



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 12 November 2018

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

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

A meeting of the Executive, Resources and Contracts Policy Development and
Scrutiny Committee will be held at Bromley Civic Centre on **THURSDAY 22
NOVEMBER 2018 AT 7.00 PM**

MARK BOWEN
Director of Corporate Services

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

PART 1 AGENDA

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

STANDARD ITEMS

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

In accordance with the Council's Constitution, questions to the Chairman of this Committee must be received in writing 4 working days before the date of the meeting and must relate to the work of the scrutiny committee. Please ensure questions are received by the Democratic Services Team by 5pm on Friday 16th November 2018.

- 4 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 11 OCTOBER 2018(EXCLUDING EXEMPT ITEMS) (Pages 5 - 14)**

- 5 **MATTERS ARISING AND WORK PROGRAMME** (Pages 15 - 22)
- 6 **RISK MANAGEMENT** (Pages 23 - 42)
- 7 **FORWARD PLAN OF KEY DECISIONS** (Pages 43 - 52)
- 8 **MINUTES OF THE CONTRACTS AND COMMISSIONING SUB-COMMITTEE HELD ON 19 SEPTEMBER 2018** (Pages 53 - 64)

HOLDING THE RESOURCES PORTFOLIO HOLDER TO ACCOUNT

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

In accordance with the Council's Constitution, questions to the Resources Portfolio Holder must be received in writing 4 working days before the date of the meeting and must relate to the work of the Portfolio. Please ensure questions are received by the Democratic Services Team by 5pm on Friday 16th November 2018.

- 10 **SCRUTINY OF THE EXECUTIVE ASSISTANT TO THE LEADER**

- 11 **RESOURCES PORTFOLIO - PRE-DECISION SCRUTINY**

Portfolio Holder decisions for pre-decision scrutiny.

- a **TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE 2018/19 & MID YEAR REVIEW** (Pages 65 - 92)

HOLDING THE EXECUTIVE TO ACCOUNT

- 12 **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

- 13 **BENEFITS SERVICE MONITORING REPORT** (Pages 93 - 116)
- 14 **REVENUES SERVICE MONITORING REPORT** (Pages 117 - 134)
- 15 **EXCHEQUER SERVICE - CONTRACT PERFORMANCE REPORT** (Pages 135 - 158)
- 16 **CUSTOMER SERVICE MONITORING REPORT** (Pages 159 - 170)
- 17 **AGENCY STAFF CONTRACT MONITORING REPORT** (Pages 171 - 184)

PART 2 AGENDA

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

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

Items of Business

Schedule 12A Description

- | | |
|---|---|
| 19 EXEMPT MINUTES OF THE MEETING HELD ON 11 OCTOBER 2018 (Pages 185 - 186) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 20 EXEMPT MINUTES OF THE CONTRACTS AND COMMISSIONING SUB-COMMITTEE HELD ON 19 SEPTEMBER 2018 | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 21 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS | |
| 22 AGENCY STAFF CONTRACT MONITORING REPORT APPENDIX B (Pages 187 - 190) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 11 October 2018

Present:

Councillor Simon Fawthrop (Chairman)
Councillors Yvonne Bear, Julian Benington,
Nicholas Bennett J.P., Mike Botting, Mary Cooke,
Ian Dunn, Robert Evans, Russell Mellor, Keith Onslow
(Vice-Chairman), Chris Pierce and Pauline Tunncliffe

Also Present:

Councillor Graham Arthur and Councillor Colin Smith

48 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Allatt, Rutherford, Cartwright and, Marlow. Councillors Mike Botting, Yvonne Bear, Chris Peirce and, Pauline Tunncliffe attended as their respective alternates. Councillors Harmer and Wells also submitted apologies.

49 DECLARATIONS OF INTEREST

Councillor Fawthrop declared an interest as an employee of British Telecom (BT).

Councillor Onslow declared an interest as a former employee of LB Greenwich and a current pensioner of Zurich Municipal.

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

No questions were received.

51 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 5th SEPTEMBER 2018 (EXCLUDING EXEMPT ITEMS)

The minutes of the meeting held on 5th September 2018, were agreed and signed as a correct record.

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**52 MATTERS ARISING AND WORK PROGRAMME
Report CSD18141**

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

In relation to matters arising from previous meetings, the Committee requested that the Universal Credit contact details be recirculated to Members.

Action Point 13: that the Universal Credit contact details be re-circulated.

In relation to the Work Programme, the Committee agreed that in future all PDS Committees should scrutinise the Executive Assistants for their relevant portfolio. In the case of ERC PDS this would be the Executive Assistants supporting the Leader and the Portfolio Holder for Resources, Contracts and Commissioning.

The Committee also requested that a report outlining expenditure on consultants be presented to the February 2019 meeting.

RESOLVED: That

- 1. Progress on matters arising from previous meetings be noted; and**
- 2. The following items be added to the 2018/19 work programme:**
 - **Expenditure on Consultants (February 2019)**
 - **Scrutiny of Resources Contracts and Commissioning Executive Assistant**
 - **Scrutiny of Leader's Executive Assistant**
- 3. All PDS Committees be recommended to scrutinise the Executive Assistant relevant to its portfolio.**

**53 RISK MANAGEMENT
FSD18077**

The Committee considered a report which provided Members with the Gross 'High' (Red) rated risks from the Chief Executive's, Commissioning and Finance department's risk register. There were currently no Gross 'High' (Red) rated risks on the Human Resources Risk Register.

In relation to the risks surrounding Telecommunications failure, the Chairman asked for information to be provided concerning when the ICT Disaster Recovery Plan would be completed.

In considering the risks around a possible data protection breach, the Chairman noted that the LBB Information Governance Board had formally accepted the Connecting for Health Information Governance Toolkit (CfH IGT)

as the basis of LBB's internal information governance program at their meeting in August 2012. The Chairman queried when this would next be reviewed.

The Committee agreed that a further update reporting progress should be presented to the November meeting. Members requested that a larger font was used in the Appendices and that they were printed in colour.

RESOLVED: That the Risk Register exemption report be noted and a further update be reported to the November meeting.

54 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period October 2018 to January 2019.

Members noted that some reports that the Executive had been due to consider in October had, at the request of the Chairman of the Renewal, Recreation and Housing PDS Chairman, been pushed back to the November meeting to enable adequate scrutiny by the Renewal, Recreation and Housing PDS Committee.

The Chairman of the Education, Children and Families Select Committee noted that a number of reports concerning services for children were due to be considered by other PDS Committees. Councillor Bennett asked for the Committee Terms of Reference to be reviewed to enable the Select Committee to scrutinise decisions affecting services for children.

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

No questions were received.

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

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

a INSURANCE FUND - ANNUAL REPORT 2017/18 Report FSD18076

Following the conclusion of the 2017/18 Audit of Accounts, the Committee considered a report advising Members of the position of the Insurance fund as at 31st March 2018 and presenting statistics relating to insurance claims for the last two years. In 2017/18, the total Fund value increased slightly from £3.4m to £3.7m. A mid-year review of the Fund had also been carried out

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and, at this stage, it was estimated that the final fund value as at 31st March 2019 was likely to remain approximately the same.

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

**57 CONTRACT MONITORING: TOTAL FACILITIES MANAGEMENT (AMEY)
Report DRR 18/044**

The Committee considered a report providing information on the performance of the Total Facilities Management (TFM) Contract provided by Amey Community Limited and their sub-contractor Cushman and Wakefield for the period 1st August 2017 to 31st August 2018. A report from the Amey Account Manager provided his update on each of the individual performance elements of the contract and was attached at Appendix 1 to the report.

Darren Nolan and Mark Billington of Amey attended the meeting to respond to questions. Members noted that the contract had now been in place for some time and questioned whether Amey had experienced any surprises in delivering the contract. In response Mr Nolan confirmed that there had been no surprises. Amey had been clear in terms of what they were taking on and had been aware of the age of the stock. Fire Risk Assessments had not originally been part of the contract but these had recently been undertaken. One of the nice surprises had been some of the new projects that Amey had taken on. In response to a question from the Vice-Chairman, the Head of Asset and Investment Management confirmed that the outcome of the Fire Risk Assessments had been shared with the Council's insurance advisors and would be reported back to the Council's Risk Management Group.

In response to a question, Mr Nolan confirmed that approximately 50% of the increase in maintenance requests resulted from proactive action from Amey in terms of self-reporting tasks. The other 50% was due to more widely known issues relating to the age of the stock. In relation to the hard and soft KPIs, Mr Nolan confirmed that the difference in the performance correlated with a difference in the volume of tasks associated with the KPIs.

In response to a question, Mr Nolan confirmed that Amey did experience challenges in retaining certain staff such as cleaning staff. Amey operated reward and recognition schemes but often if staff could move elsewhere for higher remuneration they would.

In response to a question from the Vice-Chairman, Mr Nolan confirmed that there had been no planned testing of the businesses continuity plans but there had been two unplanned power outages which had invoked the business continuity plans. The Vice-Chairman stressed the importance of testing businesses continuity plans.

Members discussed the timescales included within the Service Level Agreement and how priorities were assigned to individual tasks. The

Chairman suggested that where a specific task did not naturally fit into the established categories it should automatically be assigned Priority One.

The Chairman thanked Amey for the work that had been undertaken around asbestos and water hygiene which had led to significant improvements. It was however noted that there were a number of maintenance issues that still required attention such as broken toilet seats within the St Blaise building, broken lights, and incorrect clocks. Mr Nolan reported that Amey were currently costing improvements to public areas and this included the installation of LED lighting.

The Committee discussed the recent incident concerning the Member of the public who had brandished a meat cleaver outside of the front entrance to the Civic Centre. Mr Nolan explained the circumstances of the incident and that a member of LBB staff had noticed and reported the individual. The gentlemen had been guided off site by security staff and CCTV images of the gentleman had been circulated amongst key staff to increase awareness. Stressing that the safety of Council staff on site was paramount, Members queried whether any follow up action such as a criminal conviction or an exclusion order had been sought in order to protect staff. The Chief Executive confirmed that further enquires would be made to the Police and Health Services in terms of follow up action. The Committee thanked the security staff for their professional and sensitive handling of the situation.

The Chairman circulated the confidential (exempt from publication) minutes of the Service Board. The Committee requested that the minutes be included as an appendix in future reports.

58 SCRUTINY OF THE CHIEF EXECUTIVE

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

- Consideration had been given to succession planning. The Chief Executive was confident that following his departure at the end of the year the organisation would be secure in the short-term whilst Members took decisions regarding the future Council and management structure. Directors were conscious of the need to develop heads of service and the risks around succession planning were understood and managed.
- Financial challenges continued. The budget setting process was starting and there was a great deal of work to do around addressing future budget deficits.
- Although not confirmed, a further Ofsted inspection of Children's Services was anticipated in November.
- The Waste Contract was near completion and management processes were now settled.

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- Issues around Adult Social Care and the further integration with Health Services would need to be monitored.
- The Local Authority would be subject to a Boundary Review in June 2019.
- In relation to Emergency Planning, London boroughs would be expected to meet enhanced standards which had recently been rolled out.
- The Diocese had requested loan of the Lead Cistern which was currently located outside the Well Bar. It was believed that the Cistern dated back to 1792 and Bishop Thomas.

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

- Emergency planning was stabilising. Although both current members of staff would be leaving, planning for recruitment was taking place and options for ensuring a robust service, such as linking with other Boroughs, were under consideration.
- The Council's Building Control Service would be joining with LB Bexley in due course. It was hoped that this would address some of the recent issues with the Service.
- In the short to medium term the Council would not have to consider radically redesigning its services. Finances had been reviewed and Officers had been looking at what was required in terms of transformation projects. Reports would be provided to Members in due course. £80m-£90m had been taken out of the Council's budget to date and there were now very few savings left to make. There was a fundamental requirement to look after children, provide services for the elderly, and protect the environment. The Chief Executive stated that he did not have the answers as to how these services could continue to be delivered with the ongoing pressure on local government budgets. Small savings could be made through changes to ICT, relocation of the Council Officers and the paperless agenda but it was unlikely these would go a long way to addressing future budget deficits.
- In recent years the Local Authority had developed a good relationship with local health services. However, the NHS was pursuing a structure that was based on regions and this caused concern in terms of how some of the future challenges could be addressed locally with the move away from localisation. The Chief Executive stated that he fundamentally believed that the NHS should be democratically accountable in a similar way to Local Government.

Noting that this was the last meeting that the Chief Executive was due to attend before his departure at the end of the year, the Chairman, on behalf of the Committee, thanked the Chief Executive for his service to both the Committee and the Borough and wished him well for the future.

**59 COST OF AGENCY STAFF
Report FSD18066**

The Committee considered a report on the use of agency staff across the Council and in particular spend on senior appointments (the 25 highest paid agency workers). The information provided took account of the Council's duty of care and the requirements of the DPA/GDPR Regulations 2018.

Members discussed whether there was a need to keep the appendix to the report in Part 2 of the agenda (exempt from publication). The Director of HR advised that there was a high level of detail provided in the appendix and the Director of Corporate Services had provided legal advice to the effect that the information should be considered in Part 2 as disclosure of the information could expose the Council to the risk of breaching its obligations under the General Data Protection Regulations 2018 (GDPR). The Director of HR reminded the Committee that GDPR had to be read alongside the Local Government (Transparency Requirements) (England) Regulations 2015 and as such an exemption in law allowed the Council to disclose the remuneration of Chief Officers.

In response to issues concerning questions that had been asked and answered in Part 1 at Full Council regarding more granular information surrounding care managers, the Director of HR explained that the pool of care managers across the Council was very wide and it was therefore difficult to identify individuals from the information that had been provided. As a result of this the Council had not been at risk of breaching its duties under GDPR.

On the basis of the advice that had been received the Committee resolved to keep the Appendix to the report in Part 2 (exempt from publication).

In response to a question concerning whether the arrangements for recruiting newly qualified social workers could be rolled out in other areas of the Council, the Director of HR confirmed that this was part of the recruitment strategy. By introducing a career pathway and recruiting staff early in their careers it was hoped that there was a greater chance of retaining staff. It had been a rigorous recruitment exercise for the newly qualified social workers. One of the key challenges for the Local Authority was retaining experienced social workers. It was clear that in the future the Council would need to grow its own staff. This approach had been adopted in the past for areas where it was difficult to recruit such as accountancy and a similar approach was now being adopted in Planning.

In response to a question surrounding why the Council did not match the levels of remuneration paid by agencies the Director of HR highlighted that the cost of equalising upwards would be phenomenal. The use of agency staff, who came at a higher costs, was meant to be a short-term fix whilst recruitment processes for permanent staff were ongoing.

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Turning to the issue of the length of time agency staff were retained, the Director of HR confirmed that staff were usually in post for up to six months although there were exceptions to this. Usually agency staff in senior positions were brought in for a specific project or purpose and the agency contract could be reviewed once the purpose or project came to an end. In terms of accountability, the Director of HR confirmed that measures had been put in place to protect the Council; staff were required to declare any conflict of interest and in certain cases there were notice periods. The Deputy Chief Executive and Executive Director ECHS was currently leading on work around the budget pressures facing the Council and understood the need to recruit and retain permanent staff.

A Member requested that following the meeting the Committee be provided with a breakdown of the costs of agency staff including the money paid directly to an individual and that paid in agency costs.

Action Point 14: That the Committee be provided with a breakdown of the costs of agency staff including the money paid directly to an individual and that paid in agency costs.

In relation to a question from the Chairman surrounding whether the Council was too blinkered in terms of the teams that managers oversaw, the Chief Executive stressed the importance of learning from past mistakes and ensuring that there was the right level of experienced management oversight. The Director of HR also reported that 'social worker' was a legal term and that the Council had a responsibility to ensure that managers had appropriate qualifications.

The Director of HR reported that once the final Ofsted Inspection had taken place the Local Authority would seek to permanently recruit to the post of Director of Children's Social Care.

The Committee noted that targets had been set for the recruitment of permanent staff within Children's Social Care. Ultimately the Local Authority was aiming for 90% of its working force being permanent. The target for the end of 2018 was 89% and at the end of September 83% of the work force was permanent. This figure had reduced slightly in October but efforts continued to encourage more staff to join the permanent work force. Members noted that at the time of the last Ofsted inspection only 40% of the work force had been permanent and this demonstrated the excellent progress that had been made. The Children's Service Improvement Governance Board received monthly updates on recruitment and retention in Children's Social Care. The Chairman of the Education, Children and Families Select Committee who also sat on the Children's Service Improvement Governance Board highlighted that the Board discussed and monitored the balance of agency and permanent staff across Children's Social Care at every meeting.

RESOLVED that the report be noted.

**60 CONTRACTS REGISTER AND CONTRACTS DATABASE
UPDATE
Report ES18066**

The Committee considered a report presenting an extract from September 2018's Contracts Register for detailed scrutiny based on data as at 24th August 2018. The contracts Register contained in 'Part 2' of the agenda included a commentary on each contract providing information concerning any issues or developments.

In considering the flagged contract (Microsoft Enterprise Agreement), the Committee noted that this contract had been flagged as a result of the tight timescales that were now involved and the work that was ongoing. Members noted that the Head of ICT was in discussions with Microsoft and that there were significant costs implications associated with the requirement for individual licenses. Noting that Microsoft controlled approximately 90% of the market Members expressed concerns surrounding that fact that the Local Authority was required to strictly control its costs and had seen a dramatic fall in its budgets whilst Microsoft were inflating costs. It was suggested that an approach should be made to the Monopolies and Mergers Commission to highlight the potential abuse of this dominant market position.

Noting that the Committee had been provided with a register detailing the individual contracts relevant to the remit of the Committee a Member stressed the importance of not duplicating the work of the Contracts and Commissioning Sub-Committee. The Director of Commissioning confirmed that the Sub-Committee took a more strategic approach to contract monitoring.

The Committee noted the significant improvements that had been made in relation to a reduced number of flagged contracts since the introduction of the Contracts Database.

RESOLVED: That:

- 1. Officers investigate the possibility of referring Microsoft to the Monopolies and Mergers Commission; and**
- 2. A further report on the IT Strategy be presented to the Executive, Resources and Contracts PDS Committee in November 2018.**

**61 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

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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**

**62 EXEMPT MINUTES OF THE MEETING HELD ON 5th
SEPTEMBER 2018**

The Part 2 (exempt) minutes of the meeting held on 5th September 2018 were agreed, and signed as a correct record.

63 COST OF AGENCY STAFF APPENDIX

The Committee noted the Part 2 appendix.

**64 CONTRACTS REGISTER AND CONTRACTS DATABASE
EXEMPT UPDATE**

The Committee noted the Part 2 commentary on the Contracts Register.

The Meeting ended at 9.16 pm

Chairman

Report No.
CSD18168

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive, Resources & Contracts PDS Committee

Date: 22 November 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
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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.

Appendix 1

Minute Number/Title/Date	Action/PDS Request	Update	Action by	Expected Completion Date
52. Matters Arising and Work Programme (11/10/18)	That the Universal Credit contact details be re-circulated.	The email was recirculated on 8 th November 2018.	Director of Finance	08/11/18
53. Risk Management (11/10/18)	When a review will take place of the Connecting for Health Information Governance Toolkit (CfH IGT) as the basis of LBB's internal information governance program	The IG Toolkit is reviewed and submitted every year to ensure compliance. The 2018 review commenced on 1 November 2018.	Director of Corporate Services/ Head of ICT	24/10/18
59. Cost of Agency Staff (11/10/18)	That the Committee be provided with a breakdown of the costs of agency staff including the money paid directly to an individual and that paid in agency costs.		Director of HR	

**EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
WORK PROGRAMME 2018/19**

Meeting Date: 22 November 2018	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Benefits Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Revenues Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Customer Services - Contract Performance Report	Customer Services	PDS Committee – Monitoring Report
Exchequer Service - Contract Performance Report	Finance	PDS Committee – Monitoring Report
Treasury Management - Quarter 2 Performance 2018/19 & Mid-Year Review	Finance	Pre-decision scrutiny (PH)
Risk Register	Audit	PDS Committee
Contracts Database Presentation	Procurement	PDS Committee
Scrutiny of the Executive Assistant to the Leader	N/A	PDS Committee
Meeting Date: 8 January 2019	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Capital Programme Monitoring - 2nd Quarter 2018/19	Finance	Pre-decision scrutiny (PH)
Scrutiny of the Resources, Commissioning & Contract Management Portfolio Holder	N/A	PDS Committee
Risk Register (Red Risks)	Audit	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
Scrutiny of the Resources, Commissioning and Contract Management Executive Assistant	N/A	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Section 106 Agreements: Update	E&CS	PDS Committee
Expenditure on Consultants	Finance	PDS Committee
Risk Register (Red Risks)	Audit	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
Risk Register (Red Risks)	Audit	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 January 2019	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	23 rd January 2019	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

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Report No.
FSD 18090

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Thursday 22 November 2018

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

Title: RISK MANAGEMENT

Contact Officer:

Mark Bowen, Director of Corporate Services – Chief Executive’s Risk Register
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Risk Register
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Charles Obazuaye, Director of Human Resources – HR Risk Register
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Chief Officer: Peter Turner, Director of Finance
Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk

Ward: (All Wards)

1. Reason for report

This report provides the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the 2018/19 Quarter Two iterations of the Chief Executive’s, Commissioning, Finance, Human Resources and Corporate Risk Registers (Appendices B – F).

2. **RECOMMENDATION(S)**

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

Impact on Vulnerable Adults and Children

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

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Chief Executive's, Commissioning, Finance and Human Resources divisions
 4. Total current budget for this head: Not Applicable
 5. Source of funding: Not Applicable
-

Personnel

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

Legal

1. Legal Requirement: Not Applicable
 2. Call-in: Not Applicable:
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

3.1 This report provides Members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the most recent Risk Registers for the areas falling under their remit. Each Risk Register has been drawn up in line with the Risk Assessment Guidance depicted in Appendix A.

- Chief Executive's (Appendix B)
- Commissioning (Appendix C)
- Finance (Appendix D)
- Human Resources (Appendix E)
- Corporate Risk Register (Appendix F)

3.2 Each Director retains responsibility for the Risks and Controls within their Division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee. The Corporate Risk Register identifies the organisation's key risks to the delivery of the corporate objectives through the Building a Better Bromley vision. Risks are elevated to the Corporate Risk Register by the Corporate Leadership Team.

3.3 Since the Risk Registers were last presented in full to the Executive, Resources and Contracts Committee on 5th July 2018, they have been reviewed and refreshed by the relevant Management Team and presented to both the Corporate Risk Management Group (28th August 2018) and Audit Sub Committee (14th November 2018), for scrutiny.

3.4 The salient amendments made to the Chief Executive's and Finance registers are detailed below; there have been no salient amendments to the Commissioning or Human Resources Risk Registers. None of these changes impact on the Corporate Risk Register.

Chief Executive's	
Risk 11	Reduction of the 'maintenance of statutory and General Registry Office standards' net likelihood rating from 3 (Possible) to 1 (Remote).

Finance	
Risk 4	Addition of a 'cause' to the Pension Fund Risk of 'Mandatory pooling of investments (London Collective Investment Vehicle) may result in appointment of poorer performing investment managers'.
Risk 10	Addition of a 'Significant Fraud/Corruption' Risk (Gross Risk rating 'Medium', Net Risk rating 'Low').

IMPACT ON VULNERABLE ADULTS AND CHILDREN

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

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

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

6. PERSONNEL IMPLICATIONS

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

7. LEGAL IMPLICATIONS

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

8. PROCUREMENT IMPLICATIONS

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

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

Risk Assessment Guidance

Likelihood	Almost Certain (5)	5	10	15	20	25	<table border="1"> <tr> <td style="background-color: red;">15+</td> <td>High Risk - review controls and actions every month</td> </tr> <tr> <td style="background-color: orange;">10 - 12</td> <td>Significant Risk - review controls and actions every 3 months</td> </tr> <tr> <td style="background-color: yellow;">5 - 9</td> <td>Medium Risk - review controls and actions every 6 months</td> </tr> <tr> <td style="background-color: lightgreen;">1 - 4</td> <td>Low Risk - review controls and actions at least annually</td> </tr> </table>	15+	High Risk - review controls and actions every month	10 - 12	Significant Risk - review controls and actions every 3 months	5 - 9	Medium Risk - review controls and actions every 6 months	1 - 4	Low Risk - review controls and actions at least annually
	15+	High Risk - review controls and actions every month													
	10 - 12	Significant Risk - review controls and actions every 3 months													
	5 - 9	Medium Risk - review controls and actions every 6 months													
	1 - 4	Low Risk - review controls and actions at least annually													
Highly likely (4)	4	8	12	16	20										
Likely (3)	3	6	9	12	15										
Unlikely (2)	2	4	6	8	10										
Remote (1)	1	2	3	4	5										
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)	Impact								

Risk Likelihood Key					
	Score - 1	Score - 2	Score - 3	Score - 4	Score - 5
	Remote	Unlikely	Possible	Likely	Definite
Expected frequency	10 - yearly	3 - yearly	Annually	Quarterly	Monthly

Risk Impact Key					
Risk Impact	Score - 1	Score - 2	Score - 3	Score - 4	Score - 5
	Insignificant	Minor	Moderate	Major	Catastrophic
Compliance & Regulation	Minor breach of internal regulations, not reportable	Minor breach of external regulations, not reportable	Breach of internal regulations leading to disciplinary action Breach of external regulations, reportable	Significant breach of external regulations leading to intervention or sanctions	Major breach leading to suspension or discontinuation of business and services
Financial	Less than £50,000	Between £50,000 and £100,000	Between £100,000 and £1,000,000	Between £1,000,000 and £5,000,000	More than £5,000,000
Service Delivery	Disruption to one service for a period of 1 week or less	Disruption to one service for a period of 2 weeks	Loss of one service for between 2-4 weeks	Loss of one or more services for a period of 1 month or more	Permanent cessation of service(s)
Reputation	Complaints from individuals / small groups of residents Low local coverage	Complaints from local stakeholders Adverse local media coverage	Broader based general dissatisfaction with the running of the council Adverse national media coverage	Significant adverse national media coverage Resignation of Director(s)	Persistent adverse national media coverage Resignation / removal of CEX / elected Member
Health & Safety	Minor incident resulting in little harm	Minor Injury to Council employee or someone in the Council's care	Serious Injury to Council employee or someone in the Council's care	Fatality to Council employee or someone in the Council's care	Multiple fatalities to Council employees or individuals in the Council's care

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Chief Executive's (CEX) Risk Register - Appendix B

										DATE LAST REVIEWED:	05/11/2018		
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt & return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Corporate Services	IT Security failure	<p>Cause(s): Failure of IT Security (responsibility across Bromley & BT) to manage risk of attack or intrusion leading to potential corruption / loss of data / loss of systems</p> <p>Effect(s): Loss of service, potential fines, resident dissatisfaction</p>	Data and Information	4	5	20	<ul style="list-style-type: none"> - Application of effective security management including effective application of anti-virus protection and security measures through the IT Contract with BT - Regular Penetration Testing undertaken 	2	2	4		Vinit Shukle
2	Corporate Services	Telecommunications failure Prolonged telecoms / switchboard failure	<p>Cause(s): Power surge, contractor failure, malicious attack, IT failure</p> <p>Effect(s): Widespread disruption across the Council</p>	Data and Information	3	5	15	<ul style="list-style-type: none"> - Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - All Critical Services now have additional independent lines as contingency (if not their first line) - Additional resilience in use of LBB mobile phones - The ICT Disaster Recovery Plan is in progress 	3	3	9	<ul style="list-style-type: none"> - Working with BT to implement disaster recovery arrangements as part of new backup contract - Effective application of anti-virus protection and security measures through the IT contract with BT - Virtualisation project will help facilitate disaster recovery provision - Secondary Session Initiation Protocol (SIP) connection being added to provide resilience. 	Vinit Shukle
3	Corporate Services	IT System Failure (partial loss) Partial loss of IT systems	<p>Cause(s): Failure of Outlook or similar applications Failure of Novell Filing Registry system which carries details of all departmental files</p> <p>Effect(s): Widespread disruption across the Council</p>	Data and Information - Operational	4	4	16	<ul style="list-style-type: none"> - Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - System now migrated to the server - No longer dependent on Win7 - all services successfully transferred. However, the Novell filing registry/Regnet system has no further upgrade options and is not compatible with Win10 which will be deployed before December 2019 (Win7 support expiry date) 	4	3	12	The Novell System is currently used by legal team for historical file information only on a 'stand alone' PC. As part of any future platform upgrades, investigations will need to be carried out as to whether this option is still viable (by way of impact assessment) or look at migrating the historical data into Norwel (the current system)	Vinit Shukle
4	Corporate Services	IT System Failure (total loss) Complete failure of IT systems resulting in widespread disruption across the Council	<p>Cause(s): Complete loss of data centre and related hardware</p> <p>Effect(s): Widespread disruption across the Council Financial loss Reputational impact</p>	Data and Information - Operational	3	5	15	<ul style="list-style-type: none"> - Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - Backup power arrangements in the event of power issues (most likely) - Server room has fire suppression, water detection and significant physical security measures have been undertaken. 	2	4	8	- Property are planning additional works to resolve the issues that caused the outages, but until then we remain at an elevated risk.	Vinit Shukle
5	Corporate Services	Network Loss Loss of the customer service centre network as a result of a major malfunction of the council's network, leading to system access loss preventing staff from processing service requests.	<p>Cause(s): Major malfunction of council's network caused by Cyber Attack or other means</p> <p>Effect(s): Loss of system access Service Disruption Reputational impact</p>	Data and Information - Operational	3	3	9	<ul style="list-style-type: none"> - Existing local resilience procedures (over Liberata network via Citrix) - Business Continuity Plan and manual procedure plans in place - Prepared for use of smart telephony messaging, web banner message and reception signage 	3	2	6		Duncan Bridgewater

Chief Executive's (CEX) Risk Register - Appendix B

											DATE LAST REVIEWED:	05/11/2018	
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					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
6	Corporate Services	Budgetary overspend	Cause(s): Overspending budgets as a result of increased costs outside Council's direct control (e.g. increase in minimum wage, court / legal fees) Effect(s): Financial	Economic - Strategic	4	3	12	- Effective forward budgetary planning	3	3	9	- Identify "risk areas" (e.g. contracts using low paid labour)	Director of Corporate Services
7	Corporate Services	Fall in income from Registrars Economic downturn, uncertainty regarding accommodation and other external factors contributing to a significant fall in income in Registrars	Cause(s): Uncertainty regarding accommodation Leaving Civic Centre for a less appealing venue Effect(s): Reduced level of bookings Financial impact	Financial - Operational	3	3	9	- Regular budget and activity monitoring - Targeted marketing of ceremonies, venues etc. to maximise income, website videos, use of 'twitter' - Flexible use of staff to maximise income in periods of high activity - Development of civil funeral service	3	2	6		Duncan Bridgewater
8	Corporate Services	Contractor Failure	Cause(s): Contractor (such as Liberata) cease trading due to financial or other failure. Effect(s): Interruption to or deterioration of service due to failure of contractors (out of hours security guards @ Civic Centre, for example)	Contractual and Partnership - Operational	2	4	8	- Regular monitoring of performance and monthly operational meetings to identify any continued and ongoing reduction in service delivery - Core contract monitoring and overview of other elements of the contract to identify shortfalls in other areas of service delivery - Effective scrutiny of potential contractors - Appropriate performance bonds or parent company guarantees - Business continuity planning - Standardised contract letting procedures and documentation as contracts renew	2	3	6	- Identify potential alternative contractors	Duncan Bridgewater
9	Corporate Services	Contractor Performance	Cause(s): Failure to effectively manage service delivery contracts with provided such as Liberata Effect(s): Continued and ongoing poor performance and/or increased customer complaints.	Contractual and Partnership - Operational	4	3	12	- Daily, weekly, monthly and annual monitoring of performance and key performance indicators - Monthly operational meetings with contractor to discuss performance and monitor against balanced score card - Escalation through core contract route of any continued and ongoing shortfalls in performance	3	2	6		Duncan Bridgewater
10	Corporate Services	Failure to follow Legal Advice Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	Cause(s): Advice not being sought and/or followed by clients. Effect(s): - Breach of statutory obligations through failure of compliance with relevant legislation (e.g. 'Duty to Consult', EU Procurement Rules, Health and Safety etc.) leading to adverse publicity and significant costs including fines. - Council making unlawful decisions - Potential compensation to injured parties - Negative publicity - Potential judicial reviews	Legal - Operational	3	3	9	- Service procurement procedures - Register of all relevant statutory requirements - Regular review of compliance - Effective training of managers in requirements of relevant legislation - Systematic consultation - Robust internal customer service standards - Continuous learning and feedback	2	3	6	- Review service procurement procedures and redesign if appropriate - Regular service delivery meetings with clients - Identify, document and review all relevant statutory requirements - Identify and train all staff responsible for meeting statutory requirements	Director of Corporate Services

Chief Executive's (CEX) Risk Register - Appendix B

											DATE LAST REVIEWED:	05/11/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt & return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
11	Corporate Services	Maintenance of Statutory and GRO standards	Cause(s): Increase in life events (births / deaths) within Bromley Staffing pressures Effect(s): Drop in standards leading to a potential breach of statutory duty and loss of confidence from residents.	Legal - Operational	3	3	9	-Regular monitoring of registration activity and timescales -use of casual staff to perform statutory registrations - close monitoring of quality and performance from GRO system reporting	1	3	3		Duncan Bridgewater
12	Corporate Services	Disaster Recovery Inadequate disaster recovery arrangements leading to dislocation of Council services	Cause(s): Lack of adequate disaster recovery arrangements Effect(s): Dislocation of council services	Data and Information - Operational	2	5	10	-Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Working with BT to review and implement disaster recovery arrangements as part of new IT contract. - Effective application of malware protection and security measures through the IT contract with BT - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Virtualisation project will help facilitate disaster recovery provision with the option of using the cloud to provide quick capacity - New Storage Area Network (SAN) gives additional replication facilities to work with suitable partners reducing the time to switch over to a Disaster Recovery site - ICT Disaster Recovery Plan in progress	2	5	10	Exploring cloud back up	Vinit Shukle
13	Corporate Services	Loss of Facility Loss of customer service accommodation as a result of a major power failure or other incident that prevents access to the Civic Centre	Cause(s): Major power failure or other incident that prevents access to the Civic Centre Effect(s): Major disruption to council services	Data and Information - Operational	3	3	9	- Existing local resilience procedures (overflow to alternative Liberata Office)	2	2	4		Duncan Bridgewater
14	Corporate Services	IT Compliance failure	Cause(s): Failure to meet compliance regulations i.e. CoCo (Code of Connection) / London Public Services Network (LPSN) Effect(s): Loss of access to certain government systems	Data and Information - Operational	3	3	9	- Penetration Test (PenTest) carried out to ensure the integrity of the system and establish vulnerability - Met with Head of Public Services Network (PSN) - Carried out patching on the network to ensure security - PSN Compliant. Results and remediation of ICT Health Check submitted	2	3	6		Vinit Shukle
15	Corporate Services	Data Protection Breach	Cause(s): Failure to adapt to the upcoming change in legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets. Effect(s): 1. Distress and/or physical impact on wellbeing of customers 2. Impact on operational integrity 3. Reputational damage to services and the authority as a whole 4. Liability in law 5. Economic damage to authority and/or customers 6. Impact on service take up due to reduced confidence from the public	Data and Information - Operational	4	5	20	- LBB is currently compliant with the Public Services Network Code of Connection (PSN CoCo) and Connecting for Health Information Governance Toolkit (CfH IGT). The LBB Information Governance Board formally accepted the CfH IGT as the basis of LBB's internal information governance program at their meeting in August 2012. Both standards are based on the ISO27001 international best practice standard for managing information security and are therefore fit for purpose for assessing and managing the Council's information risk	2	3	6		Director of Corporate Services

Chief Executive's (CEX) Risk Register - Appendix B

											DATE LAST REVIEWED:	05/11/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
16	Corporate Services	Failure to publish Register of Electors	Cause(s): Failure of IT systems Insufficient resources provided to Electoral Registration Officer to deliver a comprehensive canvass Failure to follow legislative and regulatory requirements Effect(s): Disenfranchisement of local residents Potential to challenge any election which relies on an inadequate register Reputational damage	Political - Strategic	2	3	6	Controls: 1. Project Plan including detailed Risk Register 2. Robust documented internal procedures 3. Monitoring by Electoral Commission through appropriate Performance Standards	1	3	3		Carol Ling
17	Corporate Services	Failure to manage election process	Cause(s): Failure of Council in its duty to provide sufficient resources to the Returning Officer Failure of IT systems Effect(s): Costs of dealing with a challenge to election process Reputational damage Cost of re-running an election if result is set aside	Political	3	4	12	- Project Plan including detailed Risk Register specific to election underway - Staff Training - Adequate insurance (Returning Officer - personal liability) - Monitoring by Electoral Commission through appropriate Performance Standards.	2	3	6		Carol Ling
18	Corporate Services	Safety of Statutory Records	Cause(s): Fire / flooding Strong room not GRO compliant Effect(s): Damage to or destruction of historic statutory registration records	Operational	2	4	8		2	4	8	- We are aware the strong rooms requires investment to bring it up to General Register Office (GRO) security standards. This will be looked at during he wider accommodation review	Duncan Bridgewater

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

Commissioning Risk Register - Appendix C

											DATE LAST REVIEWED:	14/09/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt & return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Commissioning	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	Cause(s): - Unclear (or lack of) commissioning strategies - Poor commissioning activities - Inability to undertake full commissioning cycles - Failure to engage and develop markets Effect(s): - Service cuts required if balanced budget is not met - Reputational damage	Procurement & Contracts	5	4	20	1. Commissioning Work Plan agreed and reported to COE as part of Performance Management. 2. Commissioning Reviews linked to 4 year Financial Forecast to ensure all growth in services are supported by service reviews/proposals to help mitigate growth. 3. Contract Register now produced using new database including automatic alerting to officers etc. 4. Commissioning Team represented at senior level across the Council. 5. Commissioning Work Plan & Contracts Register reported to COE quarterly and also Commissioning & Contract Sub Committee – with alerts from Director of Commissioning. 6. Weekly Commissioning Board meetings. 7. Training for members and officers rolled out and published on Managers Toolkit. 8. All Guidance Notes available to officers on the Managers Toolkit – covering the commissioning and contracting cycle. 9. Lessons Learnt from all commissioning and contracting proposals covered at mandatory training with staff.	4	3	12	1. Proposals relating to the individual services to be submitted to the respective PDS Committees for scrutiny and approval in a timely manner linked to four year financial forecast. 2. Growth pressures identified as part of the four year forecast to allow service reviews/redesign to help mitigate cost pressures	Service Directors supported by Director of Commissioning
2	Commissioning	Effective governance and management of contracts	Cause(s): - Lack of clear management across contracts - Capacity and capability - Contract management processes ineffective - Organisational culture and understanding Effect(s): - Financial losses - Service disruptions - Poor quality services	Procurement & Contracts	4	4	16	1. Review of contract management and Commissioning & Contract monitoring controls including any issues identified by internal audit 2. Database alerts to assist in monitoring 3. Contract Sub Committee	4	4	16	Mandatory Training in place for all contract managers and commissioners along with quarterly mandatory meetings chaired by Director of Commissioning to cover any new guidance issued, lessons learnt and internal audit issues. Once the Director of Commissioning is confident that practice is embedded in the organisation, the current risk rating will reduce	Service Directors supported by Director of Commissioning
3	Commissioning	Database Utilisation	Cause(s): - Lack of organisational buy-in from contract managers - Lack of governance - Poor awareness / education in understanding purpose Effect(s): - Impacts upon decision making and outcomes - Poor quality data - Commissioned services not fit for purpose - Increased financial costs	Procurement & Contracts	4	3	12	1. Database guidance issued to officers 2. Follow-ups issued to remind contract managers and commissioners 3. Quarterly Member reporting 4. Sign-off by CLT 5. Commissioning & Contract Sub Committee	4	3	12	None Identified	Director of Commissioning

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

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Finance Risk Register - Appendix D

											DATE LAST REVIEWED:	13/09/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Finance	Gaps in Insurance cover Failure to ensure that sufficient insurance cover is in place with the result that Council assets may not be adequately covered and that claims in excess of our current excess (£125k - Public Liability) could be turned down by our insurance company	Cause(s): 1. Incorrect/incomplete asset/risk data provided to insurer. 2. Total level of insurance insufficient e.g. to cover damage to multiple high value assets. 3. Uninsurable risks e.g. criminal/regulatory fines. Effect(s): Inadequate or no insurance cover could have significant financial implications, dependent on the value of the asset and the extent of the damage / loss.	Financial - Operational	1	4	4	1. Maintain schedule of all property, vehicles and plan to be insured by the Council 2. Maintain a register of all insurance premiums paid each year 3. Independent check on all such records by internal / external audit and professional insurance brokers.	1	3	3		James Mullender
2	Finance	Financial Market Volatility Financial loss arising from the volatility of financial markets.	Cause(s): Market volatility, recession, banking failure Effect(s): We do not maximise our interest earnings on balances and could also suffer the following issues - Liquidity, Interest rate, Exchange rate, Inflation, Credit and counterparty, Refinancing, legal and regulatory risks	Financial - Operational	3	5	15	1. Regular strategy meetings 2. Use of external advisors 3. Internal Audit review of activities 4. Quarterly reporting to E&R PDS Committee (Members) 5. Adoption of CIPFA Treasury Management Code of Practice 6. Regular meetings / discussions with external auditors 7. Treasury management strategy	2	4	8		James Mullender
3	Finance	Capital Income Shortfall Inability to generate capital receipts	Cause(s): Property price reductions as a result of the economic environment. Falling number of assets available for disposal Effect(s): Financial	Economic - Strategy	3	4	12	1. Close monitoring of spend and income 2. Reporting to Members 3. Tight control of spending commitments 4. Quarterly reports on capital receipts (actual and forecast) to Executive.	2	3	6		James Mullender
4	Finance	Pension Fund The pension fund not having sufficient resources to meet all liabilities as they fall due	Cause(s): 1. Investment markets fail to perform in line with expectations 2. Market yields move at a variance with assumptions 3. Investment managers fail to achieve their targets over the longer term 4. Longevity horizon continues to expand 5. Deterioration in pattern of early retirements 6. Administering authority unaware of structural changes in an employer's membership e.g. large fall in employee members, large number of retirements 7. Mandatory pooling of investments (London CIV) may result in appointment of poorer performing investment managers. Effect(s): Financial	Financial - Operational	3	5	15	1. Use of external advice. 2. Financial: Monitoring of investment returns - analysis of valuation reports 3. Demographic: Longevity horizon monitored at triennial reviews - quarterly review of retirement levels 4. Regulatory: Monitor draft regulations and respond to consultations - actuarial advice on potential where appropriate 5. Internal audit review of activities, performance, controls etc. 6. Quarterly reports to Pensions Investment Sub-Committee 7. Funding Strategy Statement 8. Statement of Investment Principles 9. Communications Policy 10. Governance Policy 11. Triennial valuation by actuary 12. Strategic asset allocation review.	2	4	8	Seeking opportunities for future 'gifting'	Director of Finance
5	Finance	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	Cause(s): 1. As a consequence of significant Government funding reductions (austerity is expected to continue beyond 2019/20), need to reduce the Council's significant 'budget gap' of £38.7 m per annum by 2021/22. 2. The Government's aim is to transform 'local government, enabling it to be self-sufficient by the end of Parliament' e.g. business rates to be fully devolved to local government by 2020/21. A future national recession could have a significant impact on income generated to fund key services within a fully devolved model. 3. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households). 4. The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions. 5. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. 6. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). 7. As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures. 8. Impact of welfare reforms and the phased roll out of Universal Credit. 9. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). Effect(s): - Increased overspends in particular services - Council unable to carry out its statutory duties due to services cuts - Reputational damage - Failure to achieve our Building a Better Bromley priorities.	Financial - Operational	5	5	25	Strategic Controls: 1. Regular update to forward forecast 2. Early identification of future savings required 3. Transformation options considered early in the four year forward planning period 4. Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost 5. Mitigation of cost pressures including demographic changes 6. Directors to update commissioning strategies with strategic choices to address financial envelope Operational Controls: 1. Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports 2. Departmental risk analysis 3. Reporting of financial forecast updates in year to provide an update of financial impact and action required 4. Obtain monthly trend / current data to assist in any early action required 5. Obtain regular updates / market intelligence 6. Reporting full year effect of budget variations 7. Analysis of government plans and changes	4	5	20		Director of Finance
6	Finance	Failure to act upon Financial assessments or arrears in a timely manner	Cause(s): 1. Severe/catastrophic IT problems 2. Loss of key staff 3. Organisation experiencing severe financial problems Effect(s): Loss of income	Financial - Operational	3	3	9	Controls: 1. There is a disputed debt process that is followed to ensure that departments do not hold up debt recovery (i.e. actioning write offs and disputes). 2. All outstanding Financial Assessments are completed in accordance with the agreed timescales 3. Monitoring is carried out on a regular basis to ensure financial assessments are completed and contributions are set up on CareFirst in order for service users to be charged 4. Effective SLA is in place	2	3	6		Claudine Douglas-Brown
7	Finance	Failure of Finance IT systems	Cause(s): Failure of CareFirst or the various databases Oracle cheques not being produced Failure of BACs to pay LBB Effect(s): Inability to pay creditors, calculate payments due to our suppliers / foster carers (Payments Team) or to accommodate charging information for billing clients which could result in fines, penalties and loss of goodwill / reputation.	Contractual and Partnership - Operational	3	2	6	1. CareFirst has replaced the majority of the databases used in Finance for ECHS payments 2. All systems are backed up daily 3. If systems fail, new databases can be built and/or manual calculations for charges or payments could be made 4. Manual cheque payments could be raised 5. Close liaison with Liberata (and sub contracted company Xerox) to discuss any problems - escalation procedure works well. 6. Alternative printers being available at Xerox reduces the risk of cheques not being produced due to printer failure 7. Stock control measures in place to ensure cheques are ordered in time 8. BACS payments increasing - solid and dependable	2	2	4		Claudine Douglas-Brown

Finance Risk Register - Appendix D

											DATE LAST REVIEWED:	13/09/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
8	Finance	Failure of external contractors	Cause(s): Contractor ceases to trade due financial failings. Effect(s): disruption and delays to key services, financial loss and adverse publicity	Contractual and Partnership - Operational	3	4	12	1. Constant review of contractors financial standing 2. Maintaining knowledge and contact with alternative service suppliers	2	3	6		John Nightingale
9	Finance	Contractor Poor Performance Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	Cause(s): Severe catastrophic IT problems Loss of key staff Organisation experiencing severe financial problems Effect(s): - Delay / non payment of suppliers, customers, staff salaries, pensions. - Increase in fraudulent payments -Delayed or non repayment from debtors Resulting in loss of income, increased costs, increase in complaints and subsequent loss of good will and / or reputational damage.	Financial - Operational	3	3	9	1. Effective SLAs and contracts in place 2. Regular operational and strategic meetings monitoring progress and identifying action required 3. Action identified and formally agreed when monitoring key performance areas 4. Formal structures and procedures in place for monitoring and corrective action to minimise risk 5. Process reviewed on an ongoing basis 6. Weekly monitoring of complaints and patterns identified	2	3	6		Claudine Douglas-Brown / John Nightingale
10	Finance	Significant Fraud/Corruption	Cause(s): Lack of controls Dishonest staff/suppliers/customers Collusion Poor systems Lack of Management oversight Inadequate segregation of duties Effect(s): Financial loss Adverse publicity/reputational damage Staff morale lowered Resource implications for investigation	Financial - Operational	3	3	9	1. Staff vetting 2. Segregation of duties 3. Documented procedures/regulations/code of conduct 4. Whistleblowing policy 5. Fidelity guarantee 6. IT security 7. Robust computer systems/audit trail 8. Counter Fraud staff 9. Internal/External audit	2	2	4		David Hogan

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

Human Resources Risk Register - Appendix E

													DATE LAST REVIEWED:	31/10/2018
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER	
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
1	Human Resources	Ability to respond to industrial action, changes in government initiatives or legal requirements	Cause(s): - Changes to staff terms and conditions (localisation agenda) - Lack of flexibility of workforce - Poor horizon scanning and networkings Effect(s): - Increased costs (bank / agency usage) - Reputation damage - Impacts on service delivery	Political	3	2	6	1. Early and effective engagement with staff and trade unions 2. Sound internal and external legal advice 3. Identifying appropriate legal options 4. Pro-active intelligence gathering via London Councils and other networks	3	2	6	1. Submitting timely proposals to Chief Officers and / or members of the Industrial relations committee.	Director of HR	
2	Human Resources	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	Cause(s): - Lack of awareness with legislation - Failure to effectively consult staff where appropriate - Indirect / direct discrimination - Human error / lack of understanding Effect(s): - Reputation damage - Financial costs - Regulatory inspection / intervention	Legal	4	3	12	1. Bromley Council Equality Scheme in place 2. Requirement to report and record accurately equalities information 3. Equalities training in place for managers and staff	3	2	6	1. Professional updates / HR Mgt Team forward planning	Director of HR	
3	Human Resources	Ineffective recruitment and retention strategies for hard to fill posts e.g. Children's Social Workers	Cause(s): - Increasingly fluid market - Increases in demand and/or reductions in supply - Lack of experienced staff in the labour pool Effect(s): - Potential service delivery impacts - Increased costs due to usage of agency workers - Reduction in quality of service	Personnel / Operational	3	3	9	1. Horizon scanning to anticipate changes and trends to staff complement 2. Keeping up to date on national trends for hard to recruit professions 3. Case load promise	2	2	4	1. Implement grow your own initiatives e.g. senior practitioners progression pathway, training pathways for social workers, graduate trainees	Director of HR Lead Officers: Head of HR Strategy and Head of Workforce Development	
4	Human Resources	Ineffective Agency Worker Checks	Cause(s): - Poor procedures - Inadequate monitoring - Lack of awareness / understanding Effect(s): - Workers with safeguarding concerns not identified - Safeguarding incident occurs (harm / injury) - Agency worker ID fraud - Reputation damage	Personnel / Operational	4	3	12	1. Managers check identity of candidate when arriving for work, with copy of DBS and proof of identity. E.g. passport, and original copy of birth certificate. 2. Up front audits with Adecco undertaken to ensure processes are robust.	4	1	4	None identified	Director of HR Lead Officer: Head of HR Strategy	

Human Resources Risk Register - Appendix E

											DATE LAST REVIEWED:	31/10/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
5	Human Resources	Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options)	Cause(s): - Lack of expertise - Unexpected delays - Changes in strategic direction - Lack of capacity to undertake in a timely manner Effect(s): - New service models are ineffective / not fit for purpose - Increased costs - Legislative and legal requirements breached (e.g. TUPE) - Reduction in service quality / provision - Reputation damage	Personnel / Operational	3	2	6	1. Managing change procedure in place 2. Capacity building and additional resources to support the change process 3. Effective communication and engagement with staff and their representatives. 4. Formal consultation processes and departmental representatives 5. Regularly meetings include members	3	2	6	None identified	Director of HR Lead Officer: Head of HR Consultancy
6	Human Resources	Inability to process / access pay and personnel records	Cause(s): - IT failure - Loss of power - Data breach / cyber attack - Ineffective business continuity plan for manual work around Effect(s): - Delays or restriction in level of HR support available - Pay changes not made - Staff morale reduction if for a long period - Delays in ability to recruit	Data and Information	4	3	12	1. Back-up payroll processes/systems 2. Regular saving of personnel information on Resource Link 3. Business Continuity Plan in place	4	2	8	None identified	Director of HR Lead Officer: Head of HRIS and Reward
7	Human Resources	1) ineffective workforce planning initiatives including succession planning, talent management. 2) upskilling of staff - lack of training resources/opportunities	Cause(s): - Insufficient strategic management control and planning - Staff turnover (capacity) - Lack of resources Effect(s): - Potential service delivery impacts - Loss of skilled/experienced staff - Missed opportunity to to develop and retain talent "in house" -Recruitment Costs	Personnel / Operational	3	3	9	1. Graduate Intern Scheme 2.Apprenticeship Scheme	2	2	4	1.'Development of a Talent Management Strategy. 2. Ensure that Apprenticeship Levy funds are utilised effectively	Director of HR Lead Officers: Head of Workforce Development and Head of HR Strategy

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

Corporate Risk Register - Appendix F

											DATE COMPLETED:		02/10/2018
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Corporate Risk	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	<p>Cause(s):</p> <ol style="list-style-type: none"> As a consequence of significant Government funding reductions (austerity is expected to continue beyond 2019/20), need to reduce the Council's significant 'budget gap' of £38.7 m per annum by 2021/22. The Government's aim is to transform 'local government, enabling it to be self-sufficient by the end of Parliament' e.g. business rates to be fully devolved to local government by 2020/21. A future national recession could have a significant impact on income generated to fund key services within a fully devolved model. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households). The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures. Impact of welfare reforms and the phased roll out of Universal Credit. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). <p>Effect(s):</p> <ul style="list-style-type: none"> Increased overspends in particular services Council unable to carry out its statutory duties due to services cuts Reputational damage Failure to achieve our Building a Better Bromley priorities. 	Finance	5	5	25	<ul style="list-style-type: none"> Regular update to forward forecast Early identification of future savings required Transformation options considered early in the four year forward planning period Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost Mitigation of cost pressures including demographic changes Directors to update commissioning strategies with strategic choices to address financial envelope 	4	5	20		Director of Finance
2	Corporate Risk	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	<p>Cause(s):</p> <ol style="list-style-type: none"> Driven by budgetary considerations. Our low cost base reduces the scope to identify efficiency savings compared with a higher cost organisation. Availability of quality data to support decisions. Capacity to deliver the Commissioning agenda. Capacity of key areas to deliver outsourcing i.e. ICT (supporting IT and information transfers), HR, procurement teams and legal services. Impact of not being able to outsource targeted services means that additional savings are required elsewhere. Ensuring that we adequately engage with Members and consult staff, residents, service users, businesses and other interested parties. Contracts and SLAs fail to deliver required quantity / quality / value for money services. Potential downside: Contracted provider fails to meet performance standards, terminates contract or ceases to trade with the result that the service has to be brought back in-house. <p>Effect(s):</p> <ul style="list-style-type: none"> Service cuts required if balanced budget is not met Reputational damage Service standards reduce / outcomes not met Contracts / SLAs fail to deliver required quantity / quality / value for money If provider fails, potential for service to be brought back in-house Failure to achieve our Building a Better Bromley priorities. 	Commissioning	5	4	20	<ul style="list-style-type: none"> Commissioning Programme developed Initial pilot of 10 services identified Commissioning Team represented at senior level across the Council Governance arrangements and budget agreed Commissioning Programme Member and Officer training Weekly Commissioning Board Contract Sub Committee (5x per year) Monitoring and progress reports to the Executive Appropriate engagement with Members, staff, residents, service users, businesses and other stakeholders 	4	3	12	<ol style="list-style-type: none"> Proposals relating to the individual services to be submitted to the respective PDS Committees for scrutiny and approval. Ensure that the organisation has the appropriate capacity and governance arrangements in place to deliver the agenda. 	Director of Commissioning
3	Corporate Risk	Failure to deliver partial implementation of Health and Social Care Integration. Plans not in place to deliver partial integration by 2020	<p>Cause(s):</p> <ol style="list-style-type: none"> Difficulty in achieving rapid change in a system as complex as health and social care. Rising social care costs due to ageing population and people living longer with increasing complex needs. Difficulties with agreeing budgets (given likely funding reductions going forward), complex governance arrangements, and workforce planning. Need to focus on collaborative working (cultural differences). Diminishing / reduced resources and changes in the way public funds are directed. Pressure for social care services to be accessible 7 days a week both in terms of our own workforce and contracts with external providers in line with NHS priority to deliver 7 day working across the health sector. LBB will need to contribute to a whole system review (led by the Bromley Clinical Commissioning Group) to ensure that funding follows the patient. <p>Effect(s):</p> <ul style="list-style-type: none"> Failure to deliver statutory duties Failure to achieve our Building a Better Bromley priorities. 	Health and Social Care Integration	2	3	6	<ul style="list-style-type: none"> A commitment to deliver a draft 2020 integration plan for health and social care integrated service delivery and commissioning across the borough by May 2018 by Education, Care and Health Services and the Bromley Clinical Commissioning Group Continued work with health partners to deliver the main transformation programmes e.g. Bromley Well and the transformation of prevention Building on the work already delivered through S75 agreement with Oxleas and being implemented through the Better Care Fund workstreams e.g. Winter Resilience work, Transfer of Care Bureau, Integrated Care Records and Discharge to Assess. New Governance structure between the London Borough of Bromley and the Bromley Clinical Commissioning Group feeding into the Health and Wellbeing Board via the Integrated Commissioning Board (strategic) and Commissioning Network (operational) 	2	3	6		Deputy Chief Executive & Executive Director for Education, Care and Health Services
4	Corporate Risk	Failure to manage change and maintain an efficient workforce to ensure that BBB priorities are met	<p>Cause(s):</p> <ol style="list-style-type: none"> The on-going need to reduce the size and change the shape of the organisation to secure priority outcomes within the resources available. Having the right people in place by implementing effective recruitment and retention strategies. Potential skills gap and deterioration of service quality through loss of experienced staff as a result of age profile of workforce and downsizing (failure to succession plan). Disruption while services realigned and staff appointed to new structure. Increasing demands and pressures on remaining staff given increased customer expectation levels, could lead to morale issues. Increased potential for internal controls to be bypassed due to flatter reporting structure. Lack of capacity to lead projects / manage change agenda and consequent ability to respond to change initiatives and the achievement of outcomes and benefits. Potential future shortage of professionally qualified practitioners in key areas, particularly around the Safeguarding agenda. Need to ensure that relevant staff have necessary disciplines to drive improvement and enable good practice and consistency in delivering change and the achievement of outcomes and benefits e.g. risk and performance management. Adverse industrial relations climate with individual and collective grievances including trade disputes with the unions, causing some disruptions to vital Council services. Increasing number of employment tribunal cases causing financial and administrative inconveniences. Having the right buildings and facilities to support fewer, more professional, differently organised staff. Potential changes to working relationship with Members as we move to a smaller organisation. The need to track continued changes to government strategy and policies coupled with changes in legislation to avoid compliance issues (approx. 1,300 statutory duties). Adequacy of consultation on issues that affect residents across the borough i.e. re-organisation of libraries, Biggin Hill expansion. Adverse external audit comment and resulting ratings in relation to 'excellent in the eyes of local people'. <p>Effect(s):</p> <ul style="list-style-type: none"> Skill gaps Deterioration of service quality through loss of experienced staff Disruption while services are realigned 	Organisational Change	4	2	8	<ul style="list-style-type: none"> Continuously address the recruitment and retention of key individuals in critical posts. Effective succession planning and grow your own initiatives, and using the Apprenticeship Levy to address recruitment challenges in the medium-long term Ensure the organisation has the HR capacity and employment law expertise to manage change. Address the transformational and transitional capabilities (including leadership) required for a successful commissioning journey/process. Provide adequate resources to support and improve staff engagement and communications. 	4	2	8		Director of Human Resources

Corporate Risk Register - Appendix F

										DATE COMPLETED:		02/10/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
5	Corporate Risk	Ineffective governance and management of contracts	<p>Cause(s):</p> <ol style="list-style-type: none"> Ensuring client side staff have the necessary training and skills to manage and monitor contracts. Ensuring effective communication channels between client and provider to ensure contract compliance. Need for monitoring officers to check quality of outsourced services and customer satisfaction levels. Lack of understanding of the contract deliverables. Short cuts in procurement processes e.g. extending contracts rather than retendering. Compatibility of different systems and availability of IT support. Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery. Potential for operational errors / omissions by contractors (responsibility remains with LBB). Managing customer expectations and dealing with complaints where there are failures. <p>Effect(s):</p> <ul style="list-style-type: none"> Financial losses Service disruptions Provider fails to maintain agreed service levels routinely Increased resource to handle and manage complaints / customer expectations Failure to achieve our Building a Better Bromley priorities. 	Contract Management	4	4	16	<ul style="list-style-type: none"> Review of contract management and contract monitoring controls including any issues identified by internal audit Database alerts to assist in monitoring Contract Sub Committee Contract Monitoring Summary template completed and loaded on the Contract Monitoring Team site. 	4	4	16		All Directors
6	Corporate Risk	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	<p>Cause(s):</p> <ol style="list-style-type: none"> Need to ensure that Information systems are fit for future business purpose. Capacity and skill within Corporate ICT to maintain and support systems during a period of significant change and in the future. Increasing reliance on stability of ICT infrastructure in all areas of the Council (Lync telephony service). Council website now a major channel for the delivery of services (Pay for it, Apply for it, Report it). Adequacy of information governance data protection rules to ensure the confidentiality, integrity and availability of information assets. IT failure impacting on critical operational systems. Over the next 3 years we will need to undertake gateway reviews / procurement plans for at least 4 of the Council's business critical systems; Customer Relationship Manager, Carefirst, Housing info system and Education's Capita One system plus the main LBB website and SharePoint. Transfer of IT contract to new ICT 3rd party supplier. <p>Effect(s):</p> <ul style="list-style-type: none"> Service disruptions Inability to access key systems Reputation damage Inability to support organisation change and savings targets Failure to achieve our Building a Better Bromley priorities. 	ICT	3	2	6	<ul style="list-style-type: none"> Transfer of IT contract to new BT in 2016 to give greater resilience. Robust backup arrangements Enhanced antivirus/cyber security. tested system restoration arrangements. 	3	2	6	<p>Review data storage /hosting arrangements. Carry out at least 4 gateway reviews for major systems.</p> <p>Increase stability of ICT infrastructure including Lync.</p>	Director of Corporate Services
7	Corporate Risk	Failure to maintain robust Business Continuity and Emergency Planning arrangements	<p>Cause(s):</p> <ol style="list-style-type: none"> Unavailability of Council offices / depots due to explosion, fire flood or police cordons around Council buildings Operational emergencies due to severe weather conditions, fire, or major incident. Availability of staff to deliver key services if trained volunteers are taken away to deal with a major incident (the Council is a Category 1 responder under the Civil Contingencies Act). Loss of key business systems due to power problems or system failure. Inadequate IT disaster recovery arrangements leading to dislocation of Council services. Sustained industrial action affecting key services. Lack of Business Continuity Plan testing. Adequacy of contractor's business continuity plans. Shortage of staff to deliver key services in the event of a flu pandemic or similar <p>Effect(s):</p> <ul style="list-style-type: none"> Significantly prolonged service disruptions Normal service takes longer to resume Reputational damage / loss of credibility Increased costs to rectify disruptions Injury / harm Loss of access to key systems Failure to achieve our Building a Better Bromley priorities. 	Business Continuity	4	3	12	<ul style="list-style-type: none"> Business Continuity Plans Emergency Planning procedures 	4	3	12	<p>To ensure that all Business Continuity Plans are up to date and are cross linked with one another across the Authority, specifically in relation to fall back sites, where there may be a number of departments using the same scarce resource.</p> <p>To consider our Business Continuity plans in the event of a major incident in the Borough (staff unable to get to work , staff caught up in or helping with the incident.</p> <p>To revisit the evacuation protocols within the Civic Centre site, specifically where staff would go if there was a large cordon around Bromley Town Centre.</p> <p>To continue to provide a resilient out of hours service to Emergency Planning by having Trained contactable volunteers.</p>	Director of Environment & Community Services
8	Corporate Risk	Failure to deliver effective Children's services The Council is unable to deliver an effective children's service to fulfil its statutory obligations in safeguarding and protect those at risk of significant harm or death, sexual exploitation or missing from care	<p>Cause(s):</p> <ol style="list-style-type: none"> Increasing demand The Secretary of State could determine that the Council is failing to deliver its Children's Social Care services to an adequate standard and approve alternative delivery arrangements as the most effective way of securing and sustaining improvement. This arrangement could include the removal of service control from the authority <p>Effect(s):</p> <ul style="list-style-type: none"> The Council is unable to fulfil its statutory obligations in Safeguarding and Education 	Children's Social Care	4	5	20	<ul style="list-style-type: none"> Multi Agency Bromley Children's Safeguarding Board (BCSB) in place and BCSB Training programme Dedicated HR programme of support in place to recruit social workers to front line posts Review of Performance Management Indicators Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money Appointment of Deputy Chief Executive with Director of Children's Services responsibility (in post December 2016) Appointment of Director, Children's Services (in post December 2016) £950k available for immediate use to build capacity and £2.3m available on a recurring basis for Children's services Quality Assurance Audit Programme Phase 2 Children's Service Improvement Action Plan refocused to ensure that Heads of Service and Group Managers are delivering the actions relevant to their teams - Phase 2 commenced 2018 Key events and supporting material developed to ensure improving practice is at the heart of the organisation Review of team structures completed New process for authorising placements implemented Continued reduction of caseloads & within Caseload promise on average Atlas Team reviewed and moved to MASH to improve safeguarding Identified Training plan for qualified social workers and other professionals reviewed and updated quarterly 	3	4	12	Validation by Ofsted in forthcoming inspection	Directors, Specifically Executive Director of Education, Care and Health Services

Corporate Risk Register - Appendix F

										DATE COMPLETED:		02/10/2018	
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press shift & return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
9	Corporate Risk	Temporary Accommodation Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets	Cause(s): 1. Changes in government funding 2. Rising numbers of placements (approx. 20 per month). Effect(s): - Failure to fulfil statutory obligations - Impact on life chances and outcomes for individuals and families in temporary accommodation - Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) - Pressure on other services	Housing	5	4	20	- Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice, support and sustainment - Assistance, (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation	5	4	20	- Seek new and alternative forms/supply of temporary accommodation - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation - Work innovatively with a range of providers to increase access to a supply of affordable accommodation - Produce and maintain the new London Borough of Bromley Homelessness Strategy ensuring that the strategy promotes partnership working to reduce and prevent homelessness - Monitoring impact of implementation of Homelessness Reduction Act - Complete tender process for modular homes supplier for temporary accommodation	Deputy Chief Executive & Executive Director for Education, Care and Health Services

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LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 30TH OCTOBER 2018

PERIOD COVERED: November 2018 - February 2019

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 18th December 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						
LOCAL PLAN - EXAMINATION INSPECTOR'S REPORT AND PROPOSED ADOPTION OF LOCAL PLAN	Council	Not before 10 December 2018 Development Control Committee and Executive	Meetings	Contact Officer: Jim Kehoe Tel: 020 8313 4794 Jim.Kehoe@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
COUNCIL TAX LEVEL 2019/20	Council	25 February 2019 Executive, PDS Committees, Business Community and Local Residents	Meetings	Contact Officer: Peter Turner Tel: 020 8313 4668 peter.turner@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
REVENUE BUDGET 2019/20	Council	25 February 2019 Executive, PDS Committees, Business Community and Local Residents	Meetings	Contact Officer: Peter Turner Tel: 020 8313 4668 peter.turner@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
CAPITAL STRATEGY 2019-2023	Council	25 February 2019 Executive and key stakeholders	Meetings	Contact Officer: Jo-Anne Chang-Rogers jo-anne.chang-rogers@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
ANNUAL INVESTMENT STRATEGY 2019/20	Council	25 February 2019 Executive, Resources and Contracts PDS Committee	Meetings	Contact Officer: Jo-Anne Chang-Rogers jo-anne.chang-rogers@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

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EXECUTIVE						
CHILDREN'S SERVICES IMPROVEMENTS	Executive	28 November 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>	Oral update
GATEWAY REPORT - MENTAL HEALTH FLEXIBLE SUPPORT SERVICE	Executive	28 November 2018 Adult Care and Health PDS Committee	Meetings	Contact Officer: Colin Lusted Tel: 0208 461 7650 Colin.Lusted@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
HEALTH SUPPORT TO SCHOOL AGE CHILDREN	Executive	28 November 2018 Adult Care & Health 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
SHARED LIVES SERVICES REVIEW	Executive	28 November 2018 Adult Care & Health PDS Committee	Meetings	Contact Officer: Alicia Munday Alicia.Munday@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

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IT UPGRADE	Executive	28 November 2018 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Vinit Shukle Tel: 0208 461 7713 Vinit.Shukle@bromley.gov.uk	<u>Item is expected to be considered in the public part of the Executive meeting with confidential material to be considered during exempt proceedings.</u>	Report and relevant background documents
AWARD OF CONTRACTS FOR WASTE DISPOSAL, WASTE COLLECTION, STREET ENVIRONMENT AND PARKS MANAGEMENT AND GROUNDS MAINTENANCE	Executive	28 November 2018 Environment & Community PDS Committee	Meetings	Contact Officer: Dan Jones Tel: 0208 313 4211 Dan.Jones@bromley.gov.uk	<u>Item is expected to be considered in the public part of the Executive meeting with confidential material to be considered during exempt proceedings.</u>	Report and relevant background documents
PROPOSED CONTRACT EXTENSIONS - TRANSPORT CONTRACTS IN CHILDREN'S SERVICES	Executive	28 November 2018 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Maya Vadgama Tel: 0208 313 4740 Maya.Vadgama@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?
GATEWAY 1 REPORT - PROCUREMENT OF LEASE CARS AND LIGHT COMMERCIAL VEHICLES	Executive	28 November 2018 Environment & Community PDS Committee	Meetings	Contact Officer: Paul Chilton Tel: 020 8313 4849 paul.chilton@bromley.gov.uk	<u>Private meeting - exempt information - Financial/business affairs of a person or company</u>	Part 2 Report - Confidential
LEISURE SERVICES - LEASE PROPOSALS	Executive	28 November 2018 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Colin Brand Tel: 0208 313 4107 colin.brand@bromley.gov.uk	<u>Private meeting - Exempt information - Financial/business affairs of a person or company</u>	Part 2 Report - confidential
TENANCY SUPPORT SERVICES FOR HOMELESS PEOPLE	Executive	28 November 2018 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Lynnette Chamielec Lynnette.Chamielec@bromley.gov.uk	<u>Private meeting - Exempt information - Financial/business affairs of a person or company</u>	Part 2 Report - Confidential
HOUSING S.106 PAYMENT IN LIEU CONTRIBUTIONS	Executive	28 November 2018 Renewal, Recreation & Housing 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 company</u>	Part 2 Report - Confidential

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UPDATE ON BROMLEY HOMES SPV AND OPTIONS FOR FURTHER JOINT VENTURE ARRANGEMENTS	Executive	28 November 2018 Renewal, Recreation and Housing PDS Committee	Meetings	Contact Officer: Lesley Moore Tel: 020 8313 4633 Lesley.Moore@bromley.gov.uk	<u>Private meeting - Exempt information - financial/business affairs of a person or company</u>	Part 2 report - confidential
INCREASING HOUSING SUPPLY TO MEET HOUSING NEED	Executive	28 November 2018 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Sara Bowrey Tel: 020 8313 4013 sara.bowrey@bromley.gov.uk	<u>Private Meeting - Exempt information - financial or business affairs of a person or body</u>	Part 2 Report - Confidential
GATEWAY REVIEW - COMMUNITY WELLBEING SERVICE FOR CHILDREN & YOUNG PEOPLE	Executive	16 January 2019 Education, Children & Families Select Committee	Meetings	Contact Officer: Peta Smith Tel: 020 8461 7234 Peta.Smith@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
CUSTOMER SERVICES IT SYSTEMS	Executive	16 January 2019 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

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CONTRACT AWARD - ARBORICULTURAL SERVICES	Executive	16 January 2019 Environment & Community PDS Committee	Meetings	Contact Officer: Dan Jones Tel: 0208 313 4211 Dan.Jones@bromley.gov.uk	<u>Private meeting - Exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - Confidential
APPROVAL TO APPOINT A JOINT VENTURE PARTNER FOR DEVELOPMENT OF INITIAL BROMLEY OWNED SITES FOR AFFORDABLE HOUSING	Executive	16 January 2019 Renewal, Recreation & Housing 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 company.</u>	Part 2 Report - Confidential
GROWTH FUND REVIEW	Executive	16 January 2019 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 company</u>	Part 2 Report - Confidential
INTEGRATED MENTAL HEALTH STRATEGY	Executive	13 February 2019 Adult Care and Health PDS Committee	Meetings	Contact Officer: Mark Davison Mark.Davison@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

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AGEING WELL STRATEGY	Executive	13 February 2019 Adult Care & Health PDS Committee	Meetings	Contact Officer: Mark Davison Mark.Davison@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
TRANSPORT SERVICES GATEWAY REPORT	Executive	13 February 2019 Education, Children & Families Select Committee	Meetings	Contact Officer: Maya Vadgama Tel: 0208 313 4740 Maya.Vadgama@bromley.gov.uk	<u>Private meeting- Exempt information - financial or business affairs of a person or body.</u>	Part 2 Report - Confidential
ADULT CARE & HEALTH PORTFOLIO						
CHILDREN, EDUCATION & FAMILIES PORTFOLIO						
ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO						
PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO						
MORTUARY CONTRACT AWARD	Portfolio Holder for Public Protection and Enforcement	Not before 04 December 2018 Public Protection and Enforcement PDS Committee	Meetings	Contact Officer: Joanne Stowell Tel: 020 8313 4332 Joanne.Stowell@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?
CONTRACT AWARD - CCTV	Portfolio Holder for Public Protection and Enforcement	Not before 04 December 2018 Public Protection and Enforcement PDS Committee	Meetings	Contact Officer: Joanne Stowell Tel: 020 8313 4332 Joanne.Stowell@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person or body</u>	Part 2 Report - Confidential

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 19 September 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:

Colin Brand, Nigel Davies, Claudine Douglas-Brown, Laurence Downes, Councillor Ian Dunn, Ellily Ponnuthurai, Councillor Simon Fawthrop, Lesley Moore, Doug Patterson, Emma Pearce, Dave Starling and Tim Woolgar

15 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from the Deputy Chief Executive and Executive Director of ECHS (Ade Adetosoye).

16 DECLARATIONS OF INTEREST

Councillor Fawthrop declared an interest with respect to his employment with BT.

17 MINUTES OF THE SPECIAL MEETING HELD ON 25th JUNE

The Chairman requested three amendments to the minutes:

In page 4 of the minutes (paragraph 4), the word 'Mar' should have a 'K' added to it so that the word was changed to Mark.

In paragraph 6 of the same page, the word 'approached' should be changed to 'approaches'.

In paragraph 6 of the same page, the word 'big' should be changed to 'considerable'.

A Member and the Chairman agreed that the minutes were very comprehensive.

The Chairman requested that the matter relating to the progress of health care issues be updated upon during a meeting in spring 2019.

The Chairman referred to paragraph one on page three of the minutes where a reference was made to the 'base budget'. He asked if there was likely to be any growth in the base budget. The Director of Commissioning responded that she

was not aware of any growth in the base budget.

RESOLVED that subject to the amendments noted above, the minutes be agreed and signed as a correct record.

Post meeting note:

The amendments have been actioned and the amended version of the minutes has been published.

18 MINUTES OF THE MEETING OF CONTRACTS and COMMISSIONING SUB-COMMITTEE HELD ON 17th JULY 2018-- EXCLUDING EXEMPT INFORMATION

Members noted the minutes of the meeting that had been held on 17th July 2018.

No changes were required to the minutes. The Chairman commented that the minutes were detailed and splendid.

The Chairman referred to item six in the minutes which was the Commissioning Board Delivery Plan. He referred to Resolution 1 pertaining to this minute. The Resolution was an accurate recording of the meeting. However, in view of the response from the Chief Executive, the Resolution had been amended as reflected in the post meeting note.

RESOLVED that the minutes be agreed and signed as a correct record.

19 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC

No questions had been received.

20 MATTERS ARISING--EXCLUDING EXEMPT INFORMATION

CSD 18127

Members noted the progress made on matters that had arisen from previous meetings.

21 PROVISION OF LIBRARY SERVICES - CONTRACT PERFORMANCE REPORT

DRR 18/043

Members were presented with a report that provided them with an update on the provision of the Library Services contract with GLL over the first six months of operation. It was noted that the value of the contract over a ten year period was £40,739,536. The report indicated that the transfer of the library service had gone well, and that the contractor had been delivering the contract in accordance with

service specifications and key performance indicators. The report had also been scrutinised at the Renewal, Recreation and Housing PDS Committee on 18th September.

The Director of Regeneration (Colin Brand) and the Principal Client Officer for Libraries (Tim Woolgar) attended to present the report and to answer any questions.

The Committee was appraised that the contract was for a term of 10 years, with the option to extend by a further 5 years by mutual agreement. The contract had commenced on 1st November 2017. The transfer had been complex and had involved the TUPE transfer of over 130 staff, decommissioning and commissioning of major IT systems and hardware, as well as changes to the operational management of multiple satellite sites. The process had been achieved with minimal effect on customers and with the maintenance of all essential services.

The Chairman noted that the Committee had been provided with the various KPIs and default indicators for the contract pre-meeting. The Chairman commented that the information provided with respect to the KPIs was detailed and extensive. He felt that the level of attainment with respect of the KPIs had been set to a reasonably high standard.

Mr Woolgar explained that 20 KPIs had been selected to represent the key elements of the service. These were KPIs that would be necessary to grow and maintain the service. During the initial six months of the contract, it had been agreed that no default penalties would be applied. It had been highlighted to the contractor during that period that there were certain areas where penalties would normally have been applied. The contractor had taken these factors on board as the contractor was keen to avoid financial penalties.

The Chairman was pleased to note that minimum disruption had been caused by the transfer and by industrial action. The Chairman referred to the percentage of children visiting the library, and said that wherever possible he would prefer to receive actual numbers rather than percentages.

The Chairman stated that he was always interested in innovation, and he was pleased to note that there had been a 33% increase in the download of E-Books. Mr Woolgar explained that the increase was probably due to ongoing marketing of the service by the Library, and because of the fact that an increased number of titles were now available. The Chairman praised the joint working with two other libraries which had increased the book supply.

The Chairman asked if all libraries were part of the Community Toilet Scheme. The response to this was no, as in most cases the cost of refurbishing existing libraries for toilet facilities was prohibitive. However, when new libraries were being built, they would be built with toilets.

The Vice Chairman referred to section 3.15 of the report which discussed the review of learning and maturity, and he asked how these targets would be set.

Mr Woolgar responded that the contractor had to explain their proposals for this in a service plan that was measurable.

The Vice Chairman also enquired if ongoing efficiencies and performance figures would be built into the contract. Mr Woolgar responded that the contractor was expected to develop the service, and that savings would be reacquired into the service.

A Member stated that she was present at the Renewal and Recreation PDS Committee when the Library contract was first commissioned. She felt that the service level agreements and KPIs should have been seen at the meeting, and before the Gateway 1 stage. She also wondered if the type of service users were being monitored. It would be helpful to see if the number of users from groups such as ethnic minorities and children had increased.

Mr Woolgar confirmed that this type of question was asked in surveys, but the public were not obligated to answer.

A Member referred to section 8.1 of the report which was a table outlining responses to a survey. She requested clarification concerning the percentages noted in the table, as their meaning was unclear. Mr Woolgar stated that this was a matter that he would investigate further so that the relevant meanings could be provided.

The Chairman was happy with the report and with progress to date. He was pleased with the economies of scale that had resulted from the integration with other libraries.

A Member queried the cost of monitoring the KPIs, and asked how many staff were involved in the monitoring. The Director of Regeneration, Renewal, and Recreation answered that there was already a thin client team, and this was expected to get thinner.

RESOLVED that the report is noted, along with the performance of the service provider.

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

CEO 18003

The Committee was presented with the Part 1 report on the Corporate Contract Register and Contract Database update, and the accompanying print out of the corporate contracts register from the contracts database. Members were invited to consider the report and the contracts register.

The Chairman referenced contract ID 11, which was the Council Fleet Hire Contract, due to expire on 15th May 2019. The contract had recently been looked at by the Commissioning Board, and would shortly be going to the Executive for approval.

The Chairman noted a problem in that there was growth within the contract with respect to the existing fleet of cars. The Director of Regeneration, Renewal and Recreation had been unable to access all of the data and information that was required to answer the Chairman fully on this matter as officers had been on leave.

The Director of Regeneration, Renewal and Recreation identified two issues:

1- The need to enter into a commercial framework agreement with Crown Commercial Suppliers.

2- The Council policy with respect to the provision of lease cars would need to be looked at, and this would involve discussions with the Chief Executive and the Head of Human Resources.

The Director of Regeneration, Renewal and Recreation stated that it was not critical for all of the relevant data to be available now, as any issues relating to the contract could still be looked at by the November meeting of the Executive.

The Chairman expressed concern as to how the anticipated growth could be mitigated. He was happy to delay further discussion of the matter so that the relevant data could be provided, and so that the substantive issue of Human Resources policy with respect to lease cars could be clarified.

The Director of Commissioning stated that the contract had been flagged on the database as a framework issue that was time sensitive. A separate report would be required concerning Council policy with respect to lease cars. The Chairman was happy to progress with discussions around the framework agreement and he asked if there was a back-up plan if the framework agreement failed.

The Head of Commissioning and Procurement advised that LBB could use alternate framework agreements if necessary. The Director of Regeneration, Renewal and Recreation stated that the Fleet Manager was engaging in the process, and that the timescale in relation to the framework agreement was not a significant risk. The Director of Commissioning stated that what was required was to understand the total contract cumulative value. The Chairman said that he could not see how the growth could be mitigated.

The Chief Executive commented that the issue that needed to be dealt with was the issue of recruitment and retention, which added to the complexities of the situation. It could be the case that it would be necessary to still have a lease car policy due to recruitment and retention issues. The extra costs would then have to be mitigated in another way.

The Chairman expressed concern regarding the practice of incorporating lease cars in the remuneration package for a particular group of people in the Council. The Chairman stated that as far as he was aware, the Council had agreed to adopt a policy of decreasing its pool of leased cars, and that this policy had not been changed.

The Chief Executive explained that what he needed to ascertain was what level of posting in social care the lease offering was applicable to. The Chairman expressed concern that no meeting of Members had been held at any level to discuss what in effect may be a breach of policy. The Chairman was concerned that the number of lease cars had increased substantially. The Chief Executive pointed out that LBB needed social workers.

The Director of Commissioning outlined that a piece of work was required to ascertain how many social care staff took lease cars, and how many took cash alternatives. This would be investigated by the Director of Regeneration, Renewal and Recreation and the Director of Human Resources. This information would then be presented to the GP&L Committee and would form part of the next budget strategy. It would be necessary to determine also what the maximum contract value would be. The Chairman was worried about setting a precedent for policy reversal; he also suggested that in some cases the use of a pool car may suffice. He was also concerned that the number of cars being leased under the contract was increasing, and so the growth pressures would need mitigating.

The Executive Director of Environment and Community Services was called forward to provide an update around the Mortuary Contract. The Chairman expressed concern about the lack of competition for the contract. He was concerned about the length of time that had been taken in attempting to resolve the issue. He stated that LBB had missed the opportunity to build a mortuary themselves. He was perplexed as to how LBB had got into such a mess and was now seemingly backed into a corner.

The Executive Director explained that the market for the service was very restricted. An option had been looked at with respect to LB Croydon; this would have involved capital expenditure. The contract had been tendered in the normal way, but no other bids had been received. The Portfolio Holder had agreed to enter into negotiations with the PRUH, and these were now progressing. The prices that had now been quoted were higher than the prices that LBB had paid previously. However, it had been the case that the prices that LBB had paid over the last 10—15 years were less than the usual market price.

The Chairman stated that currently the number of post mortems undertaken on behalf of LBB was roughly 600 per annum at a cost of £250.00 each. He was concerned that this cost might treble. The Executive Director responded that the cost was likely to be at least double, but not treble. The Chairman enquired how this cost would be mitigated. The Executive Director replied that the cost pressure would either be dealt with within the portfolio or corporately.

The Director of Commissioning and the Chairman commended the work that had been undertaken by the Assistant Director for Public Protection in this regard. She was not only involved in the current negotiations, but had been working on developing a commissioning strategy for the future so that LBB would not find themselves in this position again. The Chairman stressed that officers should make clear at an earlier stage when problems were emerging. Now LBB was left in the difficult position of negotiating with a monopoly.

The Director of Commissioning assured that there had been no earlier indicators that LBB would not get a compliant bid.

A Member enquired if some form of joint mortuary contract agreement could be undertaken with LB Bexley. The Committee heard that LB Bexley was in the same position as LB Bromley, and would probably benefit from the current negotiations between LBB and Kings NHS Trust.

The Committee had a discussion concerning the risk element of entering into negotiations with Kings NHS Trust as they were in financial measures. The general consensus of the Committee and officers was that it would be better to enter into a negotiated agreement which involved LBB investing a capital sum. This would be of mutual benefit as Kings would appreciate the capital injection, whilst LBB could negotiate some form of control.

A Member asked if the service could be taken back in house. It was explained that this idea had been rejected in the past because it was deemed to be too expensive. A Member highlighted the fact that LBB had an investment fund that had been used to buy properties. She suggested that it may be prudent to investigate if the fund could be used to build a new mortuary or to refurbish the building in Beckenham that had been used as a public mortuary previously. This suggestion was seconded by another Member. The Chairman said that this was something that may be worth investigating. The Executive Director of Environment and Community Services felt that it would be better to have a partnership and capital investment agreement with Kings—this would save on the cost of building a mortuary from scratch. The Director of Commissioning briefed that going forward, a report would go to the Commissioning Board that would investigate the viability of LBB using its own mortuary.

It was agreed that when the new capital plan report regarding LBB building a mortuary from scratch, or refurbishing an existing building (like the former mortuary building in Beckenham) was available, it should be presented to the Contracts and Commissioning Sub Committee as an information item. The initial scrutiny of the report would be undertaken by the Environmental Services PDS Committee.

The Committee discussed the Highways Engineering Consultancy Contract with AECOM, and the Openview Security Solutions Contract, with Openview Security Solutions Limited. It was noted that the Highways Engineering Consultancy Contract was a framework contract that had been procured via a framework agreement. It was explained that in this case, a full procurement exercise was not required and that any modifications to the contract would be achieved via change control notices. The preferred option was to continue with the term contactor, but fall-back options were available if required.

The Chairman was concerned that there may be a systemic issue existing whereby issues were not being looked at early enough. The Chief Executive referenced the red flags on the database, and explained that officers were also working to ensure that the contracts that were marked with red squares, did not progress to contracts that would be flagged as red.

The Chairman received an update on the Openview Security Solutions Contract. It was noted that this was a contract for automatic bus lane cameras. Part of the contract was for maintenance, and part of the contract was for software. The maintenance part of the contract was no longer used as it was not cost effective. Investigations were under way to see if the CCTV maintenance could be undertaken as part of the wider CCTV contract. The contract had been red flagged as discussions had not been finalised, and because the contract manager's notes were not informative enough.

An update was provided on the Waste Disposal Contract. The final bids for the contract were due in by 2nd October, and it was anticipated that the contract would be in place by April 1st.

The more substantive issue was around ECHS contracts. The Chairman expressed concern about the number of ECHS contracts that had been delayed in going to the Commissioning Board. The Chairman asked what the Deputy Chief Executive and the Chief Executive would be doing to minimise the delay in the finalising of these reports, so that they did not end up in a 'red flag' status.

The Chairman referred to item 3 on the Commissioning Board Work Plan which was The Children's Commissioning Plan. The Chairman was very concerned about the number of times the plan was due to be presented to the Commissioning Board, but had not been presented. The Chairman was equally concerned that the reason given for this was that no one was available to present the report. It was noted that eight reports were due to be presented to the Commissioning Board on 24th September. The Chairman was concerned because the growth in the contracts needed to be looked at and mitigated. He was concerned that in many cases the business plan or Business Gateway reports had been delayed. The Chairman wanted to understand what was being done to prevent many of the substantial ECHS reports from going into the red-flagged category.

The Director of Commissioning explained that not everything on the Commissioning Plan was a new contract, some were service re-designs. The Chairman stated that he was equally concerned about service re-design as this was also indicative of cost pressures. He wondered if ECHS was being staffed correctly. The Chief Executive stated that this was something he would be investigating further. The Chairman continued that the matter raised the fundamental question of how the Council should be operating across all of its services. Should the Council be operating over two strands? One could be an Operational Group, and the other strand could be a Central Commissioning Control Group. The other matter was whether or not staff had received the correct training, were happy in their work, and possessed the required expertise. The Chief Executive assured that all of these matters were being considered.

A Member enquired if LBB had staff in this area that possessed the relevant knowledge, expertise and intellectual ability. He hoped that in the future the staff would have sufficient expertise so that consultants would not be required. The Chief Executive assured that the staffing levels in the Commissioning Team had been increased, and that this would be enhanced if required. It may also be

possible to transfer staff in from other areas. The Director of Commissioning said that she had a young team that she was developing, and who were growing in expertise and knowledge.

The Director of Commissioning referred the Committee to item 3 on the Commissioning Board Work Plan which was the Children's Commissioning Plan. This was a Plan that she had been working on with Mark Davidson (currently employed on a consultancy basis). The Plan was the first stage in the commissioning strategy, and the report was currently with the Director. This was an important strategy document that would impact on various strands including learning disabilities, the elderly and mental health. The Chairman voiced concerns about using high level consultancy staff. His concern was that in terms of contractual deadlines there was sometimes a drift; the other concern was that when contact with the consultant was lost, there was a loss of knowledge base.

A Member confirmed that in October, a report was being presented to the Executive, Resources and Contracts PDS Committee concerning contractors. He also expressed concern regarding situations where the contractor was also an official officer, and with the associated delegation of powers to the contractor in that role. He suggested that this was a matter that could be looked at by the Constitutional Improvement Working Party. The Chief Executive said that he would take the matter forward, and it was agreed that the Chief Executive attend the next meeting.

RESOLVED that:

1) When the new capital plan report regarding LBB building a mortuary from scratch, or refurbishing an existing building (like the former mortuary building in Beckenham) was available, it should be presented to the Contracts and Commissioning Sub Committee as an information item.

2) The Chief Executive should investigate the matter of consultants (in their role as official officers) receiving delegated powers, and whether or not this matter should be referred to the Constitutional Improvement Working Group

3) The Chief Executive attends the December meeting

23 CORPORATE CONTRACTS REGISTER--PART 1

Please refer to the minute for item 22.

24 CONTRACT CHANGE CONTROL PROCEDURE

The Director of Commissioning referred to the Change Control Notice flowchart.

The Director explained that the green section of the flow chart was the process undertaken when a standard CCN (Change Control Notice) to the provider was being drafted. The CCN would need to be clear on specification and budget. Once authority to proceed had been received, then the CCN would be signed off. The

budget figure would then be revised on the CDB (Contracts Database).

Another strand on the flow chart showed a situation that related to variable budgets and one off projects. The project base budget would be retained. The flow chart showed the CCN procedure for when commissioning took place for one off project work. Again, clear written specifications would be required. LBB officers would complete the relevant paper work for the one off change control, which would be recorded and signed off. The information would then be input onto the CDB.

Another type of CCN was when a budget was required for a one off capital project. It was important to note the cumulative total of the contract, and not to confuse the revenue and capital budgets. The CCN would show on the CDB as a capital scheme. No one should be exposed with respect to the cumulative total.

Members noted the extensive work that had been introduced to improve the implementation and recording of change controls which had originated from previous criticisms from Internal Audit. The Director assured that the system was virtually fool proof as long as contract managers entered the correct data.

The Vice Chairman asked what the position was with respect to retrospective change controls. The Director responded that the situation had improved and now no changes would be authorised without her signature. The information relating to change controls was on the Managers' Toolkit.

RESOLVED that a demonstration of the CDB take place at the meeting of the Executive, Resources and Contracts PDS on 22nd November.

25 WORK PROGRAMME 2018/2019

Members noted the Work Programme report for 2018/2019.

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

27 COMMISSIONING BOARD DELIVERY PLAN

The Committee discussed and noted the Commissioning Board Delivery Plan.

28 CONTRACTS REGISTER PART 2 REPORT

Members noted the contracts mentioned in the Part 2 report, along with the additional comments from managers.

29 CORPORATE CONTRACTS REGISTER-SEPTEMBER 2018--PART 2

Agenda item 15 was the Print out of the part 2 Contracts Register with additional notes.

Some of the information pertaining to the Contracts Register had already been discussed in the Part 1 section of the agenda.

Any further confidential information relating to corporate contracts was noted in the part 2 minutes for agenda item 14 which was the part 2 report pertaining to the Corporate Contract Register and Contracts Database Update.

30 KPI'S FOR THE EXCHEQUER SERVICES CONTRACT

Members did not discuss the KPI's for the new Exchequer Services contract on the night as they had not received the information in enough time for an assessment to be made.

31 EXEMPT MINUTES OF THE MEETING OF CONTRACTS AND COMMISSIONING SUB-COMMITTEE HELD ON 17th JULY.

The exempt minutes of the meeting of the Contracts and Commissioning Sub-Committee held on 17th July were agreed and signed as a correct record.

32 AOB

No other business was discussed.

33 DATE OF THE NEXT MEETING

The date of the next meeting was confirmed as 11th December 2018

The Meeting ended at 10.10 pm

Chairman

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Report No.
FSD18093

London Borough of Bromley

PART 1 - PUBLIC

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

Date: For pre-decision scrutiny by Executive, Resources and Contracts PDS
Committee on 22nd November 2018
Council 10th December 2018

Decision Type: Non-Urgent Executive Non-Key

Title: **TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE
2018/19 & MID YEAR REVIEW**

Contact Officer: Jo-Anne Chang-Rogers, Principal Accountant
Tel: 020 8313 4292 E-mail: jo-anne.chang-rogers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

1.1. This report summarises treasury management activity during the second quarter of 2018/19. The report also includes a Mid-Year Review of the Treasury Management Strategy Statement and Annual Investment Strategy (Annex A) The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 30th September 2018 totalled £309.5m and there was no outstanding external borrowing. For information and comparison, the balance of investments stood at £303.6m as at 30th June 2018, £284.8m as at 31st March 2018, and, at the time of writing this report (6th November 2018) it stood at £347m.

2. RECOMMENDATION(S)

2.1. The Resources Commissioning and Contract Portfolio Holder is requested to:

- (a) note the Treasury Management performance for the second quarter of 2018/19;
- (b) recommend that Council approves the inclusion of the new Low Volatility Net Asset Value (LVNAV) category of Money Market Funds into the Treasury Management Strategy, as set out in section 3.5.2.
- (c) recommend that Council approves the non-reporting of treasury management activity quarterly, as set out in paragraph 3.1.2.

2.2. Council is requested to:

- (a) note the report and approve changes to the 2018/19 prudential indicators, as set out in Annex B1; and**
- (b) approve the inclusion of the new Low Volatility Net Asset Value (LVNAV) category of Money Market Funds into the Treasury Management Strategy, as set out in section 3.5.2.**
- (c) approve the non-reporting of treasury management activity quarterly, as set out in paragraph 3.1.2.**

Corporate Policy

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

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: £3.491m (net) in 2018/19; £350k 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, this review report requests that the Portfolio Holder recommends that Council formally approves this change. As set out above, there are three reports required by the Code of Practice, and it is intended that in year monitoring will be incorporated into these reports. This effectively means that Quarter 1 will not be reported going forward, unless there are any matters that officers feel required reporting sooner.
- 3.1.3. This report includes details of investment performance in the second 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 £5.45m 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 September 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 second quarter of 2018/19 and 2018/19 year to date:-

	Qtr ended 30/09/18		2018/19 year to date		Paragraph
	Deposits	Ave Rate	Deposits	Ave Rate	
Balance of "core" investments b/f	170.00	1.28	180.00	1.35	
New Investments made in period	30.00	1.25	60.00	1.17	
Investments redeemed in period	-20.00	0.90	-60.00	1.40	
'Core' investments at end of period	180.00	1.29	180.00	1.29	
Money Market Funds	47.20	0.60	47.20	0.55	3.4.1
CCLA Property Fund *	40.00	4.38	40.00	5.50	3.4.4.5
Diversified Growth Funds *	10.00	4.64	10.00	2.30	3.4.4.7
Multi-Asset Income Fund *	30.00	5.10	30.00	6.36	3.4.4.11
Project Beckenham Loan	2.30	6.00	2.30	6.00	3.4.3
'Alternative' investments at end of period	129.50	3.22	129.50	3.66	
Total investments at end of period	309.50	2.00	309.50	2.28	
* The rates shown in here are the total return, i.e. the dividend income received, plus the 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 September 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" investments placed during the first half of 2018/19 was 1.17%, compared to the average LIBID rates of 0.59% for 7 days, 0.67% for 3 months, 0.78% for 6 months and 0.94% 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 (provided by Link Asset Services)

- 3.3.1. The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. It is unlikely that the MPC will increase the Bank Rate in February 2019, ahead of the deadline in March for Brexit. Similarly, the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

Date	LATEST FORECAST (Nov18)				PREVIOUS FORECAST (Aug18)			
	Base Rate	3 month Libid	6 month Libid	1 year Libid	Base Rate	3 month Libid	6 month Libid	1 year Libid
Dec-18	0.75%	0.80%	0.90%	1.00%	0.75%	0.80%	0.90%	1.00%
Jun-19	0.75%	0.90%	1.00%	1.10%	0.75%	0.90%	1.00%	1.10%
Dec-19	1.00%	1.10%	1.20%	1.30%	1.00%	1.10%	1.20%	1.30%
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, Aberdeen Standard, (formerly known as 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 Aberdeen Standard, Prime Rate, Insight and Legal & General funds currently offer the best rate at around 0.70%, 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 year to date, moving from £22.5m as at 31st March 2018 to £47.2m as at 30th September 2018, and currently stands at £75.9m (as at 5th November 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 30/09/18	Ave. Rate Q2 2018/19	Latest Balance 05/11/18	Ave. Daily balance to 05/11/18	Latest Rate 05/11/18
		£m	£m	%	£m	£m	%
Prime Rate	15/06/2009	-	15.00	0.61	15.00	14.03	0.71
Aberdeen Standard (Ignis)	25/01/2010	15.0	2.20	0.60	14.40	13.89	0.70
Insight	03/07/2009	7.5	15.00	0.59	15.00	14.11	0.70
Legal & General	23/08/2012	-	15.00	0.60	15.00	13.52	0.71
Blackrock	16/09/2009	-	-	-	1.50	0.0	0.62
Fidelity	20/11/2002	-	-	-	15.00	4.17	0.63
Morgan Stanley		-	-	-	-	-	-
TOTAL		22.5	47.20		75.90	8.53	

3.4.1.3 Current balances in MMFs are higher than usual for several reasons; mainly £20m being held for a further Multi-Asset Income Fund investment (see para 3.4.4.11), which is currently pending completion of Anti-Money Laundering/Know Your Customer requirements with the Bank of New York Mellon, £5m for a fixed term forward deal with a district council in January at a particularly good rate (1.45% for 2 years), funds being held to cover cashflow requirements in February and March when income from Council Tax and Business Rates is significantly lower than the rest of the year, as well as ensuring the Council has sufficient liquidity to cover any 'non-standard' expenditure such as investment property purchases.

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. MHCLG have consulted on a statutory override to reverse the impact of IFRS9 on the Council's General Fund, and this has been included in the draft 2018 Capital Financing and Accounting Regulations to be laid before Parliament.

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.

	Dividend %	Capital Growth %	Total Return %
Annualised net return			
01/02/2014 - 31/03/14	4.29	-29.64	-25.34
01/04/2014 - 31/03/15	5.03	3.44	8.47
01/04/2015 - 31/03/16	5.02	1.63	6.65
01/04/2016 - 31/03/17	4.55	-2.5	2.05
01/04/2017 - 31/03/18	4.59	2.41	7.00
01/04/2018 - 30/09/18	4.38	1.11	5.50
Cumulative	4.65	0.68	5.33

3.4.4.6. The negative “growth”, particularly in the first two months, was mainly a result of the bid-offer spread that is inherent in property funds when the original and subsequent investments were made. This has less of an effect over the longer term that these investments are expected to be held, and overall there has been modest capital growth of 0.68%.

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 been so impressive since, with net returns of -1.98% in 2015/16, 1.25% in 2016/17, -0.81% in 2017/18 and 4.64% in the first half of 2018/19, with overall net returns since inception of 1.45%, as shown in the table below.

Annualised net return	Newton %	Standard Life %	Combined %
22/12/14 - 31/03/15	21.25	21.64	21.44
01/04/15 - 31/03/16	0.81	-4.77	-1.98
01/04/16 - 31/03/17	2.08	0.37	1.25
01/04/17 - 31/03/18	-2.23	0.71	-0.81
01/04/18 - 31/09/18	8.63	-4.31	2.30
Cumulative return	2.94	-0.05	1.45

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 first half of 2018 was capital growth of 2.89% and dividends of 3.52% paid, resulting in a total return of 6.36%. Since inception, dividends paid have totalled 4.06%, the capital value has decreased by 2.57%, resulting in a total return of 1.49%, as shown in the table below.

	Dividend %	Capital Growth %	Total Return %
Annualised net return			
12/07/2017 - 31/03/18	4.42	-6.27	-1.85
01/04/2018 - 30/09/18	3.52	2.89	6.36
Cumulative return	4.06	-2.57	1.49

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. **Mid Year Review of Treasury Management Strategy and Annual Investment Strategy for 2018/19**

3.5.1. The CIPFA Code of Practice on Treasury Management requires the Council to receive a mid-year review report on performance against the approved strategy. The Annual Investment Strategy was originally approved by Council in February 2018. A mid-year review, including comments on the economic background during the first half of 2018/19 and on the outlook, is included at Annex A.

3.5.2. Changes to Money Market Fund Categories and Limits

3.5.2.1 The current approved 2018/19 Treasury Management Strategy permits the use of 'standard' Constant Net Asset Value (CNAV) Money Market Funds with a limit of £15m in each fund, as well as, Variable Net Asset Value (VNAV) funds, with a limit of £10m in each fund, and a maximum of £25m at any one time.

New regulations coming into effect reforming Money Market Funds mean there will be classification changes, which includes the introduction of Low Volatility Net Asset Value (LVNAV) funds. As a result the Council must update the Treasury Management Strategy in line with these Money Market Fund classification changes.

3.5.2.2 As the classification of Constant Net Asset Value (CNAV) funds now only applies to funds mainly consisting of low yielding government debt, the Council's existing Money Market Funds will convert into the new LVNAV category. It is proposed that the Treasury Management Strategy is amended to the following:

"The Council may invest in AAA rated Money Market Funds, including Constant Net Asset Value (CNAV) Funds, Low Volatility Net Asset Value (LVNAV) funds and Variable Net Asset value (VNAV) funds. The total invested in each of the CNAV and LVNAV Funds must not exceed £15m at any time and £10m for VNAV funds. This includes the Payden Sterling Reserve Fund for which a limit of £15m is also applied. No more than £25m in total may be invested in VNAV funds at any time."

3.5.2.3 The following is a LINK Asset Services summary of the forthcoming classification changes.

- the Money Market Fund Regulation was published in the EU Official Journal. This formally begins the compliance process for new and existing funds. Existing funds will have to be compliant by no later than 21st January 2019.
- there are three structural options:

- Public Debt Constant Net Asset Value (“CNAV”) MMFs - must invest 99.5% of their assets into government debt instruments, reverse repos collateralised with government debt, cash, and are permitted to maintain a constant dealing NAV. This Fund is already in existence and there is no change proposed to the current structure;
- Low Volatility NAV (“LVNAV”) MMFs - permitted to maintain a constant dealing NAV provided that certain criteria are met, including that the market NAV of the Fund does not deviate from the dealing NAV by more than 20 basis points (bps). This is a more stringent approach, as currently on a CNAV Fund they have a 50bps collar. Funds will have amortised cost accounting for investments out to 75 days. This means that they can value such investments at par, thus these investments should not affect the underlying Fund’s NAV;
- Variable NAV (“VNAV”) MMFs – Funds which price their assets using market pricing and therefore offer a fluctuating dealing NAV. No change to the current approach.

3.6. Regulatory Framework, Risk and Performance

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

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

3.6.2. The Council has complied with all of the above relevant statutory and regulatory requirements, which limit the levels of risk associated with its treasury management activities. In particular, its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable and its treasury practices demonstrate a low risk approach.

4. POLICY IMPLICATIONS

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

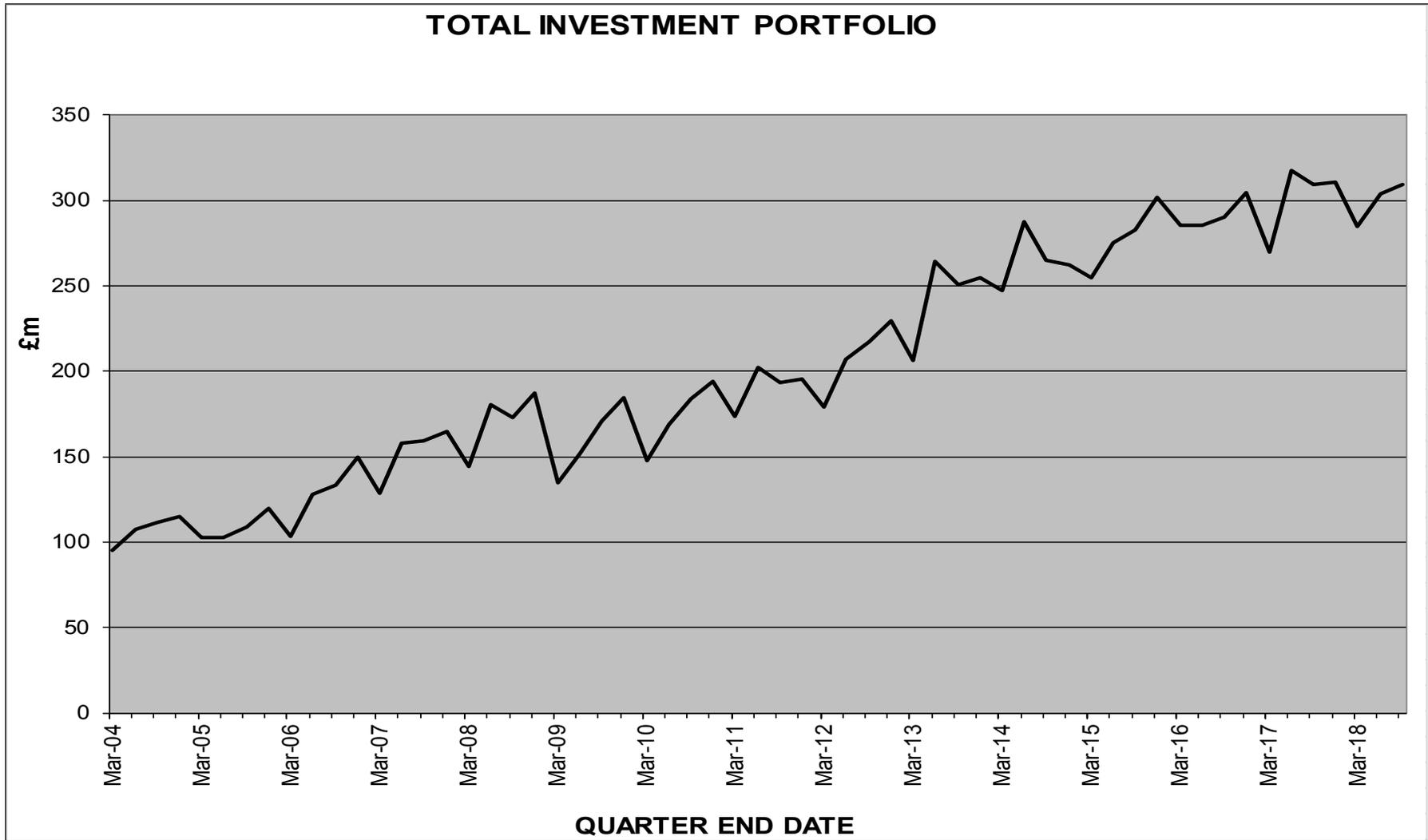
5. FINANCIAL IMPLICATIONS

5.1 Despite the increase in the Bank of England base rate from 0.25% to 0.50% in November 2017 and then to 0.75% in August 2018, there has been relatively little impact on interest income from lending to banks and other counterparties. This is partly due to banks having the continued ability to borrow from the Bank of England at very low rates through its Term Funding Scheme, the strengthening of 'balance sheets' reducing the need to borrow, as well as the fact that expected increases in the base rate had already been 'priced in'.

5.2 In addition, the utilisation of the Investment Fund and Growth Fund as well as the Highways Investment scheme, have reduced the resources available for treasury management investment. However, the treasury management strategy was revised in December 2017 to enable alternative investments of £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 £350k is projected for 2018/19 mainly as a result of the good rates obtained on the eleven fixed term investments made since the budget was set, which have an average interest rate of 1.14%. The Council's performance on treasury management is in the top 10% among local authorities.

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 30 SEPTEMBER 2018

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m
FIXED DEPOSITS				
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	18/04/2019	0.96000	15.0
SANTANDER BANK	15/06/2018	14/06/2019	0.86000	10.0
CLOSE BROTHERS	19/07/2018	18/07/2019	1.15000	10.0
LLOYDS BANK	29/07/2016	31/07/2019	1.34000	2.5
GOLDMAN SACHS	01/08/2018	01/08/2019	1.23000	10.0
PLACES FOR PEOPLE HOMES LTD	16/08/2017	16/08/2019	1.60000	10.0
GOLDMAN SACHS	17/08/2018	16/08/2019	1.16500	5.0
LLOYDS BANK	18/08/2016	19/08/2019	1.14000	7.5
HYDE HOUSING ASSOCIATION	22/08/2017	22/08/2019	1.30000	10.0
GOLDMAN SACHS	18/09/2018	17/09/2019	1.16000	5.0
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				180.0
OTHER FUNDS				
BLACKROCK LIQUIDITY FUND				0.0
FIDELITY MONEY MARKET FUND				0.0
STANDARD LIFE (IGNIS) LIQUIDITY FUND				2.2
INSIGHT STERLING LIQUIDITY FUND				15.0
LGIM STERLING LIQUIDITY FUND				15.0
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.0
MORGAN STANLEY LIQUIDITY FUND				0.0
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				30.0
SPRING CAPITAL LOAN	09/06/2017			2.3
TOTAL INVESTMENTS				309.5

APPENDIX 3

INVESTMENTS HELD AS AT 30 SEPTEMBER 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	1.18	7.5			
LLOYDS BANK	05/12/2016	05/12/2019	1.37	25.0	40.0	40.0	0.0
ROYAL BANK OF SCOTLAND	09/10/2017	09/04/2019	1.00	20.0	20.0	80.0	60.0
GOLDMAN SACHS INTERNATIONAL BANK	19/09/2017	18/09/2018	0.95	5.0			
GOLDMAN SACHS INTERNATIONAL BANK	01/08/2018	01/08/2019	1.23	10.0			
GOLDMAN SACHS INTERNATIONAL BANK	17/08/2018	16/08/2019	1.17	5.0	20.0	20.0	0.0
CLOSE BROTHERS LTD	02/03/2018	01/03/2019	1.15	20.0			
CLOSE BROTHERS LTD	19/07/2018	18/07/2019	1.15	10.0	30.0	30.0	0.0
SANTANDER PLC UK	18/04/2018	18/04/2019	0.96	15.0			
SANTANDER PLC UK	15/06/2018	14/06/2019	0.86	10.0	25.0	30.0	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>LOCAL AUTHORITIES</u>							
LANCASHIRE COUNTY COUNCIL	18/12/2015	18/12/2018	1.50	10.0	10.0	15.0	5.0
<u>OTHER INVESTMENTS</u>							
BLACKROCK LIQUIDITY FUND	16/09/2009		0.00	0.0	0.0	15.0	15.0
FIDELITY MONEY MARKET FUND	15/08/2005		0.00	0.0	0.0	15.0	15.0
STANDARD LIFE (IGNIS) LIQUIDITY FUND	25/01/2010		0.00	2.2	2.2	15.0	12.8
INSIGHT STERLING LIQUIDITY FUND	15/06/2009		0.00	15.0	15.0	15.0	0.0
LGIM STERLING LIQUIDITY FUND	23/08/2012		0.00	15.0	15.0	15.0	0.0
MORGAN STANLEY FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND	01/11/2012		0.00	0.0	0.0	15.0	15.0
SPRING CAPITAL LOAN	09/06/2017		6.00	2.3	2.3	2.7	0.4
<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>POOLED FUND INVESTMENTS</u>							
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014		0.00	40.0			
STANDARD LIFE - DIVERSIFIED GROWTH FUND	22/12/2014		0.00	5.0			
NEWTON - DIVERSIFIED GROWTH FUND	22/12/2014		0.00	5.0			
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			30.0	80.0	100.0	20.0
TOTAL INVESTMENTS				309.5	309.5		

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Treasury Management Strategy Statement and Annual Investment Strategy

Mid-year Review Report 2018/19

1 Background

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

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

Accordingly, treasury management is defined as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2 Introduction

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

The primary requirements of the Code are as follows:

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

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

- An economic update for the first part of the 2018/19 financial year;

- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2018/19;
- A review of the Council's borrowing strategy for 2018/19;
- A review of any debt rescheduling undertaken during 2018/19;
- A review of compliance with Treasury and Prudential Limits for 2018/19.

Key Changes to the Treasury and Capital Strategies

As detailed in section 3.5.2 of the covering report, it is proposed that the Investment Strategy be amended in order to comply with Money Market Fund Reforms and the classification changes.

3 Economic update (provided by Link Asset Services)

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation which is likely to prompt central banks into a series of increases in central rates. The EU is probably about a year behind in a similar progression.

KEY RISKS - central bank monetary policy measures

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

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

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases to reducing its holdings of debt. In addition, the European Central Bank has cut back its QE purchases substantially and is likely to end them completely by the end of 2018.

UK. The first half of 2018/19 has seen UK **economic growth** post only a modest performance. However, after an adverse weather depressed performance in quarter 1, growth has been recovering pace and the latest 3 month rolling average came in at a healthy 0.7%. The positive run of economic statistics was sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase **Bank Rate** on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest overall at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of **inflationary pressures**, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation came in at 2.4% in September and is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the **labour market**, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with

negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.1%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a, (temporary), boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. With inflation in danger of moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018. They also indicated that they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019. However, a combination of an expected four increases in rates of 0.25% by the end of 2019, together with a waning of the boost to economic growth from the fiscal stimulus in 2018, could combine to depress growth below its potential rate, i.e. monetary policy may prove to be too aggressive and lead to a reverse of policy.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this is probably a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank has indicated it is likely to end all further purchases in December 2018. Inflationary pressures are starting to build gently so it is expected that the ECB will start to increase rates towards the end of 2019.

China. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

Japan - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds

and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effect of this situation. This is also likely to cause short to medium term gilt yields to fall. If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England monetary policy** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**, possibly **Italy**, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. At the time of writing, the EU has rejected the proposed Italian budget and has demanded cuts in government spending which the Italian government has refused. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold Italian debt. Unsurprisingly, investors are becoming increasingly concerned by the actions of the Italian government and consequently, Italian bond yields have risen sharply – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some **European banks**. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and

EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.

- **Other minority eurozone governments.** Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with.
- **Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU while **Italy**, this year, has also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a **sudden flight of investment funds** from more risky assets e.g. shares, into bonds yielding a much improved yield. In October 2018, we have seen a sharp fall in equity markets but this has been limited, as yet. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks**, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if both sides were to agree a compromise that removed all threats of economic and political disruption.
- **The Fed causing a sudden shock in financial markets** through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2018/19 was approved by this Council on 26th February 2018. Revisions approved by Council on 26th June 2017 and 11th December 2017, were acknowledged in the 2018/19 Strategy update in February 2018, but no further revisions were proposed.

As outlined in paragraph 3.5.2 of the covering report, new regulations coming into effect reforming Money Market Funds mean there will be classification changes, which includes the introduction of Low Volatility Net Asset Value (LVNAV) funds. As a result the Council must update the Treasury Management Strategy in line with these Money Market Fund classification changes.

As the classification of Constant Net Asset Value (CNAV) funds now only apply to funds mainly consisting of low yielding government debt, the Councils existing Money Market Funds will convert into the new LVNAV category. It is proposed that the Treasury Management Strategy is amended to the following

“The Council may invest in AAA rated Money Market Funds, including Constant Net Asset Value (CNAV) Funds, Low Volatility Net Asset Value (LVNAV) funds and Variable Net Asset value (VNAV) funds. The total invested in each of the CNAV and LVNAV Funds must not exceed £15m at any time and £10m for VNAV funds. This includes the Payden Sterling Reserve Fund for which a limit of £15m is also applied. No more than £25m in total may be invested in VNAV funds at any time.”

5 Investment Portfolio

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

Details of the Council's investment activity during the first six months of 2018/19 are provided in sections 3.2.2 to 3.4.5 of the covering report and lists of current investments are provided in Appendices 2 (in maturity date order) and 3 (by counterparty). The Council held £309.5m of investments as at 30th September 2018 (£303.6m as at 30th June 2018).

The Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2018/19.

The Council's budget for interest on investments in 2018/19 is £3.491m, which is based on an assumed interest rate of 1% for new investments. As a result of the higher interest rates being earned on new investments made on recent investments as well as higher levels of balances available for investment, a surplus of £350k is currently projected for the 2018/19 financial year.

Investment Counterparty criteria

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

6 Borrowing

The Council's capital financing requirement (CFR) for 2018/19 is £1.6m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council does not currently borrow to finance its capital expenditure and has, in recent years, only had to borrow short-term (for cashflow purposes) on very few occasions.

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

Prudential and Treasury Indicators – Mid-Year Review 2018/19

The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2018/19 were approved by Council in February 2018 and this Annex sets out the actual performance against those indicators in the first six months, updating them where necessary. Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy.

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

Prudential Indicators for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the Capital Programme for 2018/19 was agreed in March 2018. The decrease in the latest estimate for 2018/19 is mainly the result of slippage in expenditure originally planned for 2018/19 into future years, as highlighted in previous reports to the Executive and to PDS Committees.

Capital Expenditure by Portfolio	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Children & Families	25.3	16.0
Adult Care & Health	5.1	6.9
Environment & Community	10.9	14.2
Public Protection & Enforcement	0.0	0.0
Renewal Recreation & Housing	14.9	11.1
Resources, Commissioning & Contracts	20.4	1.5
Less: estimated slippage	-15.0	-5.0
Total	61.6	44.7

Changes to the Financing of the Capital Programme

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

Capital Expenditure	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Supported	61.6	44.7
Unsupported	-	-
Total spend	61.6	44.7
Financed by:		
Capital receipts	18.2	2.0
Capital grants/contributions	39.0	36.7
General Fund	-	-
Revenue contributions	4.4	6.0
Total financing	61.6	44.7
Borrowing need	-	-

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

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

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

The table also shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. The Council’s capital financing requirement (CFR) as at 31st March 2018 was £2.3m. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council’s CFR relates to liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment. The Council currently has no external borrowing as such.

Prudential Indicators	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
CFR	1.6	1.5
Debt – Operational Boundary		
Borrowing	10.0	10.0
Other long-term liabilities	20.0	20.0
Total Operational Boundary	30.0	30.0
Debt – Authorised Boundary		
Borrowing	30.0	30.0
Other long-term liabilities	30.0	30.0
Total Operational Boundary	60.0	60.0

Other Prudential Indicators

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

Prudential and Treasury Indicators - Summary

	2018/19	2018/19
	Original Estimate	Revised Estimate
Total Capital Expenditure	£61.6m	£44.7m
Ratio of financing costs to net revenue stream	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)		
brought forward 1 April	£256.0m	£284.8m
carried forward 31 March	£218.2m	£249.1m
in year borrowing requirement (reduction in net investments for Bromley)	-£.37.8	-£35.7m
Estimated CFR as at 31 March (finance lease liability) (NB. Actual CFR as at 31 March 2017 (finance lease liability) = £3.1m)	£1.6m	£1.5m
Annual change in Cap. Financing Requirement	-£0.7m	-£0.8m
Incremental impact of capital investment decisions	£ p	£ p
Increase in council tax (band D) per annum	-	-

TREASURY MANAGEMENT INDICATORS	2018/19	2018/19
	Original Estimate	Revised Estimate
Authorised Limit for external debt -		
Borrowing	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m
Operational Boundary for external debt -		
borrowing	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	20%	20%
Upper limit for total principal sums invested beyond year-end dates	£170.0m	£170.0m

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Report No.
FSD18080

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Thursday 22 November 2018

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

Title: BENEFITS SERVICE MONITORING REPORT

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

Chief Officer: Peter Turner, Director of Finance

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides information regarding the performance of the benefit services provided by Liberata during the period 1 April 2018 to 30 September 2018. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, is attached as Appendix 1. This communication provides Liberata's perspective on performance, together with an update on initiatives to be introduced in the coming months.

2. RECOMMENDATION(S)

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

Impact on Vulnerable Adults and Children

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

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Exchequer - Benefits
 4. Total current budget for this head: £3.845m
 5. Source of funding: Existing revenue budget 2018/19 including Government Grants and Subsidy
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement
The main pieces of legislation covering the service are:
The Housing Benefit Regulations 2006
The Council Tax Reduction Schemes Regulations 2012
The Local Government Finance Act 2012
 2. Call-in: Applicable
-

Procurement

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

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 19,600 Housing Benefit recipients (approx).
-

Ward Councillor Views

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

3. COMMENTARY

3.1 The Revenues and Benefits Team monitors the contract, sets targets and performance standards, liaises with partners, progresses the development and improvement of services through leadership on specific improvement initiatives. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements. Graphical illustrations as to the level of performance being achieved are attached as appendices to this report.

To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. Regular meetings take place between senior managers in both organisations to discuss escalated items, technological advances and further development opportunities.

3.2 Outstanding work

The target in the specification requires that the level of outstanding work is less than 5,700 documents of which 2,200 are in pending. At the 30 September 2018 there were 4,995 outstanding documents. Of the 4,995 documents, 1,843 were in pending awaiting further information.

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

3.3 Claim Processing

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

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

Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18
7.77	8.32	11.76	11.76	11.09	9.95

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

Performance under the Right Time Indicator is illustrated as Appendix 3.

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

New Claims

Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18
18.79	22.97	25.69	26.33	20.47	16.78

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

Change of Circumstances

Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18
7.12	7.31	10.34	10.17	10.05	9.31

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

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

As requested at the July 2017 Executive & Resources PDS, detailed below are explanations for those new claims and change of circumstances that are recorded as taking in excess of 100 days to process: For the period April to September 2018, 2062 new claims were processed, 12 (0.5%) took in excess of 100 days. Of the 23,893 changes in circumstances processed, 116 (0.4%) took in excess of 100 days to process. The reasons why are detailed below:

New Claims

Reason why the change was processed in excess of 100 days	Number of claims
Additional time was given for the claimant to provide information	10
Incorrect data input	2
Total	12

Change in circumstances

Reason why the change was processed in excess of 100 days	Number of claims
Additional time was given for the claimant to provide information	14
Incorrect data input	6
Retrospective changes advised by DWP report (Atlas)	96
Total	116

Attached as Appendix 5 is the latest benchmarking figures released by the DWP in respect of new claims and change of circumstances processing. The tables/graphs show performance for Quarter 1 of 2018/19 which is latest information is available.

3.6 Error Rate

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

Throughout the period the contractor remained within the 5% tolerance allowed in the specification. However, in May 2018 was outside the “soft target” agreed at the time of the last monitoring report. A graphical illustration is entered as Appendix 6.

Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18
%	%	%	%	%	%
2.0%	4.4%	1.4%	1.4%	0.7%	2.3%

3.7 **Complaints**

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

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

3.8 **Housing Benefit Overpayments**

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

Appendix 8 shows the monthly recovery rates since April 2016.

3.9 **Call Centre (Help line)**

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

The level of calls received in the first 6 months of this financial year has fallen by about 8% which is believed to be a result of customers moving to the on-line self-service system.

The average abandonment rate for the 1st half of 2018/19 was 5% which is the tolerance allowed for under the specification. However, there was a period in which the abandonment rate was at a higher level, this was raised with senior managers within Liberata who put a recovery action in place.

3.10 **Caseload**

A graph showing the number of claims in payment is attached as Appendix 10. There was a significant increase in the overall caseload following Liberata first becoming responsible for the service in 2002. However, in recent years the number of claims has shown a consistent reduction and was 19,434 on the 30 September 2018.

3.11 Discretionary Housing Payments (DHP's)

The July 2013 meeting of the E&R PDS approved the Authority's DHP policy together with the application form for requesting assistance. In respect of 2018/19 The DWP allocated Bromley £725,249 for awarding DHP's, as in previous years it is envisaged the full sum will be allocated.

3.12 Council Tax Support/Reduction (CTS)

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

A report is being presented to the Executive on the 28th November which recommends the scheme to be adopted for 2019/20 following the annual consultation exercise.

3.13 Universal Credit (UC)

Universal Credit 'Full service' started in Bromley on 25th July 2018. The removal of temporary accommodation Housing costs from Universal Credit has lessened the financial impact for Bromley Council. The Local Jobcentre have reported that over 80% of new Universal Credit claims are being paid in full at the initial 1st payment date (5 weeks from application date). Advance payments for clients who cannot manage for the first 5 weeks are available and easy to apply for once the initial application and Identification checks are completed, these are loans that will need to be paid back from future entitlement.

An advice HUB has been created at the Jobcentre staffed by the Jobcentre, CAB, LB Housing, Benefits and Children's Project.

LB Bromley has a partnership with Bromley Citizens Advice Bureau (CAB) for them to provide Budgeting Support to those on Universal Credit. The intention being that the recipients are able to pay their rent and not get into debt. This partnership will end with effect 31st March 2019 due to the Department of Works and Pensions (DWP) and CAB working in partnership to deliver the support. The DWP terminated the partnership with all Local Authorities to deliver support from 1st April 2019 therefore Bromley will no longer have a role to assist their residents.

Awareness sessions have taken place with Landlords and advisory groups. The introduction of Universal Credit in Bromley has so far been good, however, with the removal of the partnership between DWP and Bromley Council, the Authority will have little influence to ensure the rollout continues to be positive.

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

4. FINANCIAL IMPLICATIONS

4.1 Housing Benefit and Council Tax Support present a significant "business". The 2018/19 budget includes payments in excess of £121m for Housing Benefit and £12m (net) for Council Tax Support. Any deterioration in performance could result in, for example:

- Increase in "Local Authority Error" Overpayments, leading to receipt of reduced subsidy from Central Government;
- Potential increase in overpayments which may not be recoverable

4.2 The contract budget for 2018/19 is expected to spend to budget, as at 30 September 2018.

5. PROCUREMENT IMPLICATIONS

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

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

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

Date: 22nd October 2018

Our Ref: AIF/GT

Dear John,

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

Since the formation of the Single Financial Assessment Unit (SFAU), Liberata are committed to regularly reviewing and improving services. This includes creating resilience between service lines within the SFAU to ensure that outcomes for customers are not delayed during peak periods within the year. Adopting a Tell Us Once approach through data sharing has enabled Liberata to reduce the processing times of transactions within the SFAU services and improve the overall customer experience.

This summary covers performance for the period 1st April 2018 to 30th September 2018.

1. Current Status of the Benefits Service

The Benefits caseload, which measures all households receiving Housing Benefit and/or Council Tax Support, was 19,434 as at the end of September 2018. The caseload at the same time last year was 19,989.

In terms of our current position for the nationally recognised Right Time Indicator, our average performance was 10.11 days compared to the 10.31 days achieved for the same period in the previous year. This is against an annual contractual target of 13 days. For this reporting period the average processing times for New Claims was 21.84 days and Change in Circumstances was 9.05 days.

As at 30th September 2018, the total amount of outstanding work was 4,995 items. This includes 1,843 items pended which are awaiting information from the claimant and/or third-party. This is a reduction since the same period in 2017 when the outstanding work was 5,869 and pended items were 1,892.

1.1 Temporary Accommodation

We continue to maintain close working relationships with the LBB Housing teams, Orchard and Shipman and Mears group. Our monthly meetings enable us to discuss benefit issues and focus on specific assessment queries with a view to minimising any potential delays in the processing of claims.

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

1.2 Real Time Information (RTI) & Validate Earnings and Pensions (VEP) Alerts Service

Since April 2018, Authorities stopped receiving 'Mandatory' RTI data matches from the DWP. One file is now received called the 'Optional' RTI file. Eventually this file will completely diminish and be replaced solely by VEP alerts only.

The DWP has recently introduced the VEP Alerts Service. This service sends alerts to nominated benefit assessors which enables them to download VEP files directly from the DWP database. The files contain information of changes to a customer's earnings and pension which is used to update the Authority's Benefit system. By processing the changes, the potential for overpayments are reduced as the customer may not have advised LBB of the changes to their household income.

1.3 ATLAS

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

1.4 Quality

We continue to be firmly focused on quality and we drive to eradicate any financial error within the assessments carried out. The average financial error rate for the period April 2018 to September 2018 was 2%.

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

1.5 Overpayment Strategy

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

The Housing Benefit recovery rate as at 30th September 2018 was 93.77% compared to 89.96% for the same period for the previous year which represent an additional £229k of revenue. Liberata continues to effectively recover debts by using a variety of techniques including Blameless Tenant recovery, Direct Earnings Attachment and Debt Collection Agencies.

1.6 Universal Credit

Since 25 July 2018, Universal Credit "Full Service" went live for Bromley. This means the majority of working-age claimants commencing a claim for assistance with their rent will receive Universal Credit rather than Housing Benefit. Existing working-age Housing Benefit recipients will transfer over to Universal Credit when there is a change in their circumstances.

To date there has been limited reduction to the benefits caseload as a result of Universal Credit. However, this is expected to accelerate over the coming months. In the last few months we have seen an increase in enquiries from the DWP in regard to housing cost. Liberata have a dedicated Single Point of Contact (SPOC) that liaises directly with the DWP to ensure that any requests are dealt within the DWP service level of 5 days.

2. Corporate Visiting Team (CVT)

The Corporate Visiting Team (CVT) has undergone a programme of cross-training which has enabled Liberata to use additional visiting officers to verify requested benefit information and to provide advice to customers in their homes. This has created resilience within the team and has ensured customer information is obtained quickly to reduce time taken to process a benefit claim.

3. Call Centre & Customer Services

The number of Revenues & Benefits customers seen in Customer Services for the period 1st April 2018 to 30th September 2018 totalled 18,209. During this period 86% of customers were seen within 15 minutes. This is an improvement on the same reporting period last year when 84% were seen in 15 minutes. Footfall has remained fairly constant between the two periods.

During the same period, the Contact Centre (Help Line) received 70,344 calls with 95% answered. Call volumes have fallen by 8% compared to the same previous period.

We have previously reported that the team have been encouraging customers to use the on-line services available to them to self-serve, and we believe this has been and continues to be successful as evidenced by the reduction in call volumes.

4. Service Developments

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

Examples of current year new and ongoing initiatives;

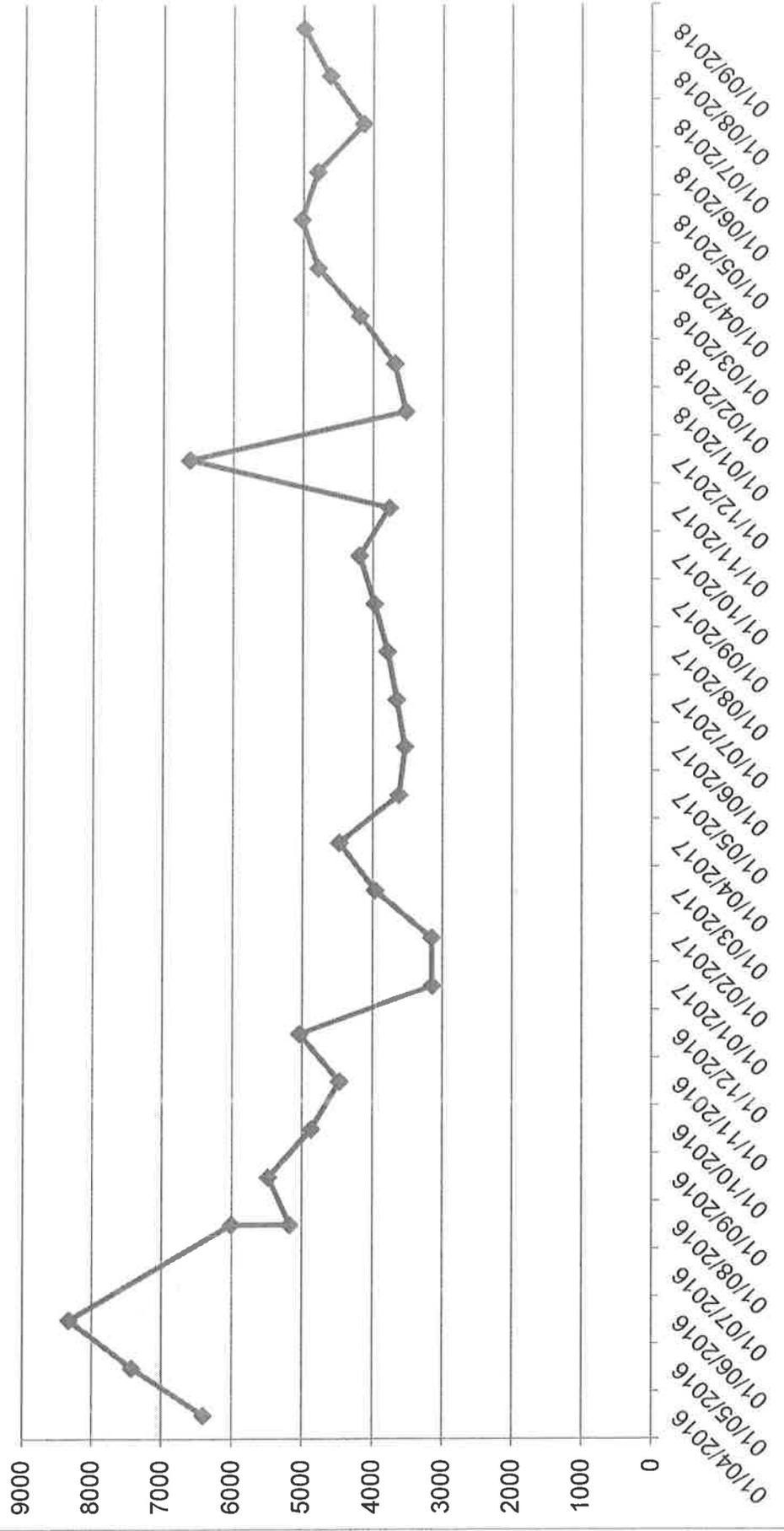
- Proposal to undertake a Self Employed review. This is a DWP initiative which Bromley have opted to undertake. This will involve reviewing approximately 400 Self Employed cases where no change of income has been declared for the last 12 months.
- Implementation of Verify Earnings & Pensions (VEP) Alert Service files. This is a DWP service which provides Real-Time identification of changes in income and will replace the RTI files which we currently receive.
- On-going implementation of Capita Advantage Digital product. This will enable customers to use online forms to make a new claim or report changes to an existing claim. The information on the forms will be integrated with the back office processing system.
- Providing assistance go the Job Centre Plus for Universal Credit Digital Support for claimants. Revenues and Benefits Customer Service staff attend the Bromley Job Centre; 4 half days each week to provide practical support in claiming Universal Credit.
- Successful implementation of the DWP EAS Service to an online portal. This enables administrators to make changes to user access in real time to prevent delays in information being accessed.

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

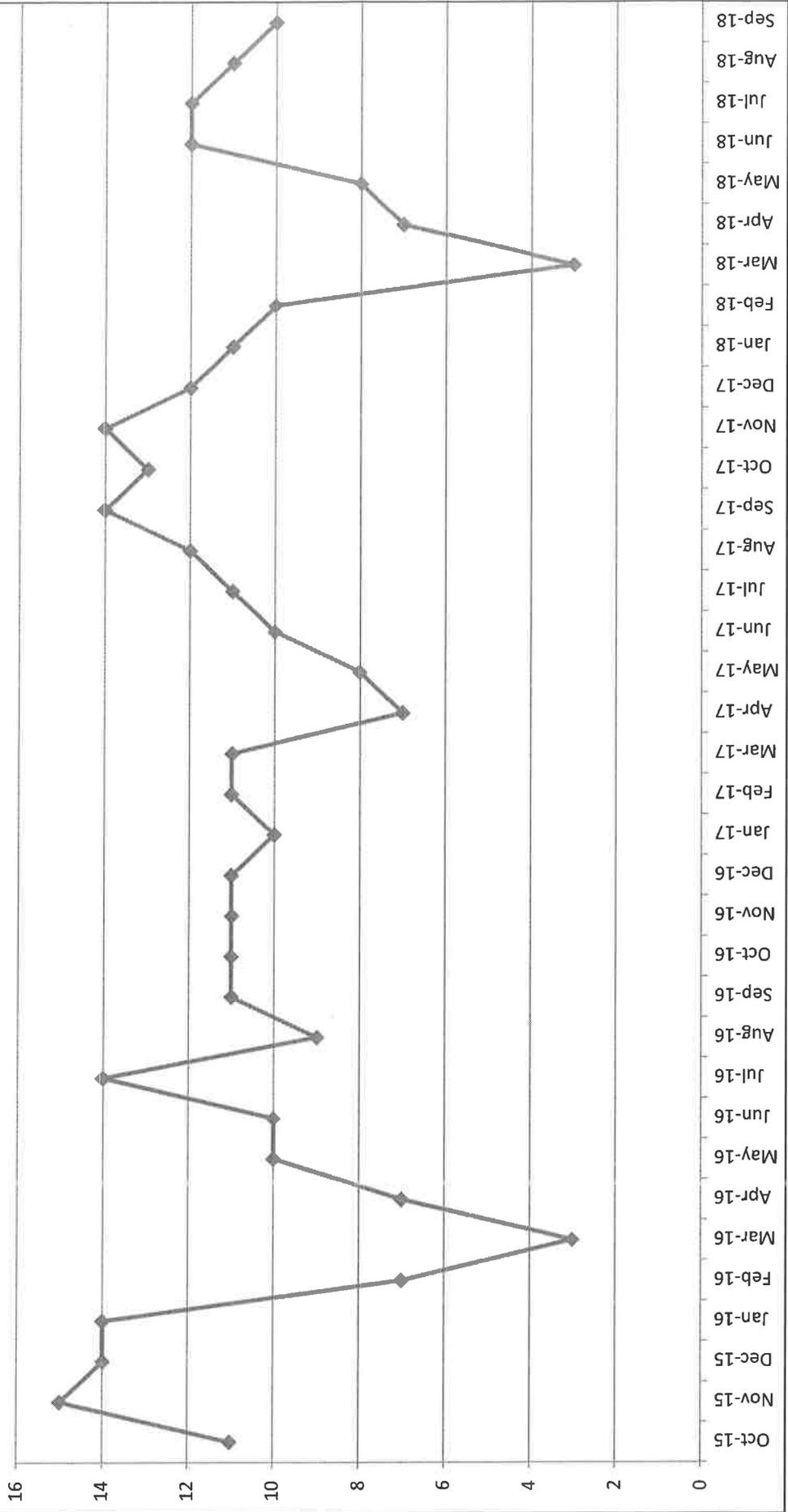
Yours sincerely,

Amanda Inwood-Field
London Regional Contract Director

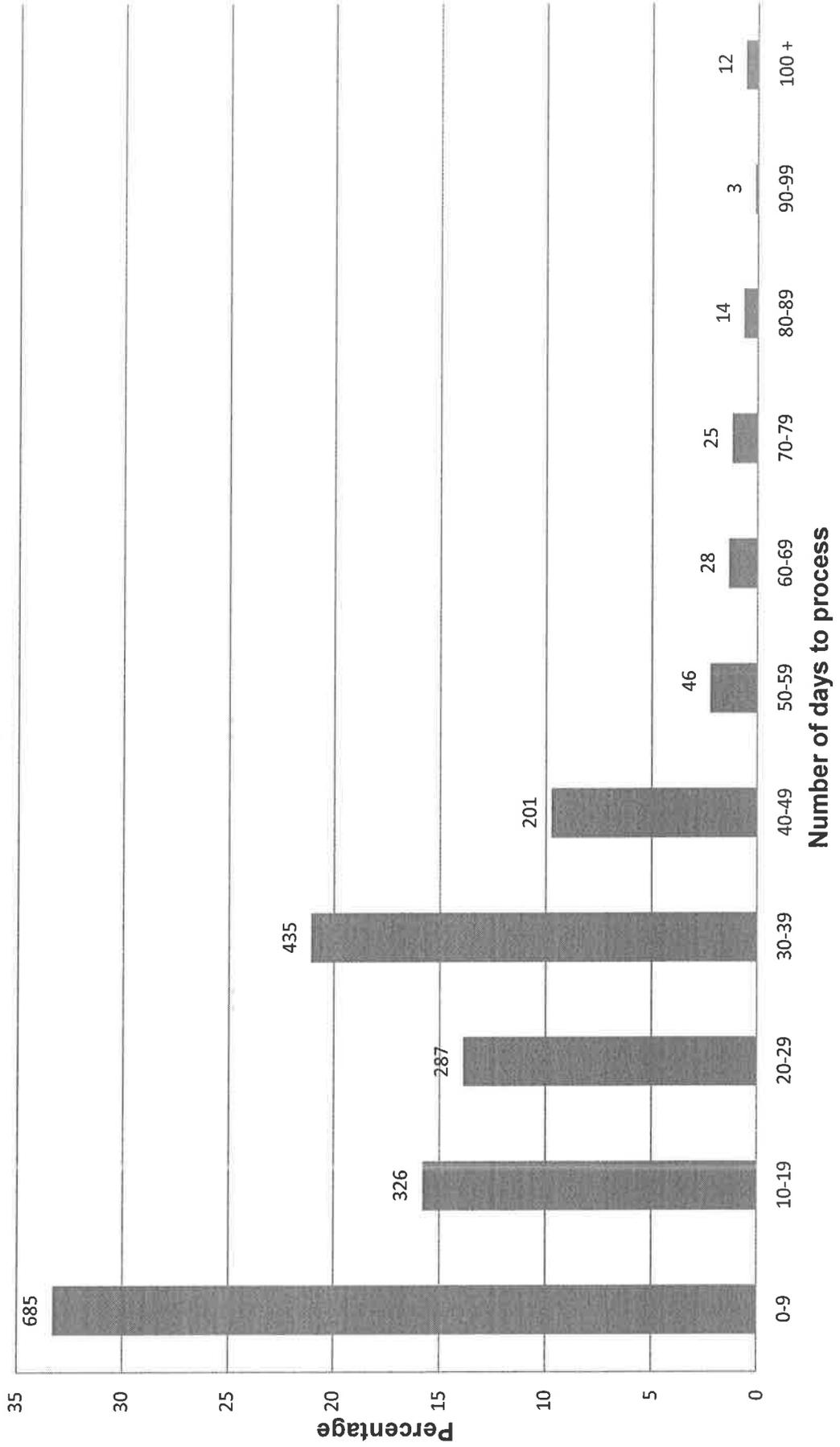
Total Pending and Outstanding Work April 2016 to September 2018

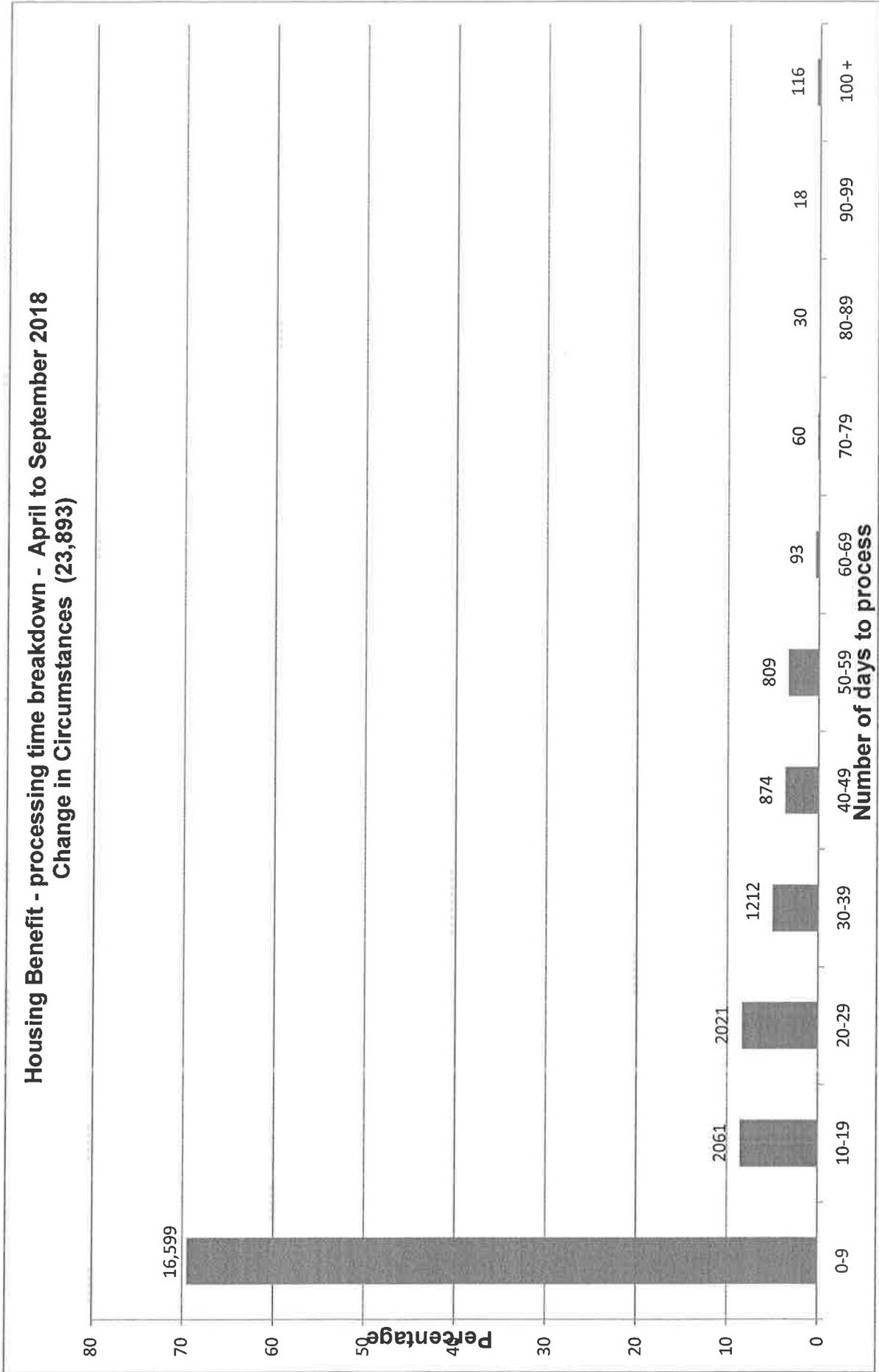


Right Time Indicator October 2015 to September 2018

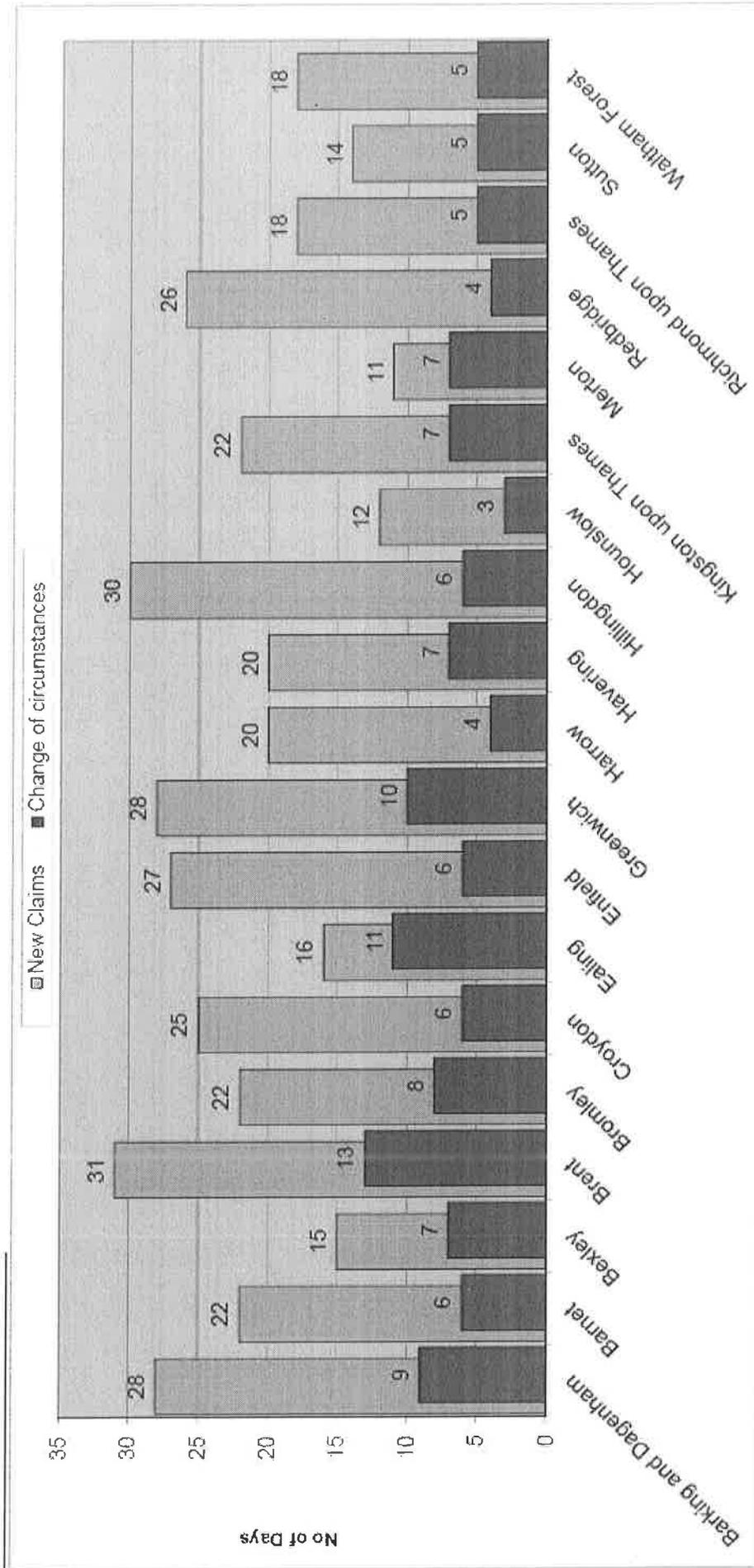


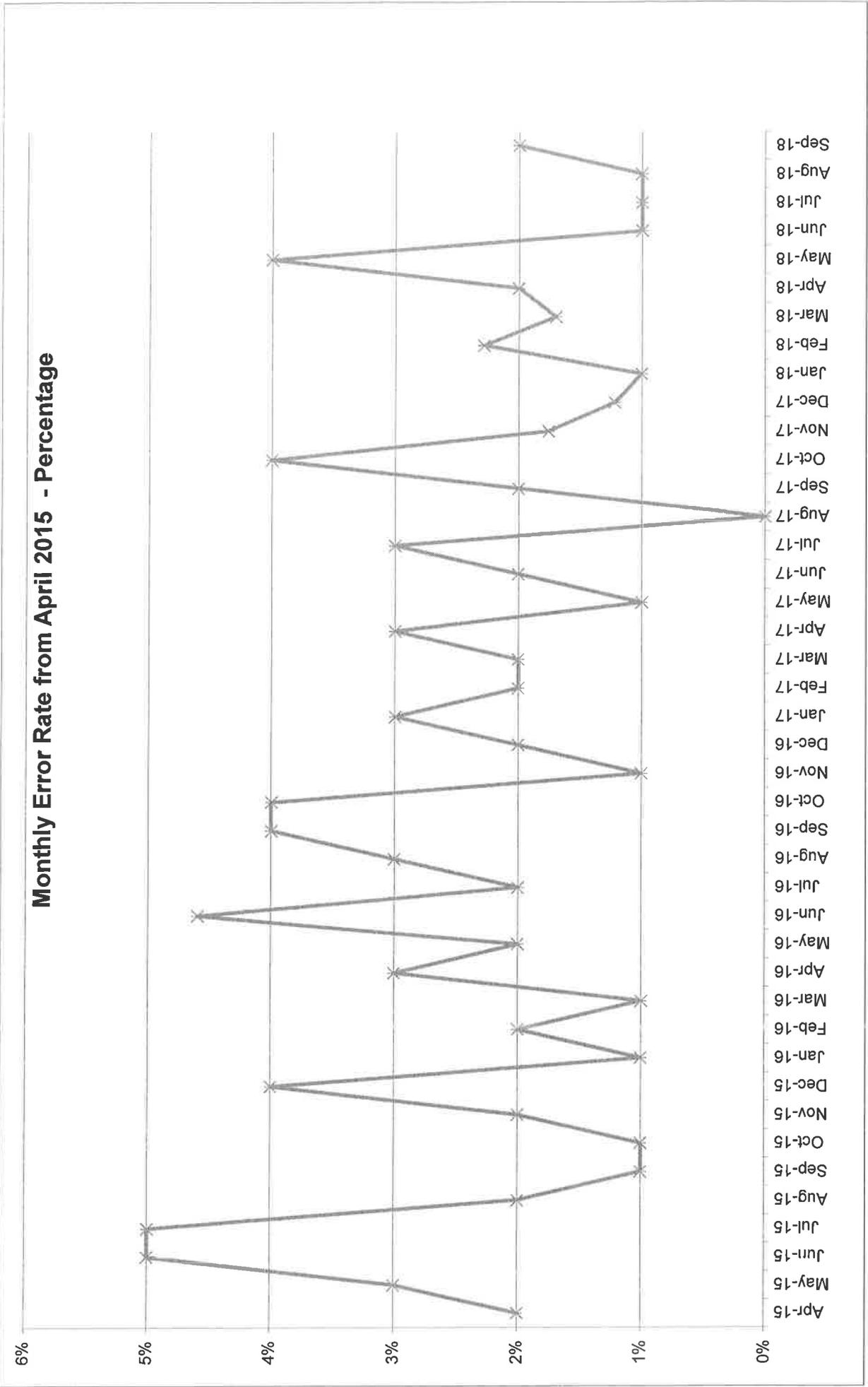
Housing Benefit - processing time breakdown April to September 2018 New Claims (2062 cases)



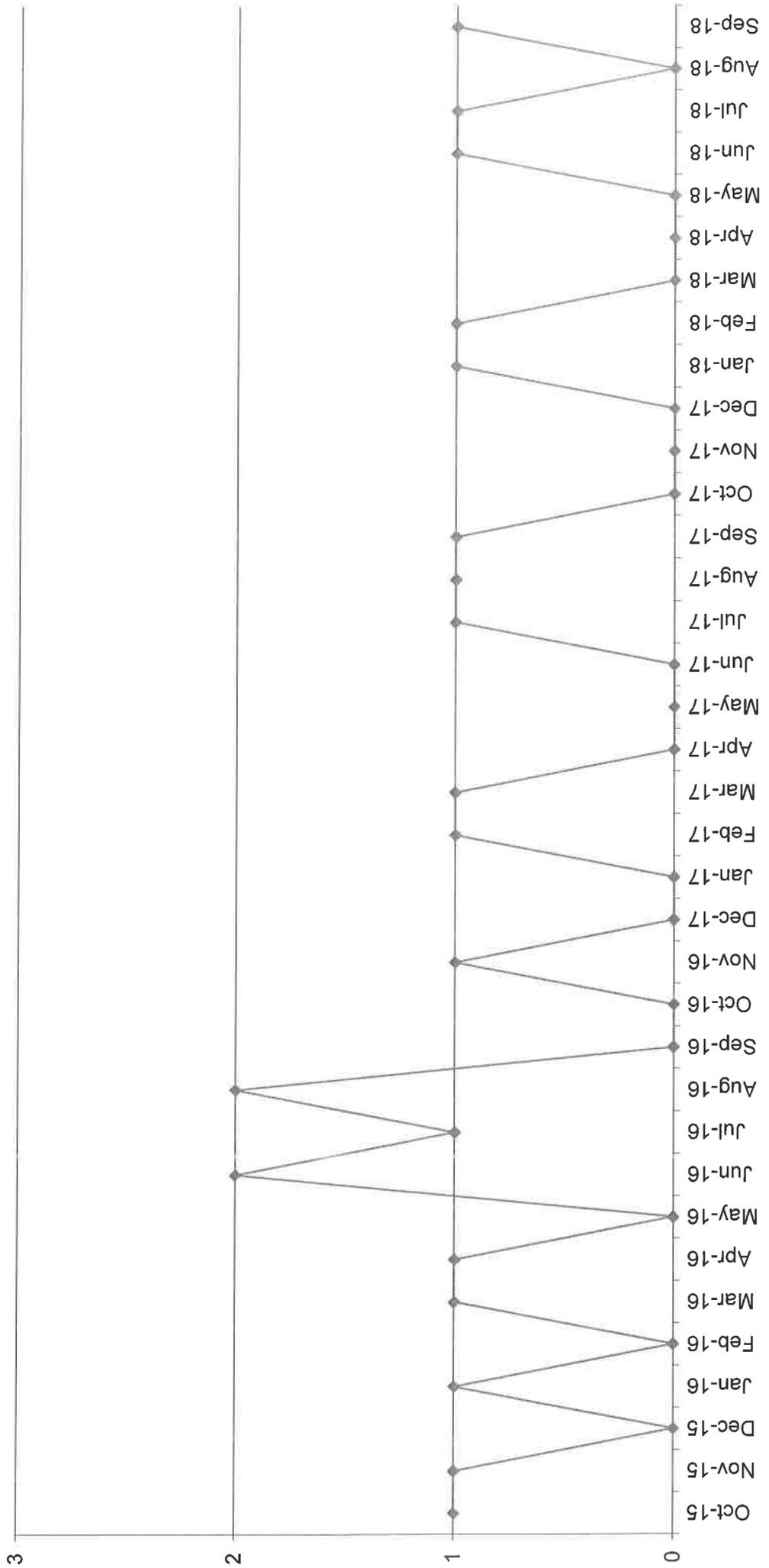


Speed of Processing by Outer London Authorities for April 2018 to June 2018 (Quarter 1, 2018/19)

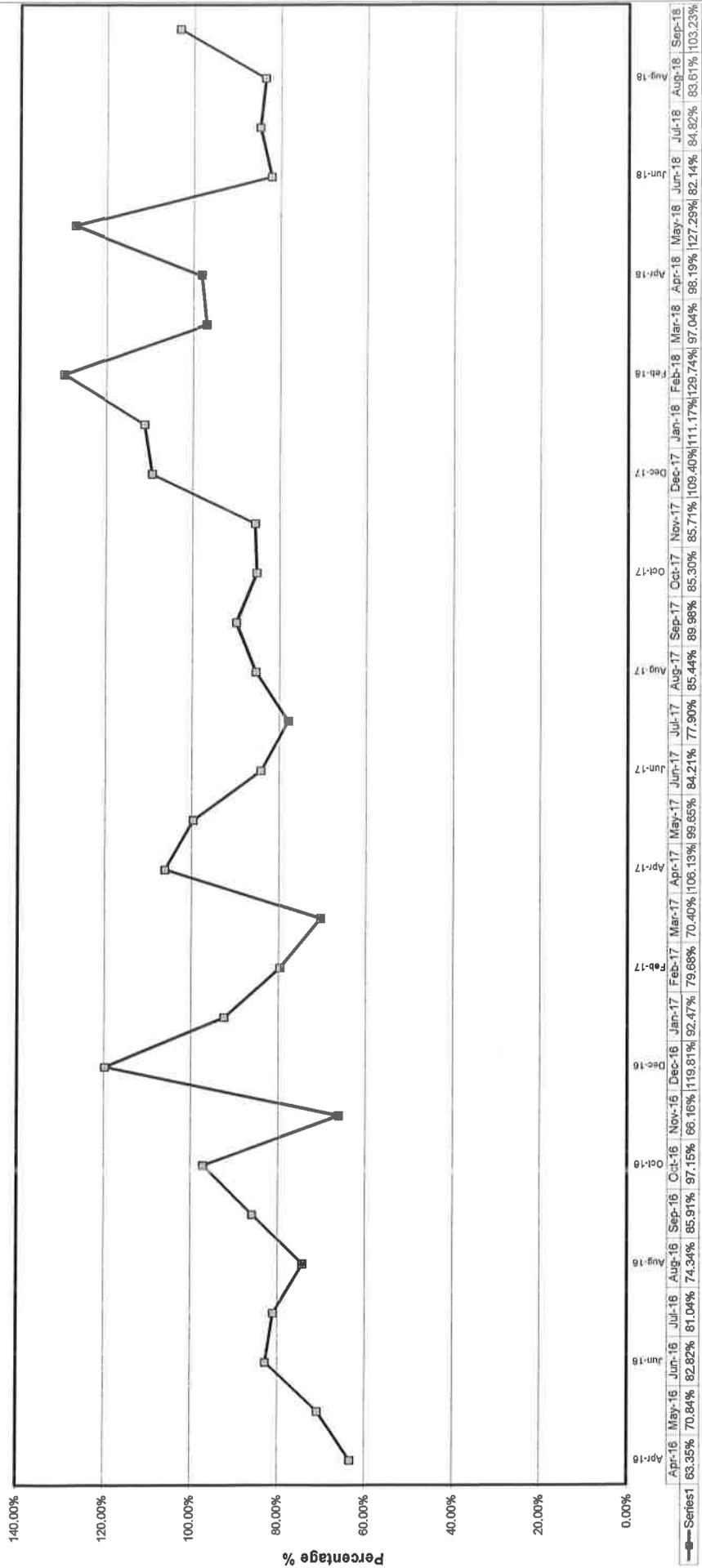




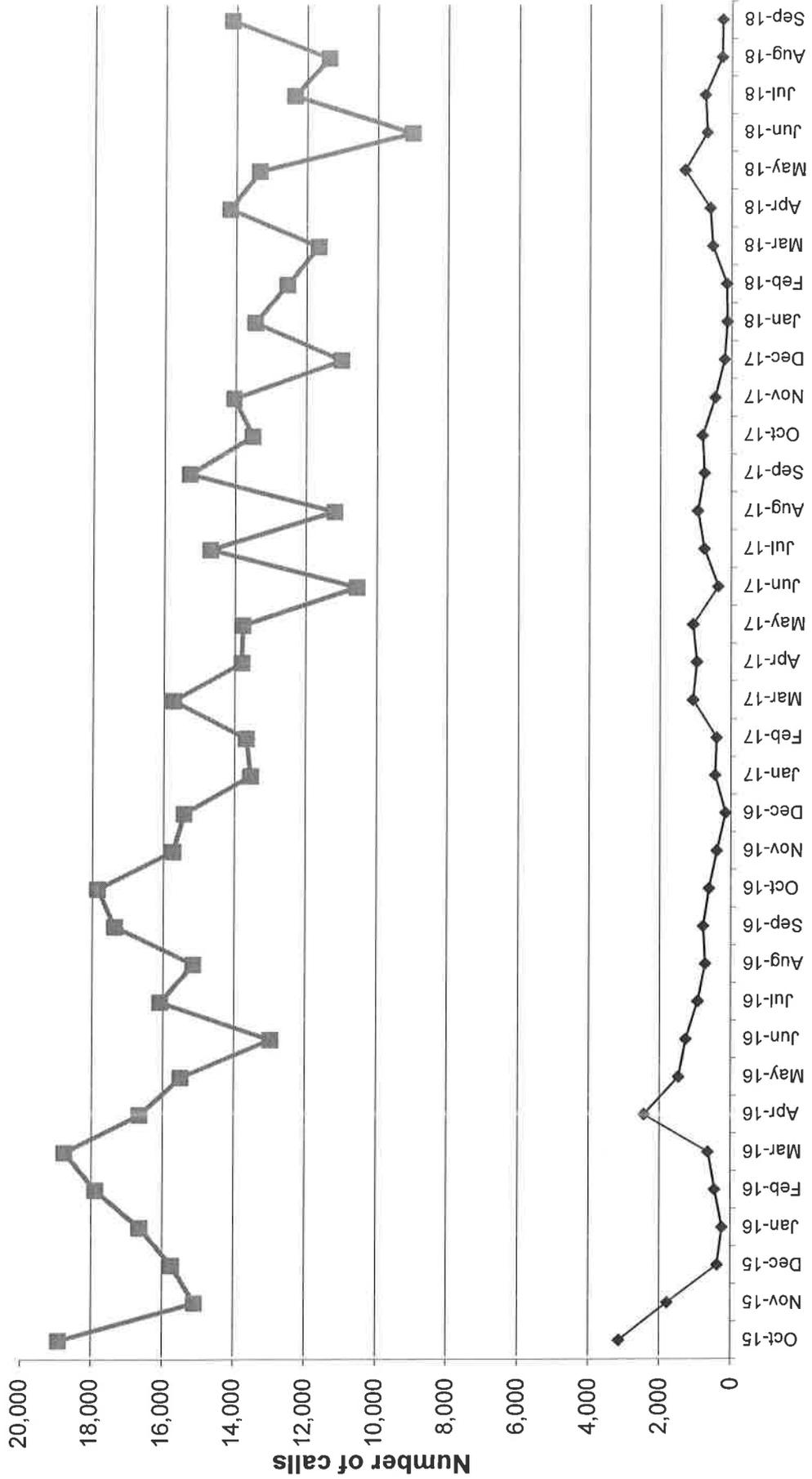
Housing and Council Tax Support - Stage 2 Complaints from October 2015



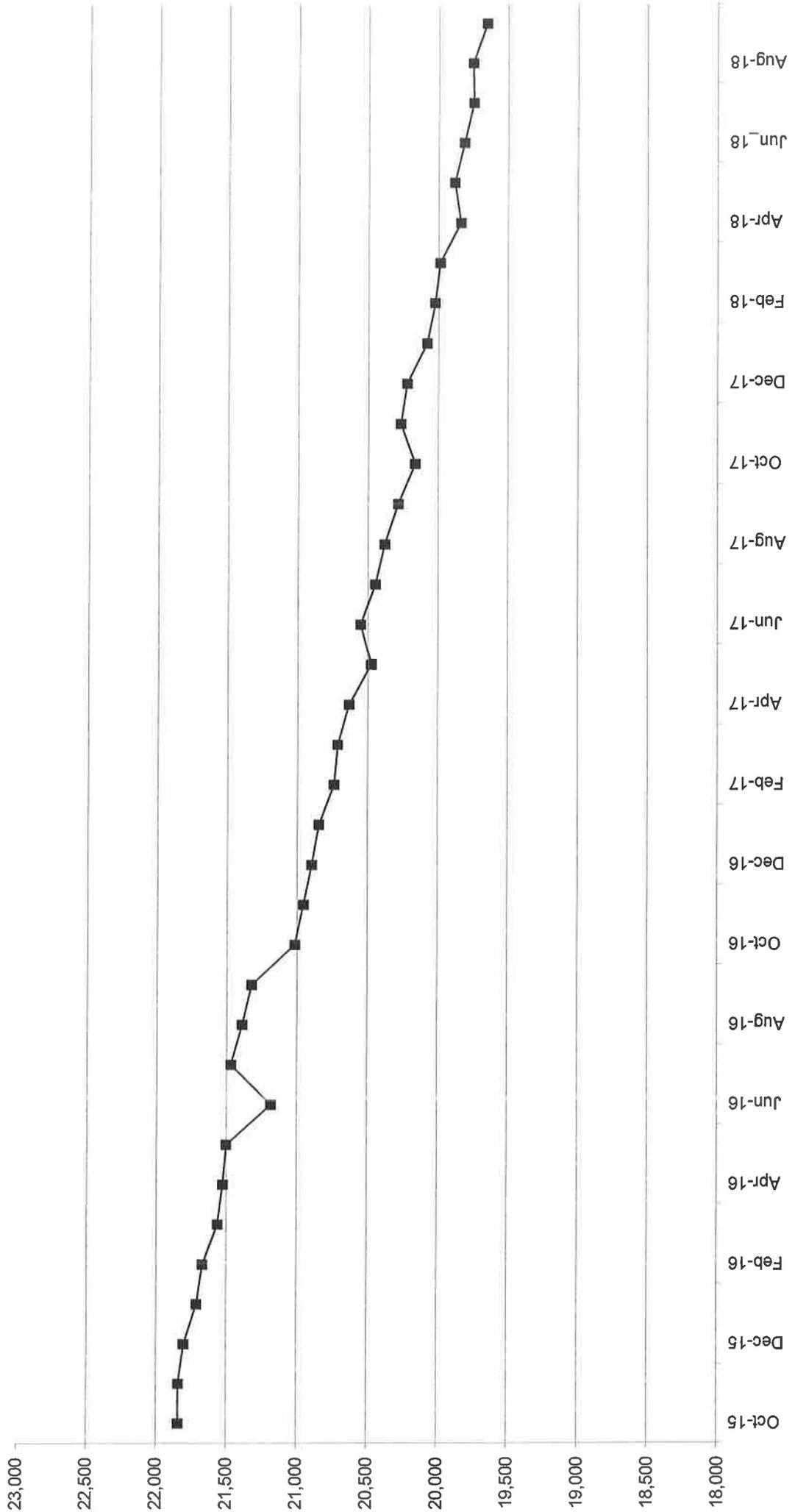
Monthly Overpayment % recovered against that created from April 2016



Calls Received and Abandoned by monthly from October 2015



Caseload from October 2015 - every 2 months



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Report No.
FSD18052

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Thursday 22 November 2018

Decision Type: Non-Urgent Executive Non-Key

Title: REVENUES SERVICE MONITORING REPORT

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

Chief Officer: Peter Turner, Director of Finance

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides information regarding the performance of the Revenues Services provided by Liberata for the 6 months up to the 30 September 2018. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, provides an update on each individual service and is attached at Appendix 1 with statistical data relating to the Revenues service shown in subsequent appendices.

2. RECOMMENDATION(S)

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

Impact on Vulnerable Adults and Children

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

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable
2. Ongoing costs: Not Applicable
3. Budget head/performance centre: Exchequer - Revenues
4. Total current budget for this head: £3.617m
5. Source of funding: Existing revenue budget for 2018/19

Personnel

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

Legal

1. Legal Requirement:
Local Government Finance Act 1988
The Council Tax Administration and Enforcement) Regulations 1992
The Local Government Finance Act 2012
Rating Law and Practice: England and Wales
LGPS Regulations 2013:
2. Call-in: Applicable:

Procurement

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

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

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

3.3 Council Tax

The in-year Council Tax collection rate as at 30 September 2018 was 58.07% which was a 0.02% improvement on that achieved at the same time in the last financial year. This constitutes a particularly good performance given the increased amount requiring to be collected.

Unfortunately, no current benchmarking data is available for comparison against the other London Authorities.

The collection rate on current year and arrears was 58.1% which was a 0.05% (£100k) negative variance when compared to the last financial year. However, by the time of drafting this report the latest available figures (mid-monthly collection figure for October) the collection rate had increased to 66.36% which is 0.03% (£60k) ahead of last year.

In the first half of the financial year the number of household registered for Council Tax increased by 360 to 140,495. In the same period the number of households receiving SPD increased by 386 to 43,423.

3.4 Business Rates

The in-year collection as the 30/9/18 was 56.58% which was 0.57% lower than at the same time in 2017/18. In monetary terms the difference is equivalent to £552k. It is disappointing that the previous years' collection rate has not at least been maintained. However, it should be acknowledged that the value of cash collected has increased by in excess of £258k the reduced collection rate being a result of a £4.5m increase in the Net Collectable Debt. Further information, including the action being taken by Liberata is contained in their letter attached as Appendix 1.

Unfortunately, no current benchmarking data is available for comparison against the other London Authorities.

The collection rate for current years and arrears as at the 30/9/18 was 53.56%, this was 3.35% (£3.5m) down compared to the same time in 2017/18. The performance has been heavily affected by the value of refunds processed so far this year. Large valuation changes and Revaluation Support Relief which in 2017/18 was £1.4m, meant that 2018/19 commenced with a comparatively high value of credits for refunds of which £3.7m was repaid. If the refunds are disregarded £62k more cash collected than last year

As at the 30/9/18 there were 7,320 registered for Business Rates an increase of 25 on the figure as at the 31/3/18.

3.5 Cashiers

The payment kiosk sited in the Civic Centre central reception continued to take high volume of payments. The usage has reduced in transactions but increased in value from that experienced in the first half of 2017/18. In the first 6 months of 2018/19 payments to the value of £1,133,684 (9,107 transactions) were taken by this means compared to £1,120,396 (9429 transactions) in the previous year.

3.6 Payroll

The number of payments made in September 2018 was follows:

LBB General / Schools	2,541
Pensions	5,089

3.7 Pensions

Membership numbers recorded on the Pensions administration system as at 30 September 2018 were 6,071 actives, 5,729 deferred and 5,256 pensioners.

4. FINANCIAL IMPLICATIONS

4.1 The report refers to the significant income collection undertaken through the Exchequer Services contract with Liberata. For 2018/19, the key financial elements of the Revenues Service are:

- £210m - annual amount of Council Tax raised
- £99.1m – annual amount of Business Rates raised
- £30.2m – gross amount paid in staff salaries (inclusive of schools but excluding Academies) for the period 1 April to 30 September 2018.
- £14m – gross amount paid in Pensions for the period 1 April to 30 September 2018
- £9.5.m - revenue on 17,524 transactions (including Kiosk) for the period 1 April to 30 September 2018

4.2 The 2018/19 budget for the Revenues contract is expected to be within budget.

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



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

26 October 2018

Our Ref: AIF/RJ

Dear John,

As we approach the November 2018 Executive Resources & Contracts PDS meeting where we consider and review the Exchequer service, we take this opportunity to write to you with Liberata's assessment of the performance that we have provided to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the 6 months from 1st April 2018 to 30th September 2018.

Council Tax

The in-year collection for the period was 58.07% and equates to £115.04m collected. This was an increase of 0.02% compared to the previous year. However, as the total amount of debt to be collected has increased this year by £9.01m, this means that the cash collected for the year to date has increased by £5.28m compared to September 2017.

The all-years collection figure was 58.10% and represented cash of £116.77m. This was down against the previous year by 0.05%. There remains an issue on collecting out of year debt where the individual amounts are too low to warrant the costs of further recovery action even though the aggregate value of debts of this type is material. In addition we have a large number of cases where, despite having obtained a Liability Order, we are unable to take further recovery action due to the account holder lacking any realisable assets. In other cases further recovery action may have to be suspended if the value of the debt is below the threshold needed to apply for Bankruptcy or a Charging Order.

Where debts have been secured by a Charging Order being placed against a debtors' property, the funds can only be realised when the debtor decides to sell their property which could be many years in the future.

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

In response to this problem we have continued with our static debt pilot project. Over the summer we targeted ten property owners who had historic debts totalling over £48k and issued bespoke pay-up letters encouraging them to attend an interview to discuss their debt position. Of these, five responded with three agreeing to repayment plans, while two confirmed that the debts were actually owed by their tenants and provided relevant documentation to prove this.

We have continued with our normal collection and recovery initiatives, this includes reviewing the top 100 debtors, proactively chasing older debts, issuing standard 'pay up' letters on account balances which are below the summons threshold, reviewing cases with an attachment pending for both benefits and earnings, progressing cases held at Liability Order stage and monitoring cases sent to the enforcement agents. We are also continuing to use SMS texting as an additional reminder to prompt tax payers to pay before the issuing of the final reminder, after which they lose the right to pay by instalments. During the 6 month period we issued 41,609 reminders (2017 – 52,038) and 5,566 summonses (2017 - 6,816).

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

The annual Empty Homes Review exercise was completed in September. This is where we validate the status of all residential properties listed as 'long term empty' (i.e. those that have been empty for at least 6 months) on the council tax database. We utilise a combination of postal enquires, outbound telephone calls and visits undertaken by our Corporate Visiting Team in order to confirm the status of these properties. Central Government provide funding to local authorities in the form of a New Homes Bonus for new properties built during the year. However, this funding is reduced if there is any year on year increase in the total long term empty property figure. Extra funding is also paid for any year on year reduction in the number of long term empty properties. As a result of the teams work we were able to report a reduction of 93 long term empty properties compared to the previous year. This meant that the Council received their full bonus for new properties as well as the additional funding for the decrease in empty properties.

Although work on rolling out additional modules for the online Revenues and Benefits self-serve application has been placed on hold while the Academy system is migrated onto a new platform, the number of users signing up for the service has continued to increase. As at the end of September 2018 there were over 26,800 registered accounts generating an average of over 6,000 monthly page visits to the self-serve site. Residents are currently able to conduct the following online:

- View Council Tax annual bills, copy bills, payment details, discount and exemptions status
- View system generated correspondence
- Apply for discounts

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

Business Rates

The business rates in-year collection rate for the period to 30th September 2018 was 56.58% which is 0.57% less than the previous year; in monetary terms the difference is equivalent to £552,401. Despite having a lower collection rate the actual value of cash collected has increased by £928,212, however the Net Collectable Debt (NCD) is £4.5m greater and therefore the performance is tracking behind last years. The main factor for the change to the NCD is the value of relief awarded to 'transitional losers'; last year being the first of the 2017 Rating List meant that relief was at its peak but will decrease steadily over the next 4 years.

The work that has been undertaken in the early part of this year, contacting debtors and agreeing repayment terms, stands us in good stead for the next six months. There are currently 174 live arrangements, covering £1,029,896, which coupled with the remaining statutory instalments would see us achieve a collection rate comparable with last year.

Naturally there will be a proportion of accounts that fail to maintain their instalment plans, but in addition to the above, there is £391,000 of Revaluation Support Relief funding still to be awarded. This scheme was introduced by the Government last year to reduce the impact of the 2017 Revaluation and we will complete the project of distributing funds via auto awarding the relief by the end of December.

We know that fewer recovery notices have been issued this year (694 final notices compared to 1,985 for 2017) and the number of contacts with ratepayers has decreased, which demonstrates that more ratepayers are up to date with their payments. This trend is also evident in the value of cases that we are touching when conducting our arrears management.

In order to maximise our position and increase income, we have reviewed some of the procedures that affect collection and implemented a number of changes:

- Stricter rules around payment arrangements including the need for an upfront payment if the arrangement is to be accepted.
- A more efficient process for issuing accounts to Enforcement Agents.
- The capture of contact details from every exchange with ratepayers in order to assist any future debt chasing.

The all-years collection rate is 53.56% compared to 56.91% in 2017. The performance has been heavily affected by the value of refunds processed so far this year. Large valuation changes and Revaluation Support Relief, which in 2017/18 was £1.4m, meant that we started 2018/19 with £4.9m of credits relating to previous years, compared to £2.5m in 2017/18. We have so far repaid £3.7m of those previous years' credits which outweigh the £1,4m of cash collected; disregarding the refunds we have collected £61.9k more than last year.

Business Improvement Districts (BID)

We are now managing the billing and recovery for a number of BID boards within the borough. These range in size both geographically and financially. For the Orpington BID we have collected 86.76% (£167.4k) which is an increase of 5.76% compared to the previous year. On the Bromley BID we have collected 90.15% (£555.8k) which is down by 6.19% on the previous year. For the Beckenham BID we have collected 76.88% (£187.3k) and for the Penge BID we have collected 76.51% (£142.7k). The comparatively low collection rates for these two are reflective of the fact that this is the first year that these BIDs have been in operation.

Cashiers

We collected over £9.5m during the year which covered 17,524 transactions and included amounts taken via the Kiosk, post and central income.

Pensions and Payroll

During the year the Payroll Team continued to provide a valued service with an average accuracy rate of 99.9%. The Pension Team achieved an average of 98.9% service level compliance over the same period.

During the period under review the team faced a number of challenges, one of which concerned HMRC's decommissioning of the Electronic Data Interchange (EDI), which is their method for electronic communication. All employers had to move to the Filing by Internet (FBI) method to transmit and receive data in XML format. The regulations around GDPR meant that Liberata had to consider a safer way to communicate with Schools. This led to the implementation of the Schools Portal, which is used to securely send and receive information.

Annual Benefit Statements were dispatched to Active and Deferred Members in-line with the regulatory deadline. The annual allowance letters were issued by the statutory deadline of 5 October 2018 to all employees that had breached the annual allowance threshold.

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

Yours sincerely

Amanda Inwood-Field
London Regional Contract Director

The key elements of the Revenues Service includes (2018/19 figures):

- £ 210 million – Annual amount of Council Tax raised
- £ 99.1 million – Annual amount of Business Rates raised
- £ 12.3 million – Annual payment of Council Tax Support
- £ 121 million - Annual payment of Housing Benefit
- £ 30.2 million – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the year from 1st April 2018 to 30th September 2018
- £ 14.0 million – Payment of Pensions from 1st April 2018 to 30th September 2018
- £ 9.5 million – April to September 2018 revenue on 17,524 transactions, this includes Kiosk (567 Loomis cash collections during the period to 30th September 2018)

Council Tax Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 17/18	Actual 01/04/18 to 30/09/18
BV9: CTAX Collected	97.03%	97.28%	97.59%	97.65%	97.76%	97.50%	97.70%	97.79%	97.93%	98.04%	58.07%

Actual 30th September 2018 – 58.07%

The amount of collectable debt raised for the year 2018/19 was **£210m** in respect of **140,010** properties.

1,069 Cheque refunds and **4,099 BACs** refunds totalling **£1,408,626.73** have been issued from 1st April 2018 to 30th September 2018.

The following Council Tax recovery notices were issued:

	31/3/09	31/3/10	31/3/11	31/03/12	31/03/13	31/03/14	31/03/15	31/3/16	31/3/17	31/3/18	01/04/18 to 30/09/18
Reminders	39,382	34,892	34,971	51,920	45,816	56,256	54,745	52,125	55,553	78,657	41,609
Summonses	13,432	17,061	19,774	16,436	16,168	19,267	13,158	9,543	14,052	10,755	5,566
Liability Orders	7,079	10,713	12,956	9,396	10,868	9,999	8,645	8,337	10,338	9,115	3,971
14 day letters – Enforcement Agent warning	10,761	13,127	11,823	11,757	12,518	15,816	10,103	12,214	8,247	8,647	5,543
Accounts passed to Enforcement Agent	6,882	9,724	9,538	All at 14 day stage							

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

There has been a marked increase in the number of reminders issued during the current period and the previous year. This was partly due to the first instalment date being pushed back to 18th April for the last two years. This resulted in a total of 16,490 reminders being issued in May 2018 and 28,499 in May 2017 compared to 8,443 for May 2016.

The 2017/18 debt carried forward at the 1st April 2018 was £4,169,104.84

Council Tax - Summoned Debt	
Summonses / costs	£718,688.15
Arrangement	£329,686.51
Bailiff /14 DAY	£1,824,045.10
Attachment	£68,689.34
Bankruptcy	£34,735.88
Liability	£444,378.07
Un-summoned Debt	
Finals	£248,081.90
Un-summoned	£500,799.89
Total	£4,169,104.84

The breakdown analysis of the total 2017/18 debt outstanding at the 1st April 2018 of £4,169,104.84 is shown above.

The balance of the total 2017/18 debt outstanding as at the 30th September 18 is £2,968,046.28 a reduction of £1,201,058.56

Council Tax Arrears Breakdown as at 30th September 2018

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
1993	£209.79	£209.79	£0.00	
1994	£192.77	£192.77	£0.00	
1996	£562.30	£292.30	£270.00	
1997	£1,689.33	£538.49	£1,150.84	
1998	£4,473.36	£2,236.11	£2,237.25	
1999	£7,228.14	£4,997.96	£2,230.18	
2000	£13,981.46	£11,676.96	£2,304.50	
2001	£27,127.37	£20,548.70	£6,578.67	
2002	£41,625.82	£30,495.60	£11,130.22	
2003	£67,138.70	£49,072.03	£18,066.67	
2004	£89,491.70	£65,111.58	£24,380.12	
2005	£126,027.35	£100,465.03	£25,562.32	
2006	£159,730.56	£130,656.94	£29,073.62	
2007	£206,773.13	£165,032.80	£41,740.33	
2008	£259,618.52	£224,268.86	£35,349.66	
TOTAL	£1,005,870.30	£805,795.92	£200,074.38	19.89%
2009	£292,386.26	£252,877.65	£39,508.61	13.51%
2010	£367,445.44	£311,831.57	£55,613.87	15.14%
2011	£486,083.84	£416,110.81	£69,973.03	14.40%
2012	£628,238.98	£546,854.78	£81,384.20	12.95%
2013	£1,004,927.25	£875,231.11	£129,696.14	12.91%
2014	£1,294,473.54	£1,120,767.60	£173,705.94	13.42%
2015	£1,629,535.08	£1,386,390.07	£243,145.01	14.92%
2016	£2,357,447.81	£1,961,122.57	£396,325.24	16.81%
2017	£4,169,104.84	£2,968,046.28	£1,201,058.56	28.81%
TOTAL	£13,235,513.34	£10,645,028.36	£2,590,484.98	19.57%

Business Rates Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 17/18	01/04/18 to 30/09/18
BV10:Rates Collected	99.1%	99.02%	98.9%	98.81%	98.72%	98.70%	98.80%	99.05%	98.87%	98.53%	56.58%

Actual 30th September 2018 – 56.58%

The amount of collectable debt raised for the year 2018/19 is **£99.1 million**.

There have been **1,012** refunds actioned from the 1st April 2018 to the 30th September 2018 amounting to **£4,246,758.70** in respect of vacation and rateable value reductions.

The following recovery notices were issued -

	31/3/09	31/3/10	31/3/11	31/03/12	31/03/13	31/03/14	31/03/15	31/3/16	31/3/17	31/3/18	01/04/18 to 30/09/18
Reminders Issued	3,609	3,977	3,404	2,536	4,023	3,545	4,445	4,263	4,288	3,525	2,360
Final Notices Issued	1,529	1,892	1,824	1,741	2,014	2,472	2,353	1,560	1,960	1,985	694
Summonses Issued	704	903	725	1,156	987	1,091	1,053	535	1,123	768	380
Liability Orders	426	666	672	749	683	771	734	411	525	522	351
7 day letters issued	299	674	367	471	501	No longer used					
Accounts passed to Enforcement Agent	130	316	430	537	645	650	444	283	184	159	145

The 2017/18 debt carried forward at 1st April 2018 was **£1,351,159.12**

NNDR recovery stage	Amount
Un-summonsed	£290,158.47
Arrangement	£58,512.72
Enforcement Agent	£271,662.14
Final	£54,662.19
Liability	£367,102.74
Reminders	£60,703.81
Summonsed	£248,357.05
total	£1,351,159.12

Movement in arrears for reporting period –

Arrears total 1990 - 2017/18 as at 01/04/18 **£2,576,323.59**

Arrears total 1990 - 2017/18 as at 30/09/18 **£2,024,749.20**

Reduction in Overall arrears £551,574.39

Business Rates Arrears breakdown as at 30th September 2018

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
1990	1,014.79	1,809.6	-794.81	0.00%
1991	1,297.66	2,007.2	-709.54	0.00%
2005	-	652.74	-652.74	0.00%
2008	3,658.03	3,658.03	-	0.00%
2009	18,695.36	18,695.36	-	0.00%
2010	13,858.69	14,971.97	-1,113.28	0.00%
2011	19,944.20	21,894.78	-1,950.58	0.00%
2012	79,777.97	69,365.43	10,412.54	13.05%
2013	80,594.04	74,831.10	5,762.94	7.15%
2014	171,887.70	160,286.67	11,601.03	6.75%
2015	290,863.46	272,324.07	18,539.39	6.37%
2016	543,572.57	431,743.11	111,829.46	20.57%
2017	1,351,159.12	952,509.14	398,649.98	29.50%
	2,576,323.59	2,024,749.20	551,574.39	21.41%

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

Cashiers Data

The cashiering service dealt with the following transactions in the period 1st April 2018 to 30th September 2018

Civic Centre Total	Transactions including Kiosk
£9,514,650.57	17,524

Payroll Data:

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

	Monthly	Annually
Non-Teaching/Teaching	2,523	30,276
Pensions	5,048	60,576

Appendix 2

Complaints Data:

Service	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	1/4/18 to 30/9/18
Council Tax	104	125	118	277 (210 unfounded)	372 (292 unfounded)	540 (446 unfounded)	427 (378 unfounded)	348 (274 unfounded)	373 (309 unfounded)	161 (136 unfounded)
NNDR	0	2	1	7 (7 unfounded)	4 (4 unfounded)	21 (7 unfounded)	10 (9 unfounded)	6 (3 unfounded)	3 (2 unfounded)	5 (4 unfounded)
Pensions	9 (5 unfounded)	7 (4 unfounded)	7 (2 unfounded)	3 (2 unfounded)	4 (2 unfounded)	4 (1 unfounded)	2	4 (2 unfounded)	2 (1 unfounded)	1 (1 unfounded)
Payroll	10 (6 unfounded)	9 (3 unfounded)	4	9 (2 unfounded)	5 (2 unfounded)	9 (7 unfounded)	4 (2 unfounded)	1 (1 unfounded)	0	1
Cashiers	0	0	0	0	0	0	0	0	0	0

Report No.
FDS18091

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Thursday 22 November 2018

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

Title: EXCHEQUER SERVICE - CONTRACT PERFORMANCE
REPORT

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

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides information regarding Liberata's performance in the provision of Exchequer Services for the period 1st April 2018 to 30th September 2018.
- 1.2 A letter from Amanda Inwood-Field, Liberata's Contract Director, provides an update on each individual service and is attached at Appendix 1 with statistical data relating to the services shown in subsequent appendices.

2. **RECOMMENDATION(S)**

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

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Exchequer Service – Payment, Income and Charging
 4. Total current budget for this head: £1.458m
 5. Source of funding: 2018/19
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement:
Public Health (Control of Disease) Act 1984
Late Payment of Commercial Debts (interest) Act 1998
The County Court Act 1984
The Civil Procedure Rules
Environmental Protection Act 1990
Housing Act 2004
The Care Act 2014
The Public Contracts regulations 2015
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

- 3.1 This report provides information regarding the performance of the Exchequer Services provided by Liberata for the period 1st April 2018 to 30th September 2018.
- 3.2 The Exchequer Client Unit, which consists of 4 members of staff, monitor the compliance of Liberata our contractor for Exchequer Services, against the overall Contract to ensure that services are provided to the required standard, within the agreed timeframe, meeting the agreed targets and performance standards. Where there are areas of concern or underperformance, the Assistant Director, Exchequer Services will agree an action plan with Liberata to address these issues. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements.
- 3.3 To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. To further illustrate the commitment to the continuous improvement agenda the Contract Director and Finance Service Delivery Director meets with Bromley regularly to deal with escalated issues, review policies and develop new ideas.
- 3.4 The Exchequer Services covered in this report are:-
- Sundry Debtors, Mortgages and Corporate Debt
 - Accounts Payable
 - Financial Assessment and Management
 - Appointee and Deputyship

4. SERVICE PROFILE/DATA ANALYSIS

4.1 Sundry Debtors, Mortgages & Corporate Debt

- 4.1.1 The sundry debts performance is measured on amount recovered at the end of each reporting period. At the 30th September, there were 3,475 invoices outstanding totalling £10.23m. Of the total amount outstanding £2.87m (28.07%) had been outstanding for less than 30 days.
- 4.1.2 As at 30th September 2018 the amount recovered in respect of invoices raised between 1st April 2018 and 30th September was £20.82m or 81.28%. This represents a 2.43% decrease on the same time last year however this has since increased to 88.03%.

Table 1 Unadjusted Collection Rate

	2015/16	2016/17	2017/18	2018/19
30 th September Performance	88.13%	81.09%	83.71%	81.28%
End of Year Performance	92.9%	87.5%	86.6%	N/K
End of Year Target	90%	91%	92%	92%

Table 2 Adjusted Collection Rate

	2015/16	2016/17	2017/18	2018/19
30 th September Performance	N/A	84.27%	85.06%	82.04%
End of Year Performance	93.6%	91.4%	90.3%	N/K
End of Year Target	90%	91%	92%	92%

- 4.1.3 If the in-year collection rate is adjusted to take account of those debts where Liberata could not pursue payment, the revised collection rate would be 82.04%.
- 4.1.4 **Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2014-15 through to 2018-19.
- 4.1.5 **Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2014-15 through to 2018-19.

Aged Debt as at 30th September 2018

- 4.1.6 The out-of-year collection rate across all financial years was 99.03% with £5.38m collected in 2018/19. There are a number of factors which continue to affect out-of-year collection:
- £3.15m either remains in dispute, or is awaiting further instruction from the Council at the end of the financial year and as such, further recovery action remains on hold;
 - £473k has been recommended for write off.
- 4.1.7 Table 3 shows the movement in the out-of-year debt outstanding as at 30th September for the reporting period along with the overall % reduction from 30th September 2017 to 30th September 2018.

Table 3

Year	30-Sep-17	30-Sep-18	Reduction since 30/09/17
	£,000	£,000	
Pre 2014	957	830	-13%
2014/15	372	302	-19%
2015/16	523	382	-27%
2016/17	1,318	606	-54%
2017/18	4,174	3,312	-21%
Total	7,344	5,432	-26%

- 4.1.8 **Appendix 4** shows the overall recovery position of each financial year up to 30th September 2018. The changes in categories since the November 2017 report reflects the new reporting categories implemented in February 2018 with Aspien, the new debt management system.
- 4.1.9 The category with the largest debt is the one relating to debts in dispute or on hold at the request of the service departments. Liberata continue to work with LBB officers in order to resolve queries and disputes as quickly as possible so that recovery action can continue.
- 4.1.10 Cases are escalated by Liberata to the Exchequer Client Unit who liaise with senior LBB officers regarding pursuing the debt or writing it off if it is uncollectable.
- 4.1.11 Included in the £3m disputed debt is one invoice for £2.2m in respect of a s106 contribution. A payment of £2m was made in October to reduce the debt and discussions continue regarding payment of the balance.

Utilities

4.1.12 The total debt for utilities was £286k as at 30th September 2018. Liberata have been successful in reducing the debt with most of the utility companies however utility debt remains one of the largest contributors to the disputed debt total. £153k of utility debt is in dispute and 97% is British Telecom debt although it has reduced by £41.3k since September 2017.

4.1.13 Officers in the Environment & Community Department are continuing their discussions with British Telecom over disputes and the level of unpaid invoices. The debt has not reduced as much as was expected since the last report in July 2018 however we should start to see more payments being made over the coming weeks now there is a full time finance officer in place at British Telecom dealing with the queries.

4.1.14 **Appendix 5** shows a summary of Utility debts as at 30th September 2018.

Income

4.1.15 The Income Team raised 5,420 sundry invoices with a value of £26.74m from 1st April 2018 to 30th September 2018.

4.1.16 During the same period, 461 invoices relating to all financial years with a total value of £1.51m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled.

4.1.17 Over the past 2 years, there has been a substantial decrease in the number of invoices raised. This is due to the change in the billing process for the Carelink service in 2016 and the continued outsourcing of council services which has resulted in a fall in invoices raised on behalf of the Council. However the value of invoices raised has remained relatively stable over the same period as shown in the table below.

Table 4

Activity	Sept 2015/16	Sept 2016/17	Sept 2017/18	Sept 2018/19	Variance since Sept 2015
No. of invoices raised	8,301	6,780	6,250	5,420	-35%
Value of invoices raised	£27.2m	£27.0m	£27.2m	£26.7m	-2%
No. of invoices cancelled	1,112	794	793	461	-59%
Value of invoices cancelled	£2.5m	£1.7m	£2.1m	£1.5m	-40%

4.1.18 **Appendix 6** shows the value of invoices raised month by month for the period from 1st April 2018 to 30th September 2018 compared to the same periods in the previous three financial years.

4.1.19 **Appendix 7** shows the number of invoices raised month by month for the period from 1st April 2018 to 30th September 2018 compared to the same periods in the previous three financial years.

4.1.20 The outstanding debt for Trade Waste was £605k as at 30th September 2018. Table 5 provides an analysis of the outstanding debt compared to the same time last year.

4.1.21 The total debt has decreased by 5% (£29k) since 30th September 2017 and 75% of the debt is currently being settled by agreed payment arrangements, namely via Direct Debit.

4.1.22 With the recent introduction of the paperless Direct Debit facility on Aspien and the option of monthly Direct Debit payments, we expect the take-up of Direct Debit to increase over the coming months.

Table 5

Age Analysis of Trade Balance	As at 30th September 2017	As at 30th September 2018	Variance	
			£k	%
Under 30 days old	£11k	£5k	-£6k	-55%
Invoices 31-365 days old	£506k	£491k	-£15k	-3%
Invoices over 1 year old	£117k	£109k	-£8k	-7%
Total	£634k	£605k	-£29k	-5%
Recovery Status of Trade Balance				
Payment arrangements/Direct Debits	£457k	£451k	-£6k	-1%
Invoices in dispute	£40k	£14k	-£26k	-65%
Awaiting cancellation	£8k	NIL	-£8k	-100%
Awaiting write off	£20k	£37k	£17k	85%
Active Recovery	£109k	£103k	-£6k	-6%
Total	£634k	£605k	-£29k	-5%

Nightly Paid Accommodation Charges

4.1.23 The outstanding debt for Nightly Paid Accommodation charges as at 30th September 2018 was £5.2m for current and former occupiers. Table 6 gives a breakdown of the outstanding debt as at 30th September 2017 and 30th September 2018 which shows an increase of £920k over this period.

4.1.24 The collectable rent continues to grow with an increase of £461k (12.17%) since 30th September 2017. Despite this Housing Benefit payments have increased by £400k (16.71%) and cash payments by £383k (51.81%).

4.1.25 An additional factor affecting the level of Housing Benefit payments is the number of clients that are on Universal Credit where they have advised Liberata they have claimed Universal Credit and it should be in payment however it is not reaching the rent accounts. Where this occurs Liberata will continue with recovery action however it can make recovery more difficult if the delays are due to the DWP processes and not the client.

4.1.26 There continues to be an increase in the number of clients in temporary accommodation with the number of current clients increasing from 708 in September 2017 (accounts) to 995 in September 2018, an increase of 41% during the year. In order to address this funding for a temporary recovery officer was approved in late 2017 and this has contributed to the cash payments increase of £383k on the previous year.

4.1.27 The issue of the increasing debt has been raised with Liberata however we recognise the factors affecting recovery such as Universal Credit and the limitations of the current I.T. system. Liberata are actively working with officers in the Housing Department to implement a new system which has been delayed to January 2019. The system once implemented will provide improved recovery and monitoring tools as well as more robust processes. This should lead to an increase in income recovery and ultimately a reduction in the arrears.

Table 6

	Arrears as at 30 September 2017	Arrears as at 30 September 2018	Variance
Current clients			
Charges raised for current year	£3,241,094	£3,555,637	10%
Charges raised and arrears brought forward from previous years	£1,594,466	£1,772,127	11%
Payments received from debtors	-£691,683	-£1,037,072	50%
Housing benefit awards	-£2,370,414	-£2,717,577	15%
Arrears as at 30 September 2018	£1,773,463	£1,573,115	-11%
Former clients			
Charges raised for current year	£549,580	£696,460	27%
Charges raised and arrears brought forward from previous years	£2,177,784	£3,183,153	46%
Payments received from debtors	-£47,681	-£85,364	79%
Housing benefit awards	-£12,329	-£63,246	413%
Arrears as at 30 September 2018	£2,667,354	£3,731,002	40%
Summary of outstanding rent arrears			
Charges raised for current year	£3,790,674	£4,252,098	12%
Charges raised and arrears brought forward from previous years	£3,772,250	£4,955,279	31%
Payments received from debtors	-£739,364	-£1,122,436	52%
Housing benefit awards	-£2,382,743	-£2,780,823	17%
Sub total	£4,440,817	£5,304,118	19%
Less combined total debts written off/on	-£135,140	-£78,641	-42%
Nett Arrears	£4,305,677	£5,225,477	21%

4.2 Accounts Payable

- 4.2.1 Under the Public Contracts Regulations 2015 the Council is required to publish prompt payment data showing the percentage of undisputed invoices paid within 30 days.
- 4.2.2 A summary of the performance for the period 1st April 2018 to 30th September 2018 against the BV8 target of 98% is shown in table 7 below. This shows that the percentage of undisputed invoices paid within 30 days has remained above the target at 99%.

Table 7

Manuals	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Adult and Community Services *	0	160	160	100%	1	159	160	96%
Corporate Services	3	98	101	90%	7	94	101	80%
Children & Young People +	1	260	261	99%	3	258	261	98%
Environment and Leisure	0	93	93	100%	0	93	93	100%
R&R (Inc. Libraries & LE/PP)	0	26	26	100%	0	26	26	100%
Payroll (R05 - R20)	5	364	369	95%	5	364	369	95%
Utilities	1	77	78	100%	1	77	78	100%
Confirm (Highways, IS, Property)	12	6,136	6,148	100%	22	6,126	6,148	100%
	22	7,214	7,236	100%	39	7,197	7,236	99%
I-Proc								
Adult and Community Services *	29	1,894	1,923	98%	62	1,861	1,923	98%
Corporate Services	31	1,030	1,061	95%	77	984	1,061	95%
Children & Young People	72	2,354	2,426	94%	117	2,309	2,426	93%
Environment and Leisure	49	908	957	97%	74	883	957	97%
R&R (Inc. Libraries & LE/PP)	36	646	682	96%	85	597	682	91%
	217	6,832	7,049	96%	415	6,634	7,049	95%
Carefirst								
T01 Residential	19	178	197	100%	27	170	197	100%
T04 Children & Young People	13	1,819	1,832	99%	37	1,795	1,832	99%
T05 Domiciliary Care	24	3,445	3,469	100%	48	3,421	3,469	100%
	56	5,442	5,498	100%	112	5,386	5,498	99%
Adults Target: 98%								
T02 Respite	5	230	235	100%	22	213	235	87%
	5	230	235	100%	22	213	235	87%
Cumulative YTD Total	300	19,718	20,018	99%	588	19,430	20,018	97%

4.2.3 The table below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1st April 2018 to 30th September 2018 was 92% which is an increase of 2% compared to the previous year.

Table 8

Bacs

Month	2017				2018			
	BACS Count	BACS %	Cheque Count	Cheque %	BACS Count	BACS %	Cheque Count	Cheque %
Apr	2,326	90%	272	10%	2,817	94%	190	6%
May	2,537	87%	375	13%	2,607	91%	253	9%
Jun	2,337	90%	273	10%	2,296	91%	235	9%
Jul	2,417	91%	234	9%	2,779	92%	248	8%
Aug	2,593	90%	281	10%	2,277	89%	286	11%
Sep	2,378	90%	269	10%	2,597	93%	209	7%
Total	14,588	90%	1,704	10%	15,373	92%	1,421	8%

4.2.4 Officers recognise that it is more cost effective to make payments by BACS and are working with Liberata to reduce the number of cheque payments further, although it will still be necessary to make a small number of cheque payments. An update will be provided in the report to Members in July 2019.

4.3 Financial Assessment and Charging

4.3.1 The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 30th September 2018 are shown in table 9 below.

4.3.2 During 2016/17 Liberata introduced an online Care Assess form which captures data in relation to social services referrals and the length of time taken to complete financial assessments. This provides for more accurate data collection and has enabled Liberata to pinpoint the issues affecting performance. Steps taken have resulted in a 4% increase in performance at the end of quarter two.

4.3.3 Liberata has put a recovery plan in place to ensure the performance for completion of financial assessments is back to the required standard by the end of the year; this is being closely monitored by Officers in the Exchequer Client Unit.

4.3.4 The resourcing issues on the Charging Team have been resolved and this enabled Liberata to bring the performance for producing the charging file back to 100% by the end of quarter two.

Table 9

Indicator	Target	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 01/04/18 – 30/09/18
Complete Financial Assessments within 10 working days	100%	100%	92%	95%	71%
Produce the charging file from CareFirst weekly	100%	100%	100%	97%	100%

4.3 Appointee and Deputyship

4.3.1 The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 30th September 2018 are shown below which reflects the high level of service that Liberata are continuing to provide.

4.3.2 An assurance visit to the Service conducted by the Office of the Public Guardian in August 2018 resulted in a report which stated that Liberata have a good understanding of their clients' needs, they show adherence to the Public Authority Standards and the 5 principles of the Mental Capacity Act 2005, and consistently perform at 100% according to the criteria set out by the Council.

Table 10

Indicator	Target	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 01/04/18 – 30/09/18
Referral of applications received to the Panel within 14 working days	100%	97%	97%	100%	100%
Raise invoices for charges within 2 months of the anniversary of the court order	100%	74%	100%	100%	100%

5. PLANS FOR ONGOING IMPROVEMENTS

5.1 Liberata have developed an online Financial Assessment form which, when implemented, will streamline the process for providing financial information and improve the service provided to the customer. This is due to be implemented during 2018/19.

5.2 Further testing has been carried out as part of the implementation of Information@Work, a document management system currently used in the Revenues and Benefit service.

5.3 The system will manage the workflow process in the Financial Assessment Service as well as provide system based reporting on turnaround times and employee productivity.

6. USER/STAKEHOLDER SATISFACTION

6.1 Complaints are treated as free intelligence to drive improvement and learning. Each complaint is used as a tool for improvement, with individual errors seen as an opportunity to put things right not just for the individual complainant but for the wider community.

6.2 The table below shows the number of complaints received since April 2015 split between justified and unjustified. For the range of services being provided the numbers of complaints are relatively low. The number of complaints received by the Financial Assessment Team increases each time there is a significant change to the charging policy for adult social care such as the introduction of charges for transport to the day centres in April 2016.

Table 11

	2015/16	2016/17	2017/18	1/4/18 to 30/9/18
Sundry Debtors/Income				
Justified	10	7	2	4
Unjustified	3	4	2	1
Total	13	11	4	5
Accounts Payable				
Justified	-	-	-	-
Unjustified	2	1	1	-
Total	2	1	1	-
Financial Assessment & Management				
Justified	14	14	20	5
Unjustified	3	12	5	1
Total	17	26	25	6
Appointee & Deputyship				
Justified	2	-	1	-
Unjustified	-	1	-	-
Total	2	1	1	-

6.3 Surveys will be carried out before 31st March and will be reported on in July 2019.

7. SUSTAINABILITY/IMPACT ASSESSMENTS

None

8. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 8.1 The Single Financial Assessment Unit carries out timely and accurate financial assessments so that the adults receiving social care and support are informed as early as possible how much they are required to pay towards their care.
- 8.2 The Accounts Payable Team are responsible for making direct payments to vulnerable adults, children with disabilities, foster carers and care homes. By ensuring the correct payments are made on time there is no impact on vulnerable adults or children.
- 8.3 The Appointee and Deputyship Team provides services to vulnerable adults who lack the capacity to manage their finances. Prompt submission of court and DWP applications ensures that the risk of financial abuse is removed as early as possible.
- 8.4 The Appointee and Deputyship Team also carries out protection of property in order to prevent or mitigate the loss or damage to property belonging to adults in Bromley who are receiving care and support from the Council or are in hospital and no suitable arrangements have been made.

9. POLICY IMPLICATIONS

- 9.1 Although annual changes to the Council's Personal Budget and Contribution's policy, impact on the work undertaken by the contractor these are generally not significant enough to affect the contract price.
- 9.2 The changes to the Civil Procedure Rules in relation to pre-action protocols where the defendant is an individual or sole trader have been in place for a year. The protocols clearly define how organisations (including public bodies) must communicate with a debtor before they take legal action. Failure to comply could reduce the level of costs awarded by the court where the claim is defended. Liberata have confirmed they are complying with the new protocols and there has been no impact on the contract price.

10. COMMISSIONING & PROCUREMENT CONSIDERATIONS

- 10.1 The Exchequer Contract is due to expire on 31st March 2020.
- 10.2 On 11th July 2018 the Executive approved the approach to the tendering of the Contract that would be adopted and LBB officers are continuing to prepare for the tendering to commence.

11. FINANCIAL IMPLICATIONS

- 11.1 The services provided through the Exchequer Services Contract deals with significant financial transactions with examples illustrated below:
- Accounts Payable - £500m
 - Sundry debts (income) - £65m
 - Financial Assessments - £14m
 - Appointee and Deputyship - £3m
- 11.2 For 2018/19, the contract is expected to be within budget.

12. PERSONNEL IMPLICATIONS

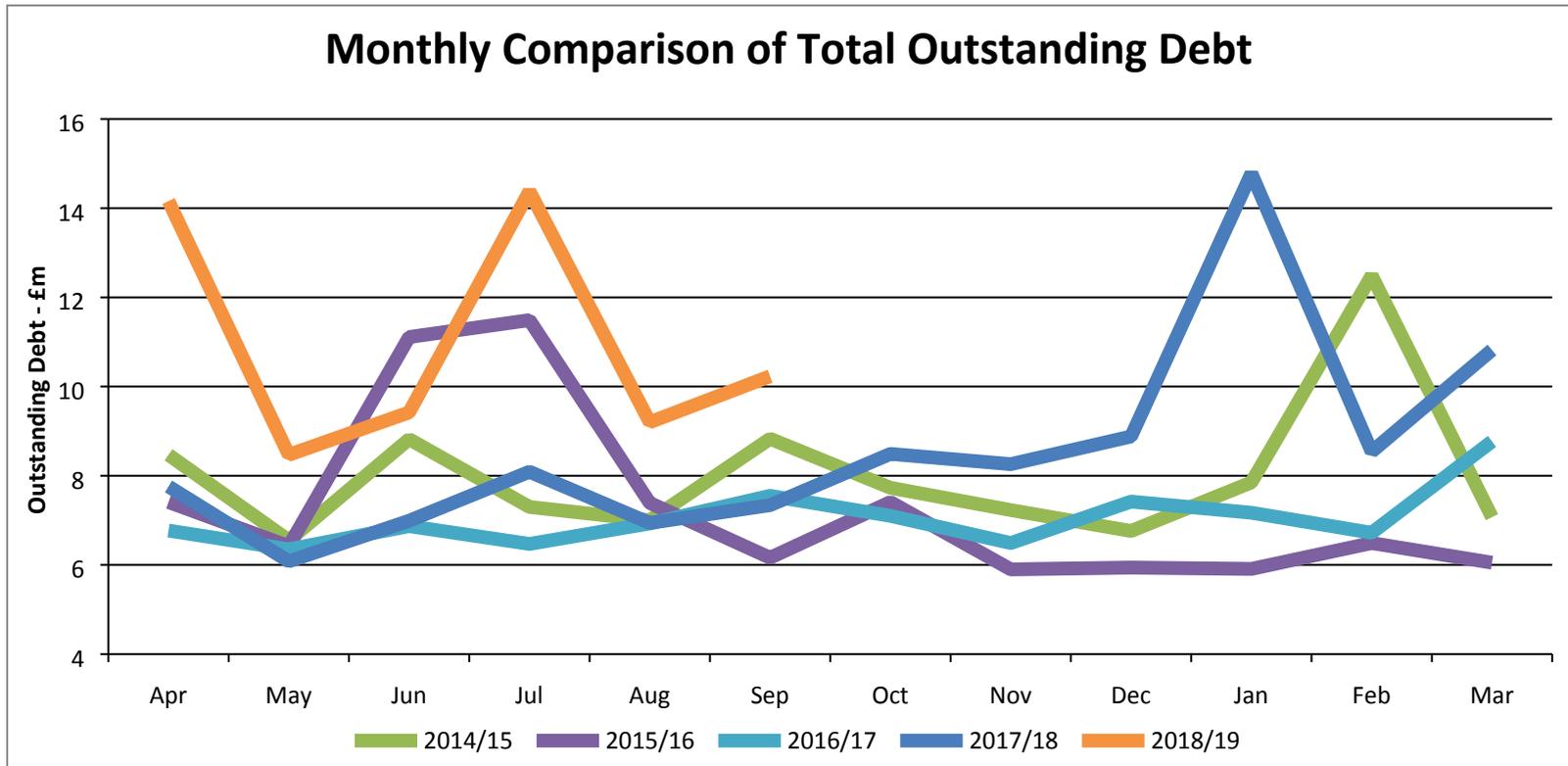
None

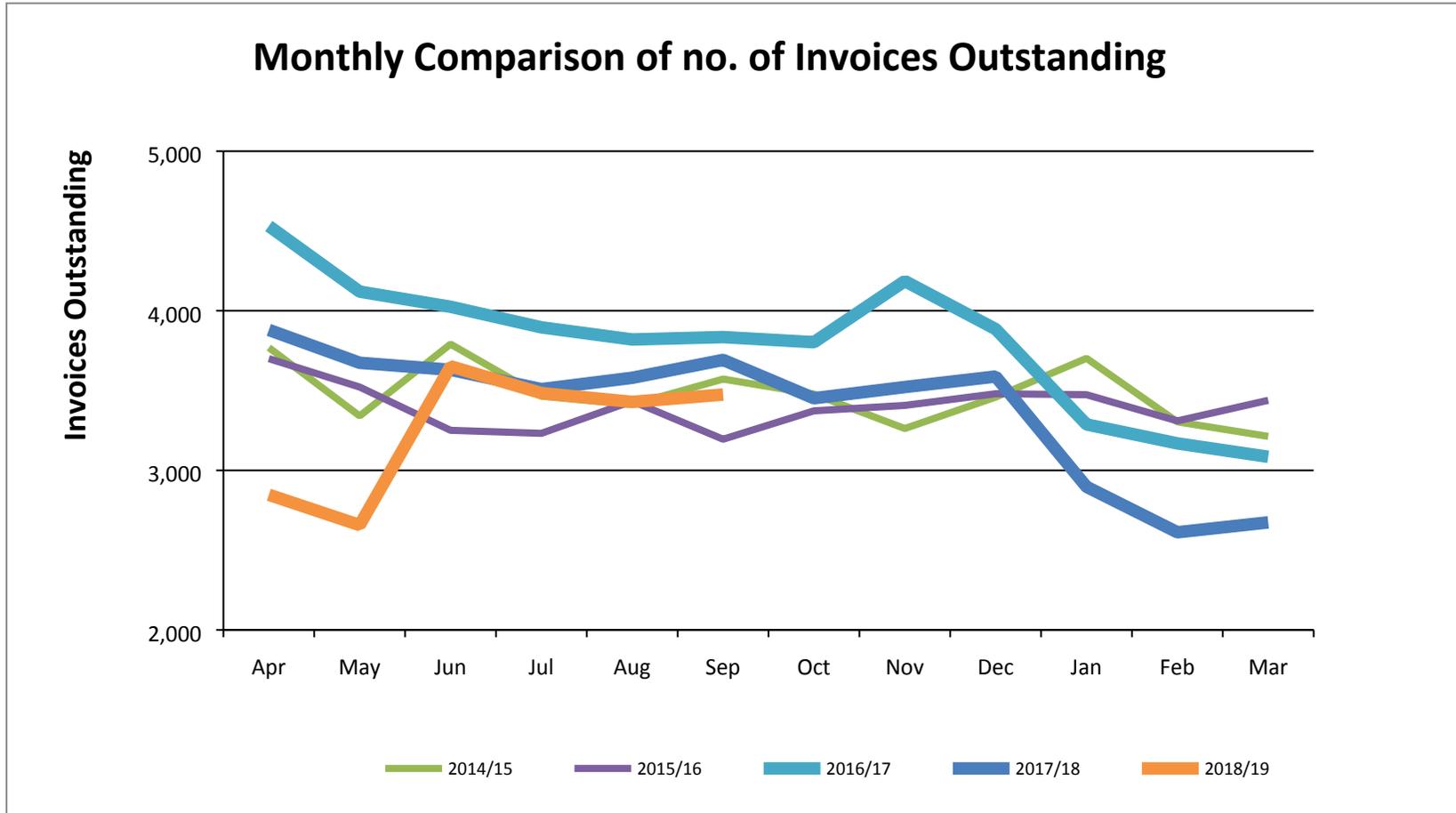
13. LEGAL IMPLICATIONS

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

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

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Overall Recovery position of Debts raised in the financial years to 30th September 2018

Outstanding balance and Recovery position of debts raised in the years below							
Fin Year in which the original debt was raised	Pre 2014	14-15	15-16	16-17	17-18	18-19	Grand Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
In reminder letter cycle (no pro-active recovery)						3,077	3,077
Recovery being actively pursued	1	2	32	91	423	1,064	1,613
In Recovery, paid by instalments	66	1	33	14	63	298	476
Appointee & Deputyship in place	11	2	41	25	30	5	114
Deceased Accounts	16		15	19	59	3	112
Searching for probate		1	8	53	57	27	146
Probate granted (in recovery)	3		11	7			21
With LBB for Instructions	54	16	24	72	36	8	211
Pre Debt Collector checks			2	3	8	18	31
With Debt Collector	45	14	18	20	46	2	145
Returned from Debt Collector	37	14	13	75	30		168
Court Action (pre-legal action review & application)		36	12	72	16	87	223
Judgement obtained - Enforcement options in review			7	3			11
Judgement obtained - Attachment of Earnings							
Judgement obtained - Charging Order		24	1	1	84	159	268
Judgement obtained - Post CCJ Payment Arrangement	11						11
Judgement obtained - High Court Enforcement	19		1	1			21
Judgement obtained - Third Party Debt Order							
With LBB Legal Dept for instructions	73	4	13	31	28		150
Awaiting cancellation						2	2
Recommended for Write Off	376	23	35	26	14	3	476
Debt disputed, referred to LBB service departments	117	165	118	94	2,416	41	2,951
Premises Licences - awaiting instruction from department						2	2
Grand Total	830	302	382	606	3,312	4,796	10,228

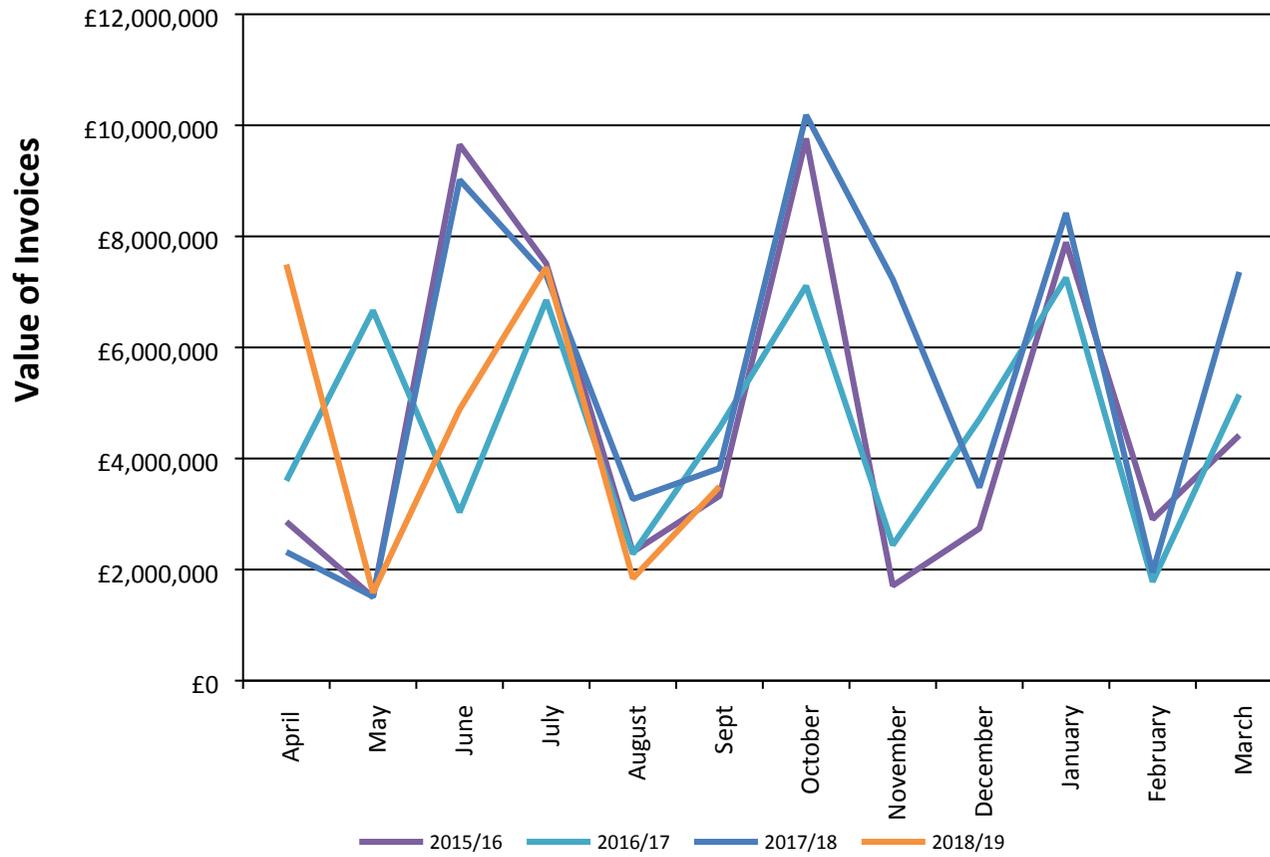
Age Profile of outstanding Utility Debts as at 30th September 2018

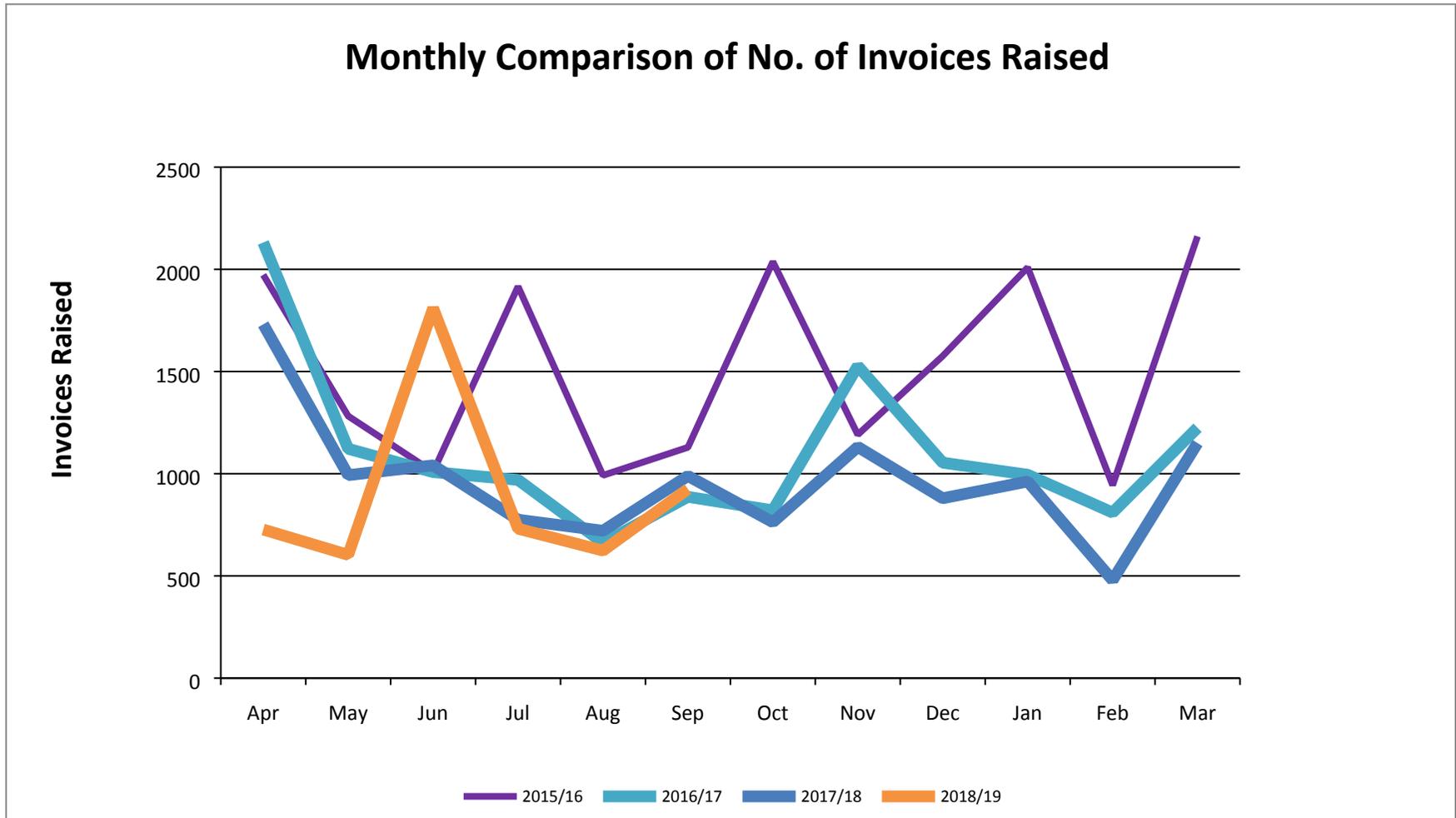
Utility	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL BALANCE
Virgin Media	£0	£0	£0	£0	£0	£49,775	£49,775
British Telecom	£67,103	£44,935	£29,394	£7,458	£143	£5,515	£154,547
UK Power Networks Ltd	£2,068	£0	£0	£345	£0	£1,965	£4,378
Southern Gas	£0	£0	£0	£0	£0	£8,780	£8,780
Thames Water	£0	£0	£0	£0	£0	£38,286	£38,286
Other Utilities	£95	£4,988	£4,830	£3,889	£7,280	£8,690	£29,772
TOTAL	£69,266	£49,923	£34,224	£11,692	£7,423	£113,011	£285,537

Overall Recovery Position of outstanding Utility Debts as at 30th September 2018

Utility	Total under 30 days old	Total over 30 days old	Total outstanding	No. of invoices in dispute	Amount of invoices in dispute	Amount marked for write off
Virgin Media	£475	£49,300	£49,775	0	£0	£0
British Telecom	£1,140	£153,407	£154,547	44	£149,032	£0
EDF	£0	£0	£0	0	£0	£0
UK Power Networks Ltd	£190	£4,188	£4,378	0	£0	£0
Southern Gas	£238	£8,542	£8,780	0	£0	£0
Thames Water	£3,278	£35,009	£38,286	0	£0	£0
Other Utilities	£0	£29,772	£29,772	6	£4,200	£0
TOTAL	£5,320	£280,217	£285,537	50	£153,232	£0

Monthly Comparison of the Value of invoices Raised





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

26 October 2018

Our Ref: AIF/RJ

Dear Claudine,

As we approach the November 2018 Executive Resources & Contracts PDS meeting where we consider and review the Exchequer service, we take this opportunity to write to you with Liberata's assessment of the performance that we have provided to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the six month period ended 30th September 2018.

Debtors and Income

The Sundry Debts in-year collection figure for the period was 81.28% which represented cash of £20.82m and exceeded the target of 78%. Although there were outstanding in year invoices of £10.23m, £2.87m, or 28.07%, of them were less than 30 days old. There were a number of timing issues which adversely affected the performance during the period and these were:

- The quarterly invoices for Commercial Rent charges totalling £1.81m (£1.43m – 2017) were issued on 25th September which made it very difficult to secure their payment before the period end.
- We raised a number of Community Infrastructure Levy (CIL) invoices which totalled £202k. Although they were issued before the period end they were not actually payable until after 30th September. As such no recovery action could take place on these invoices.

If we were to adjust for those debts where we were unable to take any recovery action then our adjusted in-year collection rate would have been 82.04%.

The collection rate for out of year debt was 99.03% and represented cash of £5.38m. However, included in the uncollected balance are amounts where, once again, we are unable to take further recovery action thereby adversely affecting the performance. These debts included the following amounts:

- £3.15m of debt was either in dispute or was on hold subject to further instructions from LBB
- £473k of debt had been either recommended for, or was awaiting, write off as no further recovery action could be taken

The adjusted collection rate for out of year debt, excluding the above unrecoverable amounts, was 99.74%.

We have continued to make progress in reducing the total amount of debt owed from utility companies. As at 30th September there was an outstanding balance of £285.5k which represented a decrease from the previous year of £106.4k (27.1%). As before the largest debt balance was held by British Telecom at £154.6k and represented 54% of the total period end amount. However, we have still seen a reduction in their debt of £43.8k compared to the previous year.

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

The demand for Nightly Paid Accommodation has continued to rise during the period and this is reflected in the growth of the in-year collectable rent figure which totalled £4.25m compared to £3.79m for the previous year. In line with this the total cash collected (£1.12m - 2018 compared to £0.74m - 2017) and the housing benefits collected (£4.96m - 2018 compared to £3.77m - 2017) both showed significant increases of 51.8% and 16.7% respectively. Nevertheless the closing debt balance of £5.23m still represented an increase of 21.4% compared to the previous year. The manual nature of the current Housing system used means that the growth in demand in this area has presented problems for the Recovery team in terms of being able to drive down the overall debt position. However, Liberata are currently working with the Council on a project to implement a new Housing system during 2019 which will automate many of the manual processes currently used for monitoring and recovering debt in this area. As such, once implemented, the new system is expected to help increase recovery on both in year and out of year debt.

Accounts Payable

For the period under review, the percentage of undisputed invoices that were paid within 30 days was 99% while the percentage of invoices paid within 20 days was 97%. The percentage of suppliers paid by BACS during the period has increased by 2% to 92%.

Financial Assessment and Management Team

As at the end of September 2018 we had 739 clients receiving residential care and 2,602 clients receiving non-residential care. Liberata has continued to develop the online Financial Assessment form which, when implemented, will streamline the process of providing financial information for an assessment. Phase one of testing on the new Information@Work system has been completed. This will provide a workflow system for the team. Further refinement delayed the implementation and the anticipated go live date will now fall within Quarter 3.

Appointee & Deputyship Team

At the period end the team had 188 Appointeeship clients and 67 Deputyship ones. Plans remain in place to implement Information@Work across our Adult Social Care teams. This will follow the implementation on the Financial Assessment and Management Team. An assurance visit was carried out by the Office of the Public Guardian (OPG) during Quarter 2 and their post visit report confirmed that all Standards 1 to 4 are being met in full. The report concluded that Liberata, working on behalf of LBB, have a good understanding of their clients and their needs. Further, that we show adherence to the Public Authority Deputy Standards and the five principles of the Mental Capacity Act 2005, consistently performing at 100% to criteria set out by the Council.

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

Yours sincerely

Amanda Inwood-Field
London Regional Contract Director

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Report No.
CSD18165

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

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

Date: 22 November 2018

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

Title: CUSTOMER SERVICES - CONTRACT PERFORMANCE REPORT

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

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

Ward: All

1. REASON FOR REPORT

This report provides information on the performance of the Customer Service Contract provided by Liberata for the period 1st June 2018 to 30th September 2018.

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

2. RECOMMENDATION(S)

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

Corporate Policy

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

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Customers Service Contract
 4. Total current budget for this head: £788.8k
 5. Source of funding: Existing revenue budget for 2018/19
-

Staff

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

Legal

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

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 64,000 visitors, 680,000 phone calls, 20,000 e-mails and 4.5 million web visits annually.
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The Customer Services contract covers three key areas:
- 3.2 The Customer Services contract covers three keys areas: Corporate Contact Centre, Reception Services, Web Team (Bromley Knowledge) and Blue Badge/Freedom Pass processing. The Corporate Contact Centre deals with telephone enquiries regarding environmental services, electoral, registrars, parking, blue badges, disabled freedom passes as well as the switchboard and a general enquiry line.
- 3.3 Reception deals with face to face enquiries for all areas of the council with the exception of registrars, who currently have their own reception desk on the first floor in the Stockwell building.
- 3.4 The Web Team (Bromley Knowledge) maintain the corporate website (www.bromley.gov.uk) in terms of its technical functionality, performance and accuracy of the content. Processing of Blue Badge and Discretionary Disabled Freedom Passes applications and renewals is also carried out within the contract.
- 3.5 Overall the contractor has performed well throughout this monitoring period. Volumes of calls behaved as predicted for the period in question. E-mails have reduced recently. Web traffic is stable across the period. Face to face enquiries were consistent and behaved normally through this period.
- 3.6 The Key Performance Indicators for this contract are listed in the table below, and referenced in appendix 2; they measure the headline activities within the contract in order that our customers get a quick response and access to our services efficiently and effectively.

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

4. SERVICE PROFILE / DATA ANALYSIS

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

Contact Centre Target – 50% within 60 secs	Jun 18	July 18	Aug 18	Sep 18
Answered	11,053	10,716	10,229	9,201
% of Calls Ans. in 60 sec	57.8%	60.4%	82.2%	80.8%
Average Wait Time (Secs)	111	123	45	47

4.2 **Out of Hours Contact Centre** –performance was above target throughout the period, with the exception of August. Changes in call handling and resource planning software caused a failure to allocate adequate staff to the rota. This created the dip in performance for the month of August. This issue was quickly resolved by the software provider and performance recovered in September. There have been no further reports of procedural errors as highlighted in the last report.

Out of Hours Target – 80% within 30 secs	Jun 18	July 18	Aug 18	Sep 18
Answered	1,128	1,276	1,100	1,068
% of Calls Ans. in 30 sec	91.0%	82.0%	76.0%	86.0%
Average Wait Time(Secs)	11	20	39	20

4.3 **E-mails** – the corporate contact centre for e-mails has performed well throughout the monitoring period, within target and no issues to report. Volumes have reduced following a summer surge of recycling container enquiries.

Emails Target – 100% within 5 days	Jun 18	July 18	Aug 18	Sep 18
Number of Emails Received	2,385	2,898	2,549	1,754
% Emails Processed within 5 Days	100%	100%	100%	100%

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

Reception	Jun 18	July 18	Aug 18	Sep 18
Number of Customers Seen	1,148	1,153	1,100	1,152
80% in 5 minutes	93.9%	90.8%	91.0%	87.8%
100% in 15 minutes	99.6%	99.4%	99.4%	99.7%

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

Reception	Jun 18	July 18	Aug 18	Sep 18
Number of Responses	419	133	106	94
Target – 90% Customer Satisfaction	99.3%	98.5%	98.2%	98.9%

4.6 **Web – Bromley Knowledge** – the web team achieved 100% against all targets. The web content system upgrade completed over the summer. The team have begun the transition of content from Bromley My Life portal into Bromley.gov.uk

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

4.7 **MyBromley Account** - The tables below outline the volume usage for the services currently available to registered users, and volume of customers registering and re-registering in this monitoring period. 26,874 registrations represent 19.2% of Bromley households. Promotion of this service continues through the call centre, receptions and council tax billing. On-line evidence submission is now available through this service, and over 2,000 customers have used this service.

MyBromleyAccount Activity	Jun 18	July 18	Aug 18	Sep 18
Housing Benefit	1,682	1,955	1,708	1,693
Council Tax	2,936	3,104	2,979	2,796
Landlord	718	837	807	588
Change address	526	747	645	446
Business Rates	10	8	8	5
TOTAL	723	686	602	542
	6,595	7,337	6,749	6,070

Monthly Registrations	Month	Total Registrations
2,474	Jun-18	20,918
2,164	Jul-18	23,082
2,110	Aug-18	25,192
1,682	Sep-18	26,874

4.8 Blue Badge and Discretionary Freedom Pass

Application volumes were at normal levels throughout the period and performance targets were met for Freedom Pass applications, with the exception of September. This was due one application falling outside of service level. Blue Badge applications were processed within target, except for July which was as a result of changes in Occupational Therapist staffing who provide the assessment service.

Blue Badges & Freedom Pass Applications	Jun 18	July 18	Aug 18	Sep 18
Blue Badge Applications Received	401	310	457	369
Blue Badges Processed in 4 Weeks Target - 80% within 4 weeks	98%	78%	96%	100%
Freedom Pass Applications Received	33	32	41	39
Freedom Passes Processed in 4 Weeks Target - 100% within 4 weeks	100%	100%	100%	89%

5 PLANS FOR ONGOING IMPROVEMENTS IN PERFORMANCE

5.1 The contract has performed well throughout the period. Reception enhancements include the provision of secure Wi-Fi to enable equipment that provides self-service electronic evidence submission. Reception staff will support customers using this service and provide them with the skills and confidence to do this from home themselves in the future, where possible.

6 PLANS FOR ONGOING IMPROVEMENTS IN VALUE FOR MONEY

6.1 Content migration from the Bromley My Life portal onto the corporate website will enable efficiencies and savings for ECHS, and the decommissioning of that software. This will also enhance the customer experience by improving accessibility to the range of information currently provided by My Life.

7. USER / STAKEHOLDER SATISFACTION

7.1 Customer Satisfaction

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

Customer Satisfaction	Jun 18	July 18	Aug 18	Sep 18
Target – 90% Customer Satisfaction	99.3%	98.5%	98.2%	98.9%

7.2 Complaints and Compliments

Three complaints were received during the period, two relating to the voice recognition software, which have been addressed by altering the system configuration. The third complaint related to service provided by the contact centre, which was investigated and considered the advisor acted appropriately in response to an extremely aggressive customer. Two compliments were received by customer facing staff for delivery good standards of service, across both Barrow and Bromley Contact Centres.

Compliments & Complaints	Jun 18	July 18	Aug 18	Sep 18
Complaints	2	1	0	0
Compliments	1	1	0	0

8. COMMISSIONING & PROCUREMENT CONSIDERATIONS

8.1 The current contract is due to end early 2020 and the Council is currently progressing work for the tender process to commence in 2019.

9. FINANCIAL CONSIDERATIONS

9.1 The cost of the contract is expected to be within the 2018/19 budget of £788.8k

10. LEGAL CONSIDERATIONS

10.1 This report is in relation to contract monitoring for the above service.

10.2 Rule 23 of the Council's Contract procedure rules state that contract with a value higher than £200,000 or which are High Risk an annual report must be submitted to a Portfolio holder the responsible officers having submitted for consideration a form Gateway Review for consideration as part of Contract monitory and management requirement.

10.3 During the life time of a contract, the Officer must monitor performance, compliance with specification and contract, cost, any for money requirements, user satisfaction and risk management.

10.4 There should always be a written report by the Officer to the Portfolio holder evaluating the extent to which the Procurement need and the contract objectives as determined in accordance to Rule 5.2 are met.

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

Officer)	
	Version 3 WN June 2017

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

Date: 20th October 2018

Dear Duncan,

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

This summary covers performance for the period 1st June to 30th September 2018.

Customer Services Performance

The Corporate Contact Centre delivered an overall service level of calls being answered within 60 seconds of 70% against a target of 50%. None of the queues fell below this target. In total 92% of calls were answered. Call volumes have fallen by 23% in comparison to the same 4 months in 2017.

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

The Corporate face-to-face team achieved an average service level of 91% of customers being seen within 5 minutes. A total of 99.5% of customers were seen within 15 minutes. Footfall numbers is slightly down on the same period last year.

Our channel migration initiatives continue to be working well, as evidenced by the reduction in calls and footfall, as more customers use the on-line facilities.

We are delighted to report that Misha Greenway from the Barrow Shared Service Centre won the Rising Star Customer Service Agent of the Year award at the Call North West Awards evening in October. Misha started with us just over a year ago as an apprentice, and has rapidly become one of our star Customer Services Advisers with an appetite for learning and helping others.

Website

The performance of the website remains strong and the team have managed to achieve 100% for their 4 main KPI's which include;

- Critical updates completed with 1 hour
- Urgent updates completed within 1 working day
- Important updates completed within 2 working days
- Regular updates completed within 5 working days

On average the Bromley Knowledge team complete anywhere between 70 and 125 updates per month.

The team are also currently migrating all the content from the Bromley MyLife website onto the main council website after a decision was taken by Adult Social Care to move off the current OLM platform and to reduce costs.

The move to a new Jadu platform (continuum) was implemented successfully and on time. The new platform offers greater functionality and means that Bromley is now on the same platform as the majority of other Jadu websites making it easier to manage updates and achieve a faster response from their technical help desk when issues do occur.

MyBromley Account Developments

The new MyBromley Account continues to grow and as of the end of Sept 18 the number of registrations had risen to 26,874 which equates to 19.20% of households in Bromley.

Activity in the portal also continues to grow, but is affected by both seasonality and events, but currently there have been over 24,884 transactions carried out within the portal relating to Revenues and Benefits between June and September.

Other online forms are also popular with over 38,500 transactions carried out over the web during the same period.

Liberata also introduced an online evidence upload facility for customers to provide evidence in support of their Housing Benefit and Council Tax applications. This simple process has been well used and almost 2,000 customers have used the facility to provide evidence online, saving them time and having to visit the Civic Centre to hand documents in. This initiative has helped to reduce footfall in the Civic Centre over the last 6 months since it was introduced.

Performance

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

Yours sincerely,

Amanda Inwood-Field
London Regional Contract Director

Appendix 2 - Performance Monitoring

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

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

Web Management – Key Performance Indicators (KPI's)

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

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