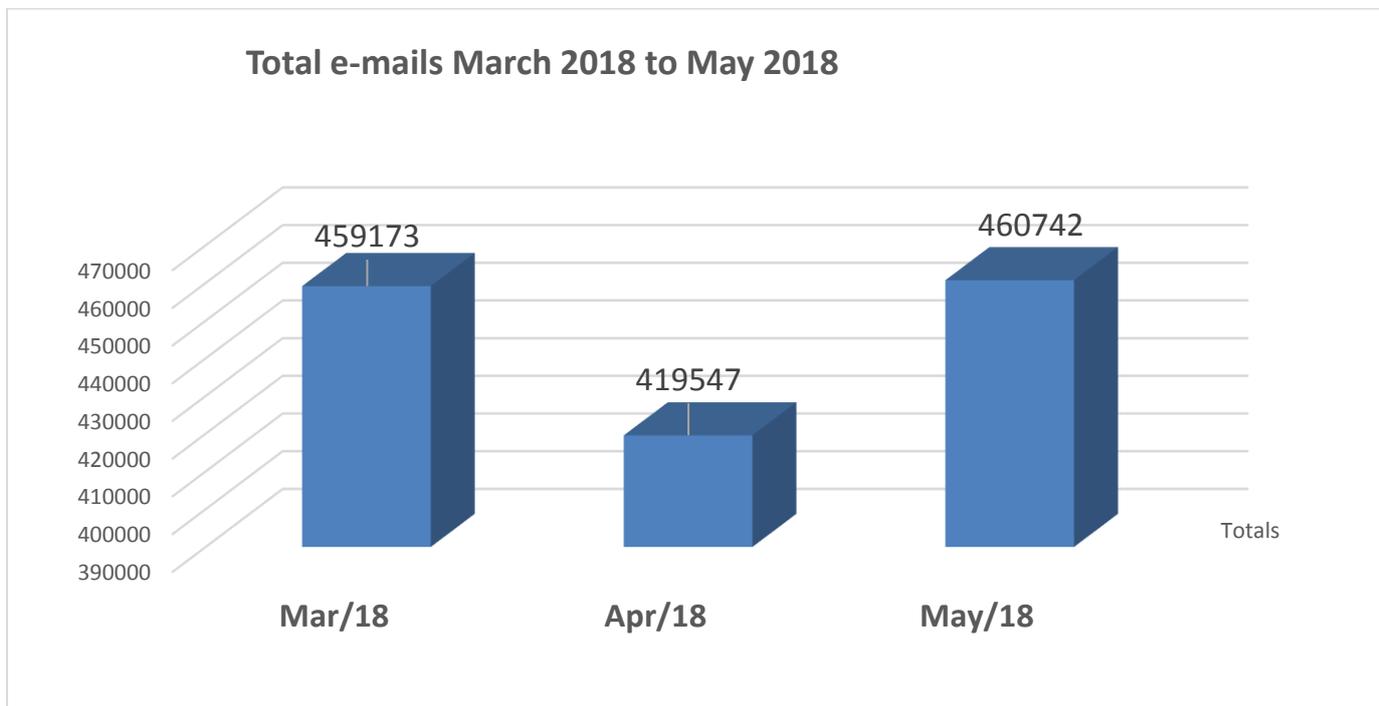


Table 2.4b



3. Project Esther

Project Esther was initiated between BT and the Council in early 2017. The objectives were:

“A single, joined up service for ICT, encompassing the existing BT managed service scope and the existing LBB team, which will drive operational and financial benefits for the service.”

This should offer:

- Resilience in terms of people/functions to the Council
- Service delivery improvements
- Financial benefits, including the opportunity to turn services up and down (consumption based)

The TUPE transfer of 18 staff was completed successfully on November 1st 2017 with no degradation of service. All staff have reported a high level of satisfaction with the transfer to BT. For the first time the transferred services are now measured, in terms of demand and performance, and plans are underway to improve the way these services are delivered to the Council. Critical to the transfer of responsibility was the continuation of some key “in-flight” projects, such as CRM upgrade and ASH implementation. Other aspects of Project Esther that have progressed since November include:

- a new mobile solution (migrating from O2 to EE) saving the Council over 30% on their annual spend
- a review of arrangements for Oracle licensing support, saving the Council nearly 25% on their annual spend
- Implementation of an innovative gain/share arrangement between BT and the Council to incentivise both parties to continue to drive savings in third party IT spend
- A review of Local Network and Wide Area Networking to support the Council’s mobile working and accommodation rationalisation programmes.

As previously stated in this report, the transferred services had no measurement of performance prior to their transition. BT in partnership with LBB have monitored performance against an agreed set of criteria for the first six months following transfer and have now proposed a set of KPI’s to manage this element of contract performance. June 2018 is the first month of reporting against this agreed KPI, however the performance for the previous months is included in table 4.1 Service Request Resolution Service requests with an SLA to be resolved within 5 days

- For each of Incident priority, the number of calls resolved within SLA

Table 3a project Esther performance November 2017 to May 2018

Description	Target	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Target Agreed
Service Request Resolution	TBA	92.81%	85.62%	88.76	90.21%	81.82%	81.01%	91.51	90%
Incident Resolution P1	TBA	100.00%	100%	100%	100%	100%	100%	100%	99%
Incident Resolution P2	TBA	100.00%	100%	100%	100%	100%	100%	100%	95%
Incident Resolution P3	TBA	94.12%	65.52%	96.43%	94.74%	86.79%	84.44%	81.82%	90%
Incident Resolution P4	TBA	96.88%	95.24%	95.24%	100%	85.71%	72.00%	68.75	90%

4. Council wide ICT Strategy

The Council and BT are commencing the refresh and updating of the IT infrastructure during the latter part of 2018. This will ensure continued support of Council Services and in some cases improved resilience and availability.

More information as to what is programmed to happen and when will be available shortly.

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