

**EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT
AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 7.00 pm on 7 February 2019

Present:

Councillor Simon Fawthrop (Chairman)

Councillors Gareth Allatt, Julian Benington,
Nicholas Bennett J.P., David Cartwright QFSM, Ian Dunn,
Robert Evans, Will Harmer, Christine Harris,
Christopher Marlow, Russell Mellor, Michael Rutherford,
Stephen Wells and Angela Wilkins

Also Present:

Councillor Graham Arthur, Portfolio Holder for Resources,
Contracts and Commissioning
Councillor Colin Smith, Leader of the Council
Councillor Gary Stevens, Executive Assistant, Resources,
Contracts and Commissioning

**106 APOLOGIES FOR ABSENCE AND NOTIFICATION OF
SUBSTITUTE MEMBERS**

Apologies were received from Cllr Cooke and Cllr Onslow. Cllr Harris attended as substitute for Cllr Cooke.

107 DECLARATIONS OF INTEREST

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

In respect of Minute 114a, Councillor Gareth Allatt declared that his last job has been at the company that became LINK Asset Services. Councillor Allatt declared that he was no longer associated with the company.

**108 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE
PUBLIC ATTENDING THE MEETING**

No questions had been received.

**109 MINUTES OF THE EXECUTIVE AND RESOURCES PDS
COMMITTEE MEETING HELD ON 8th JANUARY 2019
(EXCLUDING EXEMPT ITEMS)**

The minute of the meeting held on 8th January 2019, was agreed and signed as a correct record.

110 MATTERS ARISING AND WORK PROGRAMME

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Report CSD19024

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

In response to a question, the Director of Corporate Services confirmed that there had been a great deal of interest resulting from the marketing of the Ann Springman and Joseph Lancaster blocks.

RESOLVED: That:

- 1. Progress on matters arising from previous minutes be noted; and**
- 2. The 2018/19 Work Programme be noted.**

111 RISK MANAGEMENT Report FSD19017

The Committee considered a report which provided Members with the most recent Risk Registers for the areas falling under the Committee's remit.

The Director of Finance reported that the main net red rated risk was on the Finance Risk Register and related to failure to deliver a sustainable Financial Strategy. This would remain red as there was a budget gap and savings to bridge the gap over the next your years had not yet been identified.

In response to a question, the Director of Finance confirmed that actions to mitigate the risks identified on the Commissioning Risk Register were progressing and the Interim Chief Executive was currently reviewing wider issues.

A Member questioned whether an ACM cladded building should be added to the risk register as a result of the potential reputational risk to the Council. The Director of Corporate Services agreed to give the matter further consideration and have a wider discussion with colleagues following the meeting in order to identify how best to manage the issue.

In response to a question, the Director of Finance confirmed that the Council's Transformation Programme was currently being developed and any key risks arising from the programme would be fed into the Corporate Risk Register as they arose.

RESOLVED: That the report be noted.

112 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period February 2019 to May 2019.

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

No questions had been received.

114 RESOURCES, COMMISSIONING AND CONTRACTS PORTFOLIO - PRE-DECISION SCRUTINY

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

**a TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2019/20 AND QUARTER 3 PERFORMANCE 2018/19
Report FSD19018**

The Committee considered a report summarising Treasury Management activity during the third quarter of 2018/19. The report also presented the Treasury Management Strategy and the Annual Investment Strategy for 2019/20, which were required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council. The report also included prudential indicators and the Minimum Revenue Provision (MRP) Policy statement, both of which required the approval of the Council.

In response to questions from Members, the Director of Finance confirmed that a minimum of investment grade was the main principle governing investments. The Director of Finance emphasised however that Officers would not simply rely on the fact that an organisation was investment grade, external professional advice would also be sought and consideration given to the current credit rating.

In respect of the cost to the Council of advice from LINK Asset Solutions, the Director of Finance confirmed that the Council paid approximately £9,000 per annum (following the meeting the Director confirmed that the precise cost was £9,700 per annum). LINK Asset Solutions were able to provide up-to-date checks that were not available from credit reference checks undertaken by the Council, they also had access to information that the Council was unable to access locally and the company also undertook analysis and were able to provide a degree of comfort for the Local Authority surrounding its investments.

In relation to lending to Local Authorities, the Director of Finance explained that the fact that Local Authorities were considered part of Government made them a more secure investment as in order to maintain the reputation of local government there would be a mechanism to honour any debt in the event of the financial failure of the organisation. The Director of Finance also

explained that a 1 or 2 year view was taken and this provided an element of security.

In response to a question concerning whether more should be invested in Housing Associations in light of the high rate of return, the Director of Finance reported that he always advised a gradual approach. If further investments were to be made Officers would return to Members with proposals.

The Director of Finance confirmed that corporate bonds were an options that was available to the Council. The advice from LINK Asset Services would be considered as this would highlights any risks of which the Council should be aware. A Member highlighted that it was possible to lose capital value on corporate bonds.

The Committee noted that the Council was expecting to recover the full capital sum (£5,087k) from the Heritable Bank investment although it was taking time to recover the funds.

RESOLVED: That the Portfolio Holder be recommended to:

- 1. Note the Treasury Management performance for the third quarter of 2018/19;**
- 2. Recommend that Council approves an increase in the limit to £50 million for investments with Housing Associations;**
- 3. Recommend that Council agrees that the Treasury Management Strategy be amended to clarify that only the ring-fenced components of Royal Bank of Scotland be included for future investments; and**
- 4. Recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2019/20, including the prudential indicators and the Minimum Revenue Provision (MRP) policy statement.**

**b MODERN.GOV SYSTEM: ANNUAL SUPPORT CONTRACT
Report CSD19022**

The Committee considered a report seeking the renewal of the annual support contract for the Modern.gov committee document management system. The Modern.gov system enabled the Council to publish meeting details, committee agendas, reports and minutes, and information about councillors. The system was purchased in 2009, becoming operational in 2010, and was supported via an annual maintenance contract with the ERS Group. The contract had been in place for 10 years and was due to be reviewed.

RESOLVED: That the Portfolio Holder be recommended to approve the renewal of the annual support contract for the Modern.gov system for a further five years, at an estimated cost of £50k.

115 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on Wednesday 13th February 2019.

(5) 2019/20 COUNCIL TAX Report FSD190

The Committee considered a report identifying the final issues affecting the 2019/20 revenue budget and seeking recommendations to the Council on the level of the Bromley element of the 2019/20 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept would be reported to the Council meeting on 25th February 2019. The report also sought final approval of the 'schools budget'. The approach reflected in the report was for the Council to not only achieve a legal and financially balanced budget in 2019/20 but to have measures in place to deal with the medium term financial position (2020/21 to 2022/23).

In response to a question, the Director of Finance confirmed that earlier in the day he had received notice that the disapplication request made to the DfE for the transfer of £1m from the Schools' Block to the High Needs Block of the Dedicated Schools Grant (DSG) had been refused. The Committee noted that as a result of this the recommendations to the Executive would require modification and these would be reported to the Executive on 13th February along with some other minor changes.

A Member raised some concerns around the process for scrutiny of the Schools' budget, and the £788k that had been received from the DfE in 2018/19 and 2019/20 to support high needs provision. In response to a question the Director of Finance confirmed that the funding shortfall of £212k (the difference between the £1m disapplication request and the £788k received from the DfE) would need to be addressed.

The Director of Finance explained that prior to 2014 the Government had funded high needs placements through the Schools' Budget. The latest guidance from the DfE was that high needs placements should continue to be funded through the Schools Budget and not through Council Tax. The implication of this was that there needed to be a plan in place to ensure that any deficit in high needs funding was addressed via the Schools' budget, not general Council tax. The disapplication request that was made to the DfE highlighted the Council's position that there was insufficient high needs funding. As a result of this the Council had agreed to make a contribution to high needs in recognition that any deficit could not be recovered from schools over three years. This council contribution had been agreed in spite of the DfE guidance and the disapplication request was to mitigate some of the

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additional costs the Council was incurring. For the purposes of clarity, the Director of Finance confirmed that the Council had given a commitment to fund £2m for high needs placements from the General Fund. The Committee requested a note be circulated following the meeting outlining for 2019/20 the amount of the High Needs Block and the Councils contribution for high needs which would equate to the total spend on high needs. In addition Members also asked for information concerning the use of the additional £788k for high needs placements in 2018/19. The Chairman of the Education, Children and Families Select Committee suggested that an explanation of the DSG and its 4 funding blocks would also be of benefit to Members.

Action Point 24: That a note be circulated explaining the 4 blocks of the DSG and outlining for 2019/20 the amount of the High Needs Block and the Councils contribution for high needs which would equate to the total spend on high needs. In addition to information concerning the use of the additional £788k for high needs placements in 2018/19.

The Committee noted that it would now be necessary for the Council to reflect on the outcome of the disapplication request and consider its response. Members further noted that further cost pressures had been created from 2018/19 as a result of the extension of the age of eligibility for SEN support to 25 years old. This was an additional demand that was not supported by any additional funding.

The Director of Finance confirmed that the schools would not be contributing £1m to the High Needs Block of the DSG in 2019/20 and that work with schools would now need to begin in order to address longer-term issues and the guidance from the DfE in terms of funding high needs placements from the Schools Budget.

The Chairman of the Education, Children and Families Select Committee noted that the Select Committee's report on the Education Budget would be considered by Full Council on 25th February. The report included a recommendation that there should be further lobbying through London Councils. The Leader of the Council confirmed that the issue had been discussed at London Council and there was unanimity that the London Borough had to unite in tackling the issue of underfunding as the current position was unsustainable and changes were clearly required.

Turning to the issue of the proposed Council Tax increase, the Director of Finance confirmed that the Government had given special dispensation for the 2.99% council tax increase to reflect current inflationary pressures. There had been no indication of dispensations for future years being granted and inflation was predicted to decrease in future years. Furthermore, there had been no indication from Government of the Adult Social Care precept being granted for 2020/21. The Committee noted that a number of local government financial reviews were due in 2020/21 and this made budget planning difficult as there were currently no indication of the 4 year funding allocation.

RESOLVED: That the Executive be recommended to recommend to Council that it:

- 1. Approves the schools budget of £77.644m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;**
- 2. Approves the draft revenue budgets (as in Appendix 2) for 2019/20;**
- 3. Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 16th January 2019;**
- 4. Approves a contingency sum of £11,669k;**
- 5. Approves the following provisions for levies for inclusion in the budget for 2019/20:**

	£'000
Local Pension Partnership *	469
London Boroughs Grant Committee	249
Environment Agency (Flood defence etc.) *	252
Lee Valley Regional Park *	323
Total	1,293

*** Provisional estimate at this stage**

- 6. Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council;**
- 7. Considers the “Bromley element” of the Council Tax for 2019/20 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible ‘referendum’ issues;**
- 8. Approves the approach to reserves outlined by the Director of Finance;**
- 9. Notes that any decision on final council tax level will also require additional “technical” recommendations, to meet statutory**

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requirements, which will be completed once the final outcome of levies are known at the full Council meeting;

10. Agrees that the Director of Finance be authorised to report any further changes directly to Council on 25th February 2019.

**(6) CAPITAL PROGRAMME MONITORING Q3 2018/19 AND CAPITAL STRATEGY 2019 TO 2023
Report FSD19020**

The Committee considered a report providing an update on the Council's Capital Strategy. The report also summarised the current position on capital expenditure and receipts following the third quarter of 2018/19 and presented the new capital schemes in the annual capital review process for approval.

RESOLVED: That the Executive be recommended to:

- 1. Note the report, including a total rephasing of £14.2m from 2018/19 into future years, and agree a revised Capital Programme;**
- 2. Approve the following amendments to the Capital Programme:**
 - (a) Increase of £116k to the Basic Need scheme, funded by £3k and 113k, from the remaining balances on the Langley Park Boys School (BSF) scheme and The Highway Primary (partial rebuild) scheme as detailed in the report;**
 - (b) Increase of £405k to the Capital Maintenance in Schools scheme, funded by £386k and £19k, from the remaining balances on the Suitability / Modernisation issues in schools and Universal Free School schemes as detailed in the report;**
 - (c) Addition of £233k DFG funding to the Capital programme as detailed in the report;**
 - (d) Increase of £115k to the Carbon Management Programme as detailed in the report.**
- 3. Recommend to Council the inclusion of the new scheme proposals listed in Appendix C in the Capital Programme.**

**(7) OPERATIONAL BUILDING MAINTENANCE BUDGETS AND PLANNED PROGRAMME 2019/20
Report DRR19/011**

The Committee considered a report setting out the proposed maintenance budgets and planned programme for 2019/20.

A Member noted that reports for the past three years had included the comment that "...pressure on this budget increases as fewer planned

maintenance projects are undertaken and the buildings become more dilapidated". The Member asked that following the meeting information concerning the action being taken to monitor the status of the buildings be provided. Further to this, the Chairman requested that the Executive be provided with a year-on-year comparison of the maintenance of the buildings for the past 3 years.

In relation to the recommendation to delegate authority to the Director of Regeneration, it was agreed that the following should be added to the third recommendation: "where appropriate in consultation with Ward Members" in order to ensure that Ward Councillors received notification.

Councillor Nicholas Bennett, the Council's Heritage Champion, noted that the windows in the Old Palace (Civic Centre Site) were in a poor state of repair. It was agreed that the Director of Regeneration would be asked to provide an update to the Heritage Champion following the meeting.

Action Point 25: That the Director of Regeneration be asked to provide the Heritage Champion (Councillor Nicholas Bennett) with an update on the plans for the maintenance of the windows in the Old Palace.

In response to a question concerning the programme for the maintenance of the Civic Centre site, the Portfolio Holder for Resources, Contracts and Commissioning confirmed that there was a backlog of repairs and renewal of the site which had occurred during the period of uncertainty around the future of the site. The decision had now been taken for the Council to remain on the site and £200k had been set aside for urgent improvement although longer-term investment was required.

The Chairman of the Renewal Recreation and Housing PDS Committee confirmed that the last update concerning the cladding on the Churchill theatre had been provided before Christmas. This had suggested that a planning application would be submitted early in 2019. The Chairman of the Renewal Recreation and Housing PDS Committee agreed to raise the issues at the next meeting of that Committee.

RESOLVED: That Executive be recommended to:

- 1. Approve an overall expenditure of £2.135m for the building Maintenance budget in 2019.2020, subject to the Council agreeing the budget;**
- 2. Approve the planning programme in Appendix A of the report; and**
- 3. Delegate authority to the Director of Regeneration, where appropriate in consultation with Ward Members, to vary the programmes to accommodate any change in the approved budget or where such action is considered necessary to either protect the Council's assets or make the most effective use of resources.**

116 SCRUTINY OF THE RESOURCES, COMMISSIONING AND CONTRACT MANAGEMENT EXECUTIVE ASSISTANT

The Executive Assistant for Resources, Contracts and Commissioning, Cllr Gary Stevens, addressed the Committee providing an overview of what he had been doing since taking up the post in May 2018, and highlighting the following areas:

- Prior on embarking on the role of Executive Assistant, Cllr Stevens had looked at areas where he could best add value.
- Using existing professional knowledge, Cllr Stevens had been involved the IT Transformation project, working with the Head of ICT to deliver the revised IT Strategy.
- Attention had now turned to the wider organisational transformation project which had commenced.

In response to questions from Members, the Executive Assistant made the following points:

- Cllr Stevens was willing to lend his IT expertise to the wider organisational transformation project, although time pressure may be a limitation on involvement.
- On taking on the role there had been no established work programme or key performance indicators; instead there had been a loose framework setting out general areas of involvement. A Member suggested that establishing a work programme and key performance indicators might be something that the Constitutional Improvement Working Group may wish to review in order to provide a more structured framework against which value for money for the Executive Assistant allowance could be measured.

The Committee thanked the Executive Assistant for his update.

**117 SECTION 106 AGREEMENTS: UPDATE
Report FSD19004**

The Committee considered a report providing an update on Section 106 Agreements. The detail of every s.106 agreement was reflected in the appendices to the report with the appendices covering the period from March 2003 to date with details of over 356 sealed legal agreements.

In opening the discussion the Chairman noted that much of the Part 2 (exempt) report was a repetition of the information included in the Part 1 report. Noting that in the interests of transparency the aim was to have as much information in Part 1 as possible, the Chief Planner agreed to look at reducing the amount of information that was provided in future Part 2 reports.

In response to a question concerning utilising the funds that had been received in lieu of housing, the Chief Planner confirmed that £3.2m was available to the Housing Team. The Committee emphasised the need for more affordable housing in the Borough and Members stressed that any s.106 money received in lieu of housing needed to fund the provision of much needed affordable housing.

The Committee noted that the Council's Regeneration Team were developing a project at Norman Park running track that would utilise the £300k contribution towards sport that had been received as part of the Kent County Cricket Ground Application.

In respect of the Healthcare contributions, a Member noted that there had been delays in building a health centre in Bromley. Once built, this would be a valuable community resource and the Member stressed the need to ensure that the funding for such community resources was protected. The Director of Finance confirmed that there were mechanisms in place to ensure that the s.106 funds were utilised for health facilities.

In response to questions from Members, the Chief Planner confirmed that when s.106 obligations were agreed the relevant service area was immediately made aware of the obligation. There was a further notification when the money was received. In relation to s.106 funding for educational purposes, the Local Authority tied to ensure that there was flexibility with the use of the funding. However, sometimes there were geographical limitations written into agreements. The Committee noted that the use of s.106 funding was agreed using the same decision making process as other forms of Council spending.

Turning to the issue of the use of s.106 funding for health facilities, the Committee noted that when the Community Infrastructure Levy (CIL) came into operation there would not be as many limitations placed on the use of funding and as a result of this there would be more open competition for funds. The Director of Finance highlighted that going forward this would be monitored. As a result of the changes currently being made to the structure of local Health Services, and the merger of Clinical Commissioning Groups into a larger regional organisation, would require close monitoring to ensure that resources received for facilities in Bromley remained in Bromley.

In response to a question concerning how s.106 funds could be spent, the Director of Corporate Services confirmed that during the negotiation process the Council sought to ensure that there was as much flexibility with the use of funds as possible. Conversely, developers would be seeking to narrow down the use of the funds as much as possible. The Committee were reminded that s.106 funds were used to address any local consequences arising from the granting of planning permission. Whenever s.106 funds were received the aim was to spend the funds to mitigate against the consequences of the planning permission, but Officers also sought to apply the agreement that had been negotiated as flexibly as possible.

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The Chairman noted that it was important for individual PDS Committees to review their areas as much as possible.

RESOLVED: That the report be noted.

**118 EXPENDITURE ON CONSULTANTS 2017/18 AND 2018/19
Report FSD19026**

The Committee considered a report setting out the total expenditure on consultants in 2017/18 and expenditure to date for 2018/19 for both Revenue and Capital Budgets. The Council's Contract Procedure Rules set out the procurement process to be followed when appointing a consultant and there was guidance available to staff about what needed to be included in the formal agreement when engaging a consultant.

A Member noted that the tender procedure for contracts up to £5,000 stated "one oral quotation (confirmed in writing where the estimated cost or value exceeds £1,000)", it was suggested that all quotations should be confirmed in writing irrespective of value.

The Committee noted that there appeared to be a number of occasions where consultants had been engaged to undertake HR investigations where it had not been appropriate to conduct the investigation in-house. The Committee asked that details of the investigations be circulated to Members of the Committee following the meeting.

Action Point 26: That details of HR investigations conducted by external consultants be provided to Members of the Committee following the meeting.

The Committee noted that the cost of the St Olaves investigation conducted by Whatford Education Ltd had been met through the DSG.

In response to a question, the Director of Corporate Services confirmed that the Council had done all it could to protect itself against long-term income tax or national insurance liabilities.

Noting that the Eclipse Project had been terminated, Members asked the Assistant Director for Strategy, Performance and Engagement (ECHS) to confirm why costs of in excess of £63k had been incurred for a consultant as the costs seemed excessive for a system that was not being pursued.

The Committee also requested that following the meeting the Chief Planner confirm what planning appeal had incurred consultancy costs of £21k and £26k.

RESOLVED: That:

- 1. The report be noted; and**

2. The report be referred onto individual PDS Committee for further consideration.

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

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

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

120 EXEMPT MINUTES OF THE MEETING HELD ON 8th JANUARY 2019

The Part 2 (exempt) minutes of the meeting held on 8th January 2019, were agreed, and signed as a correct record.

121 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS

122 SECTION 106 AGREEMENTS: UPDATE FSD19004

The Committee considered an addendum to the Section 106 Agreements: Update containing Part 2 (Exempt) information.

RESOLVED: That the report be noted.

The Meeting ended at 8.55 pm

Chairman