TO MEMBERS OF THE COUNCIL

Notice is hereby given that a meeting of the Council of the London Borough of Bromley is to be held in the Council Chamber at Bromley Civic Centre on Monday 25 February 2019 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

Prayers

A G E N D A

1 Apologies for absence

2 Declarations of Interest

3 Petitions

4 To confirm the Minutes of the ordinary meeting of the Council held on 10th December 2018 and the special meeting held on 16th January 2019
(Pages 3 - 72)

5 Questions

Questions must be received by 5pm on Tuesday 19th February 2018.

(a) Questions from members of the public for oral reply.

(b) Questions from members of the public for written reply.

(c) Questions from Members of the Council for oral reply.

(d) Questions from Members of the Council for written reply.

6 To consider any statements that may be made by the Leader of the Council, Portfolio Holders or Chairmen of Committees.

7 Recommendations from the Executive and Portfolio Holders

(a) 2019/20 Council Tax
(Pages 73 - 124)

(b) Capital Programme Monitoring Q3 2018/19 and Capital Strategy
(Pages 125 - 148)

(c) Treasury Management - Annual Investment Strategy 2019/20 and Quarter 3 Performance 2018/19
(Pages 149 - 226)

8 Referrals from Policy Development and Scrutiny

(a) Third Report of the Education, Children and Families Select Committee 2018/19 - Sustainability of the Education Budget
(Pages 227 - 246)

9 Recommendations from General Purposes and Licensing Committee and other matters

(a) 2019/20 Pay Award
(Pages 247 - 306)

(b) Pay Policy Statement
(Pages 307 - 326)

(c) Members Allowances Scheme 2019/20
(Pages 327 - 338)

10 To consider Motions of which notice has been given.

11 The Mayor's announcements and communications.

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Ade Adetosoye OBE
Interim Chief Executive

BROMLEY CIVIC CENTRE
BROMLEY BR1 3UH
Friday 15 February 2019
Vol.55 No.7

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the Meeting of the Council of the Borough held at 7.00 pm on 10 December 2018

Present:

The Worshipful the Mayor
Councillor Kim Botting FRSA

The Deputy Mayor
Councillor David Cartwright QFSM

Councillors

Marina Ahmad
Gareth Allatt
Vanessa Allen
Graham Arthur
Kathy Bance MBE
Yvonne Bear
Julian Benington
Nicholas Bennett J.P.
Mike Botting
Katy Boughey
Mark Brock
Kevin Brooks
Mary Cooke
Aisha Cuthbert
Peter Dean
Ian Dunn
Nicky Dykes
Judi Ellis
Robert Evans
Simon Fawthrop
Peter Fortune
Kira Gabbert
Hannah Gray
Will Harmer
Christine Harris
Colin Hitchins
Samaris Huntington-Thresher
William Huntington-Thresher
Simon Jeal
Charles Joel
Josh King
Kate Lymer
Christopher Marlow
Robert Mcilveen
Russell Mellor
Alexa Michael
Peter Morgan
Keith Onslow
Tony Owen
Angela Page
Chris Pierce
Neil Reddin FCCA
Will Rowlands
Michael Rutherford
Richard Scoates
Colin Smith
Gary Stevens
Melanie Stevens
Harry Stranger
Kieran Terry
Michael Tickner
Pauline Tunnicliffe
Stephen Wells
Angela Wilkins

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Kim Botting FRSA

50 Apologies for absence

The Mayor welcomed Councillor Christine Harris to her first meeting of the Council following her election on 29th November.

Apologies for absence were received from Councillors David Jefferys, Suraj Sharma, Diane Smith and Michael Turner.

Apologies for lateness were received from Councillors Robert Evans and Robert Mcilveen.

51 Declarations of Interest

The Chief Executive reported that the Deputy Chief Executive and Executive Director of Education, Care and Health Services, Ade Adetosoye, and the Director of Corporate Services, Mark Bowen, both had an interest in the report at agenda item 17 - Acting Chief Executive Appointment, and would leave the chamber while it was being considered.

52 Petitions

No petitions had been received.

53 To confirm the Minutes of the meeting of the Council held on 8th October 2018

RESOLVED that the minutes of the meeting of the Council held on 8th October 2018 be confirmed.

54 Questions from members of the public where notice has been given

Eleven questions had been received from members of the public for oral reply. Six questions were dealt with in the time allowed - the remainder received written replies. All questions, with the answers given, are set out in Appendix A to these minutes.

One question had been received from a member of the public for written reply. This is set out, with the answer given, in Appendix B to these minutes.

55 Questions for oral reply from Members of the Council where notice has been given

Twenty six questions had been received from members of the Council for oral reply. Twelve questions were dealt with in the time allowed - the remainder received written replies. All questions, with the replies given, are set out in Appendix C to these minutes.

56 Questions for written reply from Members of the Council where notice has been given

Sixteen questions had been received from members of the Council for written reply. These are set out, with the answers given, in Appendix D to these minutes.

57 To consider any statements that may be made by the Leader of the Council, Portfolio Holders or Chairmen of Committees.

Councillor William Huntington-Thresher, Portfolio holder for Environment and Community Services, made a statement on the installation of Bus Driver Toilets in the borough, with most publicity around the Biggin Hill installation. He informed Members that in February the Mayor had announced plans to improve working conditions for London's bus drivers by ensuring that they all had access to a toilet on their routes for all hours of their working day. The Mayor's press release stated that he intended to install them at the end of the bus route.

At the time the Council did not appreciate just how inflexibly this policy was intended to be implemented. Recently the Council had been approached via its planning function with regard to a number of locations TfL was considering. TfL stated that these were intended to be installed using its Permitted Development Rights and the borough was to provide feedback on Road Safety grounds. TfL had been advised by the Council to consult affected residents before installation. It appeared that TfL intended to notify residents in advance of installation, but this did not happen in Biggin Hill. The Council was not in a position to confirm that the installation of toilets fell with TfL's Highway land PD rights as no planning applications had been made on which to judge.

It was disappointing that TfL did not consult local residents and that they had not attempted to locate toilets that could be used by drivers on multiple bus routes.

The Portfolio Holder reported that earlier in the day he had met with representatives from TfL in Biggin Hill with Ward Members and the Chairman of the Residents Association in an attempt to move this forward. TfL had taken away a number of actions and undertook to respond within this week. The Portfolio Holder agreed with residents that this prominent residential location was entirely unsuitable and called upon TfL to remove it as quickly as possible. He would also be looking at the other two installations in detail shortly.

Following his statement, the Portfolio Holder responded to questions from the Biggin Hill ward councillors and other members.

58 Treasury Management - Quarter 2 Performance 2018/19 and Mid Year Review
Report CSD18179

A motion to note the report and approve changes to the 2018/19 prudential indicators, approve the inclusion of the new Low Volatility Net Asset Value (LVNAV) category Money Market Funds into the Treasury Management Strategy and approve the non-reporting of treasury management activity quarterly was moved by Councillor Graham Arthur, seconded by Councillor Colin Smith and **CARRIED**.

59 Council Tax Support/Reduction Scheme 2019/20
Report CSD18170

The following amendment was moved by Councillor Marina Ahmad and seconded by Councillor Angela Wilkins -

To add (3) Excludes Bromley young people leaving care up to the age of twenty five.

The amendment was **LOST**.

A motion to consider the updated Impact Assessment and the responses to the public consultation, and adopt the proposed Council Tax Support/Reduction Scheme for 2019/20 retaining the calculation of entitlement for working age claimants on 75% of the household's Council Tax liability, was moved by Councillor Graham Arthur, seconded by Councillor Colin Smith and **CARRIED**.

60 Capital Programme Monitoring - 2nd quarter 2018/19: Local Transport Funding
Report CSD18182

A motion to approve the addition to the Capital Programme of additional local transport funding of £1.1m allocated for the 2018/19 financial year to fund carriageway maintenance schemes was moved by Councillor William Huntington-Thresher, seconded by Councillor Colin Smith and **CARRIED.**

61 Capital Programme: IT Transformation
Report CSD18178

An amendment was proposed by Councillor Ian Dunn, seconded by Councillor Simon Jeal, that the £3.5m to be set aside in the Technology Fund earmarked reserve from underspends in the 2018/19 Central Contingency be found instead from the Invest to Save earmarked reserve. The amendment was **LOST.**

A motion to agree that £3.5m be set aside in the Technology Fund earmarked reserve from underspends in the 2018/19 Central Contingency for the Council's IT Transformation scheme, and approve the addition of £5.381m to the Capital Programme to undertake the delivery of the ICT transformation project between 2019 and 2022, funded from a total reduction of £1.925m to existing IT capital schemes, and £3.456m from 2018/19 revenue underspends set aside in the Technology Fund, was moved by Councillor Graham Arthur, seconded by Councillor Colin Smith, and **CARRIED**.

(Councillors Simon Fawthrop and Will Harmer declared that they each had an interest in this report as they were employed by BT, but that they had been granted a dispensation by the Monitoring Officer to allow them to participate.)

62 Second Report of the Education, Children & Families Select Committee 2018/19 - Sustainability of the Children's Social Care Budget
Report CSD18181

A motion to receive the second report of the Education, Children and Families Select Committee and invite the Leader and appropriate Portfolio Holders to consider the recommendations and (a) refer the recommendations to Service Directors and Partners where appropriate, and (b) provide a written response to the Education, Children and Families Select Committee for consideration at a future meeting of the Select Committee was moved by Councillor Nicholas Bennett, seconded by councillor Neil Reddin and **CARRIED.**

63 Motion - Road Safety
Report CSD18172

A motion to note the action taken in response to the motion approved on 16th July 2018 was moved by Councillor William Huntington-Thresher, seconded by Councillor Colin Smith and **CARRIED**.

64 Local Pension Board - Annual Report
Report CSD18171

A motion to receive and note the Local Pension Board Annual Report October 2018 was moved by Councillor Pauline Tunnicliffe, seconded by Councillor Nicholas Bennett and **CARRIED**.

65 Committee Membership
Report CSD18175

A motion to appoint Councillor Christine Harris to the vacant seat on the Renewal, Recreation and Housing PDS Committee was moved by Councillor William Huntington-Thresher, seconded by Councillor Colin Smith and **CARRIED**.

66 Acting Chief Executive Appointment
Report CEO18005

The Mayor, the Leader, other Group Leaders and a number of other Members thanked Doug Patterson for his excellent service to the borough as Chief Executive since 2007.

A motion to confirm the appointment of Ade Adetosoye (Deputy Chief Executive and Executive Director of Education, Care and Health Services) as the Acting Chief Executive to replace the outgoing Chief Executive, Doug Patterson, with effect from 15th December 2018, agree that in the interim the Returning Officer and Electoral Registration Officer roles currently discharged by the Chief Executive will be carried out by Mark Bowen, Director of Corporate Services, and to approve additional honorarium/acting up payments to the Acting Chief Executive as set out in the report was moved by Councillor Colin Smith, seconded by Councillor Peter Fortune and **CARRIED**.

(The Deputy Chief Executive and Executive Director of Education, Care and Health Services, Ade Adetosoye, and the Director of Corporate Services, Mark Bowen, left the chamber while this report was being considered.)

67 To consider Motions of which notice has been given

No motions had been received.

68 The Mayor's announcements and communications

The Mayor thanked Members who had attended her Charity Ball on 27th October at the Warren; it had been a very enjoyable evening and over £11,000 had been raised for her two charities.

The Mayor reminded Members about the following forthcoming events -

- The Civic Carol Service on Tuesday 11th December 2018 at 7pm at All Saints Church, Orpington.
- The Charity Dinner at Tamasha on Tuesday 22nd January 2019.
- The Annual Quiz Evening on Friday 8th February 2019.
- A Charity Dinner at the East India Club on Friday 5th April 2019.

She also mentioned the Friendship Agreement with Thunder Bay, Canada was going ahead and a date would be set early in the New Year.

The Mayor concluded by reminding Councillors and Officers that there would be a reception for the Chief Executive after the end of the meeting.

The Meeting ended at 9.59 pm

Mayor

Appendix A

COUNCIL MEETING

10TH DECEMBER 2018

QUESTIONS FROM MEMBERS OF THE PUBLIC FOR ORAL REPLY

1. From Byrom Mark Lees to the Environment and Community Services Portfolio Holder

When are Bromley Council going to recognise that roads are not simply about getting motorised vehicles from A to B as quickly as possible, but are byways for everyone to feel confident that they can traverse safely in a variety of ways. Will Bromley therefore consider imposing a default speed limit of 20mph across the Borough?

Reply:
As detailed in our LIP which is out for consultation at the moment, Bromley has always recognised the importance of catering for all road users, be they cyclists, pedestrians, bus passengers, motorcyclists or car users. The safety of all road users is paramount and as such the Council has for many years invested heavily in road safety – both in terms of education programmes and safety schemes.

In respect to the widespread use of 20mph limits across the Borough, recently published DfT research suggests that there is little benefit to general 20mph limits. However, there is research to suggest that drivers respond well to advice or restrictions where they can see the reason for what they are being asked to do. Linking an issue/hazard with an action such as reducing speed makes them stand-out. Therefore Bromley will continue to implement advisory or mandatory 20mph limits in locations where a road safety benefit can be expected, such as near schools.

Supplementary Question:
Is there a Councillor prepared to volunteer to step out, perhaps with a child or a pet, in front of a car doing 20mph, and then to repeat by stepping out in front of one at 30mph, to back up their hypothesis about speed?

Reply:
We encourage all road users to look where they are going, whether the driver of a car, someone about to step out in front of a cyclist, a motorcyclist or a car driver. We encourage all road users to respect all other road users and not to hoot their horn or ring their bell at other road users who might be proceeding more slowly than they are.

Additional Supplementary Question from Cllr Tony Owen:
Will the Portfolio Holder confirm that he will base his decisions on facts, given the DfT survey that he mentioned, Manchester City Council and lots of other councils, and not the opinions of ill-informed lobbyists?

Reply:
Certainly we will be basing our opinions on facts, within the constraint that our Local Implementation Plan (LIP) has to be broadly in conformity with the Mayor's Transport Strategy and it may not be that the Mayor responds to logic in setting transport policy.

Additional Supplementary Question from Cllr Kieran Terry :
Is he aware of the recent report from LB Lewisham where they have one of these blanket 20mph zones -“The overall speed reduction achieved over all sites surveyed was just half a mile per hour.” Does he agree that instead of spending £1.23m, which was the cost of this scheme, we are better off spending taxpayers money on traffic schemes that will encourage proper reductions in speed?

Reply:
I was not aware of the Lewisham report, but we are aware of the DfT report which said that they had observed a similar - maybe 0.8mph rather than 0.5mph - decrease in speeds in 20mph zones, but also that they had observed a 0.7mph decrease in 30mph zones which were not affected by the 20mph limit. They were not therefore able to determine whether this was a genuine change in public behaviour on the roads, or the result of congestion or anything else. We will focus, as we have always have done, as we continue to drive down accidents to as close to zero as we can in terms of spending money most effectively to save most lives on our roads.

2. From Dylan Evans to the Portfolio Holder for Education, Children and Families

In this year's Make Your Mark campaign, young people in Bromley voted knife crime, mental health and ending period poverty as the issues they considered most important. What are the Council's plans for the coming year on addressing these important issues for young people?

Reply:
I am always keen to hear about what issues are impacting on young people in the borough and I applaud their engagement with them. The Make Your Mark campaign ties in with a lot of the issues that have already been highlighted by our own Bromley Youth Council who I am seeing on Thursday and will be picking up some of these issues. So, for example, in the last three years, Bromley Youth Council (BYC) has run two campaigns around mental health and wellbeing. They produced a video that is now available on YouTube which looks at challenging the stigmas around mental health. BYC also worked in partnership with Mind and Bromley Y to produce a ‘Survival’ guide to give young people the tools to support their peers at the early stages of mental health concerns. All of these resources have been shared with schools and local youth provisions.

In relation to Gangs and youth violence, which is a growing concern, BYC have been working on these as part of their current campaign alongside Council services, the Police and schools. Over seven hundred young people have been surveyed on these issues. In response BYC delivered a one day youth conference aimed to inform, influence and educate young people that are vulnerable or at risk of being groomed in to gangs, youth violence and CSE. There were many young people from our schools in attendance with their teachers. BYC are supporting work with the Met police youth engagement worker to divert young people into positive activities and raise awareness.

Regarding period poverty, which is relatively new to the agenda, that will be discussed at the next BYC meeting. I know Cllr Jeal is aware that the chairman and vice-chairman of the Health and Wellbeing Board are sighted on this issue and committed to follow-up. There are current schemes already happening In Bromley - the Red Box project which is on Facebook, as well as the Metropolitan Police having a collection of sanitary wear that gets distributed to schools.

Three very important issues - I thank Mr Evans for highlighting them and they are being taken forward by both officers and members of our Youth Council.

Supplementary Question:
Does the Council feel that the lack of local authority governors imposed by the academy system in the majority of Bromley's schools will affect its ability to work with schools on these matters?

Reply:
A lot of schools are now academies and have their own governance structures. We are working very closely with schools to ensure that wider issues around public health are being addressed in schools, and indeed there are projects coming on-stream to support that. We have a good working relationship with schools that has been improving over the last couple of years.

Additional Supplementary Question from Cllr Simon Jeal:
He referenced the work that the Bromley Youth Council was doing on mental health; the Council is in the end stages of publishing its mental health strategy. Could he please indicate what involvement young people and the Bromley Youth Council have had in developing this strategy?

Reply:
The Youth Council have highlighted mental health issues as a key concern over the past two years, and I know that they have been involved in various forums so that they can feed into that strategy. We are always keen to listen to the voice of young people and we have been going through a process over the last couple of years where children's' services have been growing and improving. An important part of that improvement process has been ensuring that the voice of children is at the heart of everything we do. I am very confident that we are hearing more clearly than we have done previously.

3. From Vicki Hunt to the Portfolio Holder for Environment and Community Services

Other than the school entrance on Bishop's Avenue to Bickley Primary and La Fontaine schools, how many school entrances in the Borough do NOT have zigzag yellow lines to warn motorists they cannot park, wait or stop?

Reply:
We do not have information related to all schools in the borough to hand on zig-zag lines and keep clear markings. Initial investigations show that this entrance is not alone in not having keep clear markings. It must also be pointed out that yellow lines with similar hours of operation can be in place in the borough around schools. Restrictions outside schools are selected based on the individual circumstances rather than a one size fits all approach.

Supplementary Question:
From my own research, I can tell you that of the seventy seven infant, junior and primary schools in the borough, 83% have zig zags at all entrances. Given this number of zig zag yellow lines installed as sensible measures to aid safety, will the Portfolio Holder provide a compelling reason why they cannot be installed at the

Bishops Avenue entrance to Bickley and La Fontaine Primary School, especially given the number of concerns raised by parents over many years?

Reply:
We keep road safety markings under review at all times. If there are road safety or other reasons to change they will be reviewed, but at the moment there are no plans to change the markings and there are no road safety reasons to suggest that it is a necessity.

Additional Supplementary Question from Cllr Simon Fawthrop:
Is the Portfolio Holder aware that at Wickham Common Primary School there are no zig zag lines because that is where all the cars park in front of the school in a forward direction, and that is far safer than having zig zag lines which would serve no purpose whatsoever outside that school?

Additional Supplementary Question from Cllr Nicky Dykes:
I am aware that my Bickley colleagues have done a lot of hard work on this. Will the Portfolio Holder join me and some of the Bromley Town residents to air some of their concerns and have a discussion with the road safety team?

4. From Nelson Pallister to the Portfolio Holder for Resources, Commissioning and Contract Management

How much unused contingency money in the last 3 completed years has been used to increase the Council's reserves and what was the total value of the reserves (total assets owned by the Council) at the end of each of these years?

Reply:
In 2015/16, £13.4m was allocated from the central contingency to reserves, £8.3m in 2016/17 and £8.4m in 2017/18.

The Council adopts a prudent approach in considering the central contingency sum to reflect any inherent risks, the potential impact of new burdens, population increases or actions taken by other public bodies that impact on the Council. The majority of the release of the unused contingency to reserves has been utilised for additional funding for the Council's Growth and Investment Fund which will result in additional income to enable a more sustainable financial position in the future and further funding to provide transitional support in addressing the future year's budget gap.

The total reserves (including all assets held by the Council) at each year end were £642m, £629m and £706m. Apart from earmarked reserves, capital receipts and general reserves, the majority of these sums are 'unusable' and not available to fund expenditure. These include unrealised gains & losses and technical accounting requirements.

Further details can be found in the annual statement of accounts which can be accessed via the Council's website. The Council's approach to the use of reserves and the Central Contingency Sum were included in the 2018/19 Council tax report to Executive on 7th February 2018.

Supplementary Question:
I notice from the 2017/18 accounts that the usable reserves were £205m, and the unusable ones were £501m. With a total expenditure of £200m - £300m per year, is keeping £205m in usable reserves is being over careful? I want to thank the Council for its prudence.

Reply:
Thank you for the thank you. It is difficult to call whether £205m is too high or not. Bromley is one of only two boroughs that is debt free. People approach this in different ways - a neighbouring borough that has borrowed £1bn is now paying £50m per year just to service that debt. That is their way of tackling issues; we tend to tackle issues a lot better than that. The money we do have is invested very carefully; not only do we not have to pay £50m to service a debt but we get £14.5m as a return on our investment.

Additional Supplementary Question from Cllr Simon Fawthrop:
Can the Portfolio Holder confirm what our cash reserves are?

Reply:
No.

Additional Supplementary Question from Cllr Kieran Terry:
Does the Portfolio Holder agree that the £14.5m revenue that comes from those reserves is used to fund vital public services on an ongoing basis?

Reply:
Yes.

5. From Julie Ireland to the Portfolio Holder for Environment and Community Services

Parents with children at the Unicorn school have been campaigning for a weatherproof path from where the lollipop lady stands at the junction of South Eden Park Road with Cresswell Drive across the grass to Eden Park Avenue between the two football pitches exiting by the side of St Johns Church. Discussions and site visits have taken place with staff of idverde, and in June 2017 idverde indicated that funding for the project had been secured. However, since then Idverde have told the parents that funding is no longer available. Would the Portfolio Holder please advise the estimated cost of the path, whether there were any reasons apart from cost for not proceeding with the path and whether there are plans to revisit this decision?

Reply:
I do not have up to date costs for such a path. I also do not know if such a path following the route you indicate could limit sports activities in the park outside the football season, perhaps with cricket pitches. Improved facilities that will result in more children walking to school can be considered through engagement with the school and them improving the accreditation of their school travel plan. To ensure that any changes lead to an improvement in numbers walking, softer measures such as a walking bus may need to be included so that such a scheme would represent value for money.

Supplementary Question:
Would the Portfolio holder like me to share the emails with idverde where they have undergone consultation with the people in charge of the football pitches to mark out the right path that would not interfere with the pitches, and would he consider, given that he has already said that school safety is of vital importance, doing a walk to school with the parents along there, so that he can see just how narrow the pavement is as they enter Unicorn School?

Reply:
I would certainly appreciate those emails to let me understand the local points regarding the green space, and I am always ready to help any group walk to school more often. The only thing I would say, and I realise that this has come from parents, is that we really want all schools to reach their gold accreditation for their school travel plan, and therefore I do not want to do things independently of the school if that is not going to get them up to gold standard. I hope that parents are fully engaged with the school in getting their travel plan up to gold accreditation as a number of schools do, but unfortunately not all of them yet.

6. From Laura Vogel to the Leader of the Council

Could the Council please inform the chamber of any Brexit analysis that it has undertaken, or received, to assess the impact of the United Kingdom leaving the European Union on 29th March 2019 on the London Borough of Bromley?

I would like to know the Council's understanding of how the Government's deal, or lack of a deal, is anticipated to affect council finances, staffing, services, investments.

Reply:
The Council has undertaken no independent analysis on the possible effects or otherwise of Brexit; the latest general thoughts on related matters pan-London can be found on the following link from a recent London Councils Leaders Committee agenda:

https://www.londoncouncils.gov.uk/download/file/fid/23765

Senior staff within Bromley Council hold no reported concerns as to staffing or service issues.

In the unlikelihood any unforeseen financial liabilities were to arise to the downside, the Council carries sufficient contingency reserves to ensure there will be no disruption to valued local services. Reserves that the Labour group opposite have often advised us to squander on preferred spending options over the years in a totally unfunded manner.

Supplementary Question:
Regarding the £700m in reserves, has the Council received any advice on how Brexit might impact that investment?

Reply:
We do not have £706m of usable reserves as the chamber was told earlier. Of the cash reserves that are usable, the answer to the question is no, because there is no evidence that any of the reserves will be needed.

Additional Supplementary Question from Cllr Nicholas Bennett:
Would the Leader agree that, given all the bogus forecasts that were made during the referendum by the Government and their supporters in Project Fear, any such forecasts are a waste of time anyway?

Reply:
I fully agree with that. The sky is not falling in, acorns are not hitting us on the head, and Chicken Licken is still with us. It is about time that Project Fear got off the case and started dealing with the realities. Whatever view one takes on Brexit, we are not here to discuss Brexit, we are here to discuss Bromley Council and its operations.

(At this point the time allowed for questions expired. The remainder of the questions received written replies.)

7. From Dylan Evans to the Portfolio Holder for Children, Education and Families

Several secondary schools in Bromley do not currently have access to in school counsellors, who can provide help for students with mental health issues, especially around the time of exams. Does the council have any plans to review funding for local agencies, such as Bromley Y, who provide this?

Reply:
It is not the case that schools do not have access to schools counsellors as suggested by the question - how schools provide support is a choice for each school's Head Teacher and governing body. As you say, some will commission counselling support from providers such as Bromley Y, some will use their own staff to provide confidential space for children to talk about their worries.

However, I am pleased to be able to announce that Bromley Council and Bromley Clinical Commissioning Group have been successful in bidding to the Department of Health to be a CAMHS Trailblazer, through which we will be developing mental health support teams working in schools. These areas (Bromley Y and the CAMHS Trailblazer) are targeted provision in addition to, not a substitute for, the support available to all children through schools' pastoral and early help systems.

8. From Nelson Pallister to the Portfolio Holder for Children, Education and Families

What is the local authority plan towards reaching families with children/young people with disabilities within the BAME community in Bromley who struggle with their caring roles and do not have the necessary support?

Reply:
I am pleased to confirm that all children who are in need from either universal, targeted or statutory services continue to have their needs met through resources within the local authority and, in particular, through the recent monitoring visits - the Bromley Children Project has been specifically mentioned in meeting the needs of the community in which they operate and in being flexible within any themes, trends and emerging needs.

9. From Julie Ireland to the Portfolio Holder for Resources, Commissioning and Contract Management

During the recent by-election in Kelsey and Eden Park, the Liberal Democrats were refused access to the Langley Estate in South Eden Park Road in order to distribute election material. The residents' association were asked but replied by email "we do not want Lib Dem deliveries here". The Conservative candidate who lives on the estate and who is active on the residents' association was allowed to distribute leaflets, but we believe that other political parties were also refused permission. Does the Council have any by-laws or best practice advice for residents associations in private estates regarding the distribution of election material during an election period to ensure that all parties with candidates are allowed to leaflet without censorship?

Reply:
It is not for the Council or the Returning Officer to comment on or investigate matters of this nature and it is for you as a disappointed candidate to seek your own independent advice.

10. From Nelson Pallister to the Portfolio Holder for Adult Care and Health

Why are commissioned projects targeted at upskilling and engaging people with learning disabilities in the borough not being renewed?

Reply:
The Council is not aware of this and would be grateful if Mr Pallister is able to provide any additional information in respect of whatever it is he has heard. I will be in a position to formally address his question upon receiving the additional information.

11. From Julie Ireland to the Portfolio Holder for Public Protection and Enforcement

The Council produces a free magazine "Safer Bromley News" that is distributed across the borough. What were the publication dates in 2017 and 2018, and what is the publication schedule for 2019?

Reply:
The publication dates for both 2017 and 2018 were similar, with borough wide distribution taking place in November 2018. If Safer Bromley News is published in 2019, then it could follow the same distribution pattern.

Appendix B

COUNCIL MEETING

10TH DECEMBER 2018

QUESTIONS FROM MEMBERS OF THE PUBLIC FOR WRITTEN REPLY

1. From Rich Wilsher to the Renewal, Recreation and Housing Portfolio Holder

Can the Council outline how it plans to take advantage of recent policy changes intended to tackle the housing crisis and increase house building in London, including the Community Secretary's announcement to scrap the Housing Revenue Account cap, and will the Council commit to respond to the G15 'Offer to London' report, which details how leading housing associations can work with London Councils to increase the supply of affordable and social housing?

Reply:
Increasing the supply of housing to meet housing need is a strategic priority for the Council. The range of activities being undertaken are highlighted in the homelessness strategy and forthcoming housing strategy. Whilst the Council does not currently directly own and manage housing stock through an HRA it does continue to work with a range of partners to maximise supply including a joint venture SPV to acquire properties, the refurbishment of vacant units and new developments including use of Bromley owned sites. There are a number of different delivery and management vehicles to secure new housing developments and the Council continues to review all of these to ensure that the models utilised offer the most effective delivery method and best value for money for the Council. The Council is already working closely with its housing association partners and the GLA to maximise housing supply and continues to explore all potential opportunities through its housing association partner arrangements and the Bromley Federation of Housing Associations as a whole.

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Appendix C

COUNCIL MEETING

10TH DECEMBER 2018

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR ORAL REPLY

1. From Cllr Angela Wilkins to the Portfolio Holder for Public Protection & Enforcement

The Home Office has recently published its Violence & Vulnerability (Locality) Review of Bromley. The review comes from a series of focus groups with agencies working in the field. Criticisms of the poor levels of service in Bromley are too numerous to list, but specific criticisms of this council include:

- *"Bromley is in denial about the problem it has with gangs and has been for years"*
- *"Bromley has no idea how to engage with the Afro Caribbean community around this issue"*
- *"There is still silo working with in the borough – in other boroughs staff know who to speak to, and they know who leads this agenda"*

The report's summary concludes:

"*It was not clear to most of those we talked to who owns this agenda and roles of various partnerships and agencies. This indicates an issue around communication and leadership that will need resolving in the form of a clear recognition of the problem, a strategy to tackle it and a clear operational plan shared between police, the local authority, social landlords, schools, health agencies and the voluntary and community sectors*."

Will the Portfolio Holder please give her response to this report?

Reply:
The locality review provides us with a broad brush overview of gangs and serious youth violence in the borough. We approached the Home Office for the resources to conduct the review to aid our learning and understanding of what is happening locally. We did not have to do this; we proactively bid for this money and for this review to happen. The review does not tell us anything we didn't previously know but has cemented this into a review. The review is not a review of any single agency but a process done rapidly to see what practitioners know about the locality and to test the prevalence of local issues and identify barriers to tackle issues.

Work is already taking shape to address the issues in the report. In terms of governance and an overarching strategy we now have a gangs protocol in place, the police have helpfully provided an overview of gang and serious youth violence and will be doing a lunch and learn session for Council staff in December. In our recent feedback session with Ofsted they remarked on how" highly effective" our own Atlas team is in using contextual knowledge to increase our understanding of wider safeguarding issues in relation to vulnerable children.

There is no denial of an emerging gangs issue in the borough as we have put resources into the Atlas team and the MEGA Panel is a multi-agency panel tracking high risk vulnerable children. The MEGA panel considers all vulnerabilities which are overarching in relation to missing, CSE and Gangs because it would be unusual to have one without the other in terms of consideration of safeguarding. We have been very successful in mitigating risk in reducing the number of children tracked from 63 to 42 at the current time. This panel has been recognised as effective throughout the Ofsted monitoring visits and during the re-inspection. We have an effective youth offending service working with young people pre-court and post court and with young people with complex issues. The YOS are part of a regional serious youth violence practice group to disseminate and share good practice across boroughs.

We continue to have youth service provisions that operate across the borough providing services for young people, with our Penge youth provision being well utilised by young people. We work in a multi-agency way to safeguard children and young people through support, supervision, disruption and enforcement activities. We have a range of resources available to the local authority to enhance our work in relation to gangs and serious youth violence. We have access to the Response and Rescue (R&R) Pan London provision for those identified as missing, exploited and in gangs. The service (R&R) provision enables us to have mentors and gangs exit support and work with girls and young women. We have growing numbers of children receiving support. We regular try to innovate and seize on opportunities to bring additional funding into the borough to work with children and young people, but to date this has been unsuccessful when competing with other boroughs whose needs are deemed greater than others with their gangs issues. We are introducing a new practice model within social care that will upskill our frontline practitioners and all managers in their work with children and young people. The serious youth violence is owned by the Partnership because safeguarding is everyone’s business and the Vulnerable Adolescent strategy is led and driven by the Bromley Safeguarding Children Board. In terms of working with afro Caribbean young people, this is an area of work that we need to priorities and focus on and the YOS recently commissioned a training session working with a group of challenging to young black males who often don’t engage in services, the work focused on raising self-esteem, realising their potential and addressing risk factors for young people in the criminal justice system.

We have links with a gangs exit service to support young people move away from gang involvement and this reaches out to the parents of children involved. Our EIS service offers parents and adolescents opportunities for support in relation to gang concerns.

We have utilised the Safer London organisation to train and skill up staff; we are working closely with our police colleagues and have access to intelligence which supports our children and the risks they take.

Other things that have happened:

- In November this year there was a Safeguarding Board conference on Vulnerable Adolescents.
- In December this year, there was a Bromley Youth Council conference on gangs and youth violence for schools.
- Complex strategy/safeguarding meetings regarding our young people of concern.
- The safer Neighbourhood Board are funding a number of anti-gang workshops in primary and secondary schools, primarily in the north west of the borough.

- Concerning the Safer Neighbourhood Board, I am also in the process of arranging a community meeting in the Penge/Crystal Palace area for January next year.

The review only focused on a small sample of professionals working in the borough and as such has limitations, the reviewer stressed that the review “does not necessarily represent the full picture in the borough.” The reviewer also noted good work taking place within the borough.

Supplementary Question:
If there is no denial of the gangs problem, can she explain why the report from the Home Office, which was on the agenda for the Safer Bromley Partnership Board, was passed over without discussion? Secondly, why is there no evidence of all this rather technical and esoteric work that local people can see on the ground in Penge and Anerley and thirdly, would she agree that it was a mistake and a false economy to cut the ethnic minority officer from the budget?

Reply:
I disagree that the report was passed over at the Safer Bromley Partnership. We only received the report less than a couple of weeks ago and we did mention at the meeting that we were going to work through it and all the recommendations. I would just like to add that we did proactively ask for this report; we welcome the findings and we will work to make improvements.

Additional Supplementary Question from Cllr Kathy Bance
You said in your report that you are not denying that Bromley is an emerging gang borough, and you have done work with the Metropolitan Gang Team, and they have advised that we have four gangs operating, based in Penge. We have had five murders in Penge, or of Penge young men, and three in the last thirteen months. Do you not think we should stop using the word emerging and accept that we have a gang problem that we need to tackle?

Reply:
There are three gangs listed in the review and there is only one that is primarily a large group in the borough - the M20 gang. I am happy to review as time goes on whether it is emerging or not, but I do not think it is within our gift to decide what the classification is - I think that is down to the Home Office.

Additional Supplementary Question from Cllr Kevin Brooks
In Penge and the north of the borough the gang problem is very blatant - can the Portfolio Holder explain what she is doing to work with Lewisham and Croydon councils, who probably are successful with their bids, to try and get involved so that we can have a tri-borough effect on tackling problems?

Reply:
Working with other boroughs is done through the Police and they have regular intelligence, updates and joint meetings on a daily basis with the other boroughs on what is happening with gang activity. We are also, within our tri-borough arrangement, setting up meetings with respective counterparts to see what best practice there is in Croydon and Sutton.

2. From Cllr Ian Dunn to the Portfolio Holder for Children, Education & Families

The internal audit report into Leaving Care dated 15 October 2018 gave limited assurance and had 6 priority 1 recommendations. What are the implications of this for our ongoing Ofsted Inspections, particularly given that Pathway Plans were found not to be being reviewed every six months as required?

Reply:
Cllr Dunn will be aware that our Ofsted Inspection concluded over a week ago, so there are no on-going implications. However, what I suspect is that Cllr Dunn is concerned about whether the recommendations have been followed up.

The audit report he is referring to was issued in October 2018 but it references the period of May 2018. Since that time there has been pace within the Leaving Care service in line with and highlighted by the published improvement journey and new measures have been put in place to address the priority 1 issues. We have had various Ofsted monitoring visits and Practice Assurance Stocktakes. They have confirmed that practice has improved and the recent Ofsted re inspection will, I am confident, validate the improvement in the service for Care Leavers. With reference in particular to the pathway plans, these are scrutinized through the Director's performance surgery and the monthly Governance Improvement Board where the performance for children is discussed.

Supplementary Question:
Given the importance of Pathway Plans for Care Leavers, how did we get into the situation where many of them were not being reviewed as they ought to have been?

Reply:
It is a fair question, and it is worth putting into context how these plans work. We have to remember that Pathway Plans for young people are a live document, and they are not done to the young person, they are done with them. Sometimes, young people are not available or choose not to sign their plan when required. We have to remember that, in addition to those sampled cases, a lot of them relate to young people that are twenty years old and above, the eldest being twenty-four. As adults, they will often decide what to prioritise and what not to prioritise. For example, in some of these cases, and I have a sample of cases in front of me that I am happy to share, one of the young people did not have it as a priority compared to what they were doing at work, there was one young person who was in custardy and it was not possible to get it done within the specific timeframe. All of the samples have been audited and the professional judgement and rationale for those not being completed on time is on file and has been professionally assessed. We are confident that we have met those priority one issues.

3. From Cllr Kathy Bance MBE to the Portfolio Holder for Children, Education & Families

Can you confirm that at least one of the Harris Academy Secondary Schools will only be accepting pupils from Harris Primary Schools? If so, can you advise which of the Harris Academies will be affected and when is this likely to happen?

Reply:
I can reassure you that no Harris Academy in Bromley has admission arrangements which allow them to admit only children who attend a Harris Primary Academy.

Supplementary Question:
Did I get it wrong that you actually said that at one of the Education PDS meetings?

Reply:
I think you are referring to the consultation that was taking place, where the Harris Primary Academies were looking to see if that was a possibility, and at the end of that consultation period it was not agreed that they would single out children from Harris Academies. There is one school that seeks to prioritise children from one school, but none of them have arrangements that are specifically for children from other Harris Academies.

4. From Cllr Josh King to the Portfolio Holder for Environment and Community Services

Which areas in Bromley benefit from street or pavement cleaning with high pressure water and / or scrubbing machines?

Reply:
The primary street cleansing service does not utilise any pressure washing on hard surface areas across the borough. Any additional pavement /asset washing by high pressure washing are completed as a variable aspect of the service and cannot be met via the existing Street Environment Service revenue budget. However, when separate funding is provided the service has the ability to undertake this work. The Bromley High Street and Bromley North Village area has the provision of a street washer due to the size of the pedestrianised areas and the heavy foot traffic associated with these areas, funding for this is provided from Renewal & Recreation budget head. Street friends and Business Improvement Districts (BIDs) have previously been provided with chewing gum cleaning kits so additional cleaning can occur. BIDs have also procured additional cleaning or cleaning equipment, such as for cleaning chewing gum, to target particular locations of their priority.

Supplementary Question:
Given statements made at the Beckenham Town Centre Working Group, the pale colour of some of the paving in and around Beckenham installed as part of the Beckenham Town Centre improvements is already dirty in appearance. Do you understand the disappointment of residents and what can you do to ensure that the poor appearance is rectified?

Reply:
As I indicated, our current revenue provided service cannot clean those sorts of stones on an on-going basis, and I do not think there is any benefit in giving unrealistic expectations of what is and is not possible within our current cleaning service. I would certainly much prefer that roads are cleared from detritus and litter than it may look a bit dirty.

5. **From Councillor Simon Jeal to the Portfolio Holder for Renewal, Recreation and Housing**

Is the Portfolio Holder aware that a number of crowd funding schemes for projects in the Borough are currently trying to achieve funding by the 17th December, including for Beckenham Green and a bridge to access the Crystal Palace Dinosaurs. Does the London Borough of Bromley support these schemes and would he encourage local residents and organisations to donate towards them?

Reply:
Yes, not only do we support these schemes but we have worked with both groups, in support of their applications, prior to their fundraising bids. This is something you may have heard on the BBC when BBC London Radio publicised the campaign for the bridge to the dinosaurs, which is also supported by Slash from Guns & Roses (I believe they are neither arms manufacturers nor florists, but are responsible for musical extravaganzas.) I am sure that their support is most welcome. More generally, the Council continues to work with many business and resident groups, Friends of Parks groups and other voluntary organisations. I am very hopeful here.

Supplementary Question:
I am pleased to hear that he is familiar with Guns and Roses. Can he confirm how much the Council will be pledging to each of the two projects - the Beckenham Park and the Dinosaur Project?

Reply:
I do not have the numbers, but I will send you an email.

6. **From Cllr Vanessa Allen to the Leader of the Council**

Why, unlike in recent years, will there be no public meetings about the budget this year, where residents can ask questions of the portfolio holders?

Reply:
There was no Public meeting (singular) this year for two reasons.

Firstly, the enduring disappointing attendance levels from Members of the public at the meetings, with commensurate lack of feedback to act upon as a result.

Secondly, the ever rising pressure on staff time and resources to set up, advertise and host such events.

In addition to retaining focus on the two ‘round table’ meetings with Resident Association officials from across the Borough this year instead, in an effort to contact as wide an audience and cross selection of the public as possible, the Council has also actively advertised through local media outlets, inviting anybody who wishes to contribute a view or opinion on Council related issues to do so more directly by use of telephone or email. I note that some colleagues across the chamber have been repeating that via Twitter and I thank them for that because all of that input is very valuable.

Any member of the public can of course also continue express their own views and probe Members of the Council through the more formal meeting structures of full Council, such as we have seen this evening, the Executive, Development Control

Committee, General Purposes and Licensing Committee, the Health and Wellbeing Board or the six PDS and Select Committees supporting the Council's decision making structure.

As an aside, and this research is not complete, early research suggests that none of our neighbouring Labour controlled Boroughs exceed Bromley's level of engagement with residents in terms of public facing consultations over their own budgets.

Supplementary Question:
The issue is that when we used to have meetings in several places in the evening scattered around the borough they were well attended and it was a very useful opportunity. When the meetings were reduced to only one in the daytime it stopped a lot of people attending, so I would like to repeat that we should reconsider this. If staffing levels were up to what they should be and vacancies filled staff would not be so over worked and we could have these meetings. I think the Council should re-consider this as it is a useful way of engaging with the public and letting the public see people face to face and ask them questions.

Reply:
I would not disagree with Cllr Allen's sincerely held views on this. If there is some scope or, indeed, a necessity as we move forward with some contentious budget issues in forthcoming years, we will of course increase consultation to the best of our ability, but in terms of why it was done, that was the rationale underpinning it this year.

Additional Supplementary Question from Cllr Nicky Dykes
Would the Leader agree with me that all ward councillors have a responsibility to do outreach with their own residents and use that medium to feedback any concerns, such as my colleagues in Bromley Town who have monthly surgeries to hear such things?

Additional Supplementary Question from Cllr Simon Jeal
Would the Council Leader consider making more use of technology as referenced in the IT Infrastructure report and some other papers coming up later this evening as part of the consultation, such as Twitter Q and A's or other social media facing engagement with members of the public?

Reply:
As technology evolves we should, of course, use the new technology to the max, and I would have no argument with that.

With regard to Cllr Dykes' point, yes, it is absolutely incumbent on every councillor in this chamber to reach out to their communities, to correspond, engage and try to draw them into the system. Everyone will have their own ways of doing it – some people are very keen on ward surgeries, others find that you can sit there for three hours on a Saturday morning and nothing happens at all. Some people will find Facebook and Twitter a better medium. Everyone will have their own preferred method of communicating with residents but it is incumbent on all of us to ensure that we do that outreach.

Additional Supplementary Question from Cllr Angela Wilkins:
Would he agree with me that the voters in the north of the borough make their views very clear in terms of how much public spending and the levels of service that they would like to see? They vote Labour and they get Labour Councillors.

Reply:
Perhaps that is due to some of the literature that goes through the letter box suggesting that the north west of the borough is hard done by and has less spent on it per capita than other places when, perversely, exactly the reverse is true in those areas. Each Councillor will have their own methodology for communicating with their residents and it will vary ward by ward across the borough.

7. From Cllr Kevin Brooks to the Portfolio Holder for Resources, Commissioning and Contract Management

On 12/12/18 Universal Credit is due to have completed its roll out throughout the country. As councillors one of the main issues we encounter is vulnerable residents unable to cope with the new payment structure. What is the Council doing to ensure residents do not slip into debt and face possible eviction?

Reply:
Universal Credit Full Service commenced in Bromley on 25th July 2018. The migration of current working age Housing Benefit claims onto Universal Credit has not yet been announced by the Department of Work and Pensions (DWP).

Bromley is in partnership with Citizens Advice (CAB), delivering Personal Budgeting Support for Claimants of Universal Credit. This is offered to all claimants at their initial interview with their Work Coach. Alternatively, Claimants can self-refer direct to the CAB using a free-phone number.

From 1st April 2019, Bromley will no longer be involved in this process. The Department of Works and Pensions (DWP) have entered a contract with the CAB to deliver both Personal Budgeting Support and Assisted Digital Support. Details as to the form this support will take has not yet been advised, but based on initial meetings between officers of the Authority, CAB and DWP it is likely to be similar to the current offering.

Bromley Housing Department also have specialist money advisers within the Homeless Prevention Services Team. The advisers work directly with clients to ensure that they are able to manage their finances – this has a particular focus on supporting those moving over to Universal Credit.

Furthermore, the Bromley Children's' Project highlight families with budgeting issues and work closely with those families to work through their debt issues.

Both Bromley departments will continue with this support after April 2019.

Supplementary Question:
It is good to hear that there is work being done with residents. In this borough we rely quite a lot on private landlords for our housing, could I also ask what work is being done because nationally there have been stories about private landlords being far less positive in housing people on Universal Credit?

Reply:
We have had no feedback on specific issues with our private landlords, but it is an area that we need to be looking at. I am concerned, and will probably be meeting two or three times with Housing officers during the course of the rollout to see what the implications are that we suffer from. I will be more than happy for you to join me at those meetings and have an input from your specific area, which will be very valuable.

Additional Supplementary Question from Cllr Marina Ahmad
Does the Portfolio Holder have any concerns about any particular groups of vulnerable people, for example lone parents or young people leaving care?

Reply:
During the initial consultation period we fed back specific concerns which I had at that time. One particular concern was about the idea that the entire benefit would be paid to one person in the household. We have made arrangements so that it can be split in certain cases, but that worries me. I do worry about the roll-up of various things happening at the same time – I think there may be a cumulative impact that would not necessarily be obvious to people looking in isolation at individual elements. We have a report later on about Council Tax support, and I make reference there about my concern about the cumulative impact of certain measures being taken. I think that is something we need to have on the radar as we go through next year, but we will have to keep a close watching brief on exactly what is happening in terms of implications for Housing, and Cllr Morgan and I will be speaking about that.

Additional Supplementary Question from Cllr Simon Jeal
To pick up on one point regarding payment being made to one member of the household, is he aware of the campaign that Bromley and Croydon Women's Aid have been running over the last sixteen days in relation to domestic abuse and particularly some of the signs of domestic abuse? Could some of that literature be given to those in the Housing Department and those who may be closest to dealing with Universal Credit within the borough, so that they can look out for the signs of potential domestic violence?

Reply:
That might be extremely valuable, and I would like to look at that literature and speak to Cllr Morgan about putting these on the counters, and it may well be that the literature you describe will be extremely valuable.

8. From Cllr Simon Fawthrop to the Portfolio Holder for Resources, Commissioning and Contract Management

In relation to the written reply to my questions 10 and 11, would the Portfolio Holder please detail with a year by year summary of the extra costs this Authority would have had to bear, had it passed the 'alternative budget' proposals of the Labour Party opposition since 2002/3 to date, summarising:

(i) The financial effect such action would have had on the current level of the Council's useable reserves, accruing the extra deficit incurred (or gained) each year at the 'Base Rate' of that time.
(ii) The financial effect such action would have had on the Council's current budget deficit, ahead of preparing the budget for 2019/20?

Reply:
Given the question requests a year by year summary of extra costs, I have circulated a paper setting out the detail in table format (Appendix 1).

Supplementary Question:
It is interesting to note if you take that in accordance with the written question on page 4 or 5 of the written answers, that cumulatively, councillors on this side have saved £509m since 2011/12 - that is a lot of money. On that track record, would he trust the Labour Party to set a budget for this Council?

Reply:
We are not going to find out. It does not matter whether I trust them – it is a question of whether the electorate trusts them. The electorate did give them the trust from 1998 to 2001 and since then they have entrusted us. It is something that we have always been very jealous about – the fact that we do have a careful stewardship and sustainability about the way that we do things. Sometimes people accuse us of being over prudent. I do not think it is a question of over prudence, because we never know what is round the corner. It could be Ofsted or whatever – we always have to be prepared. I am more than happy with the way that we do careful stewardship going forward and I would rather not test the Labour group's ability to come up with an alternative budget

Additional Supplementary Question from Cllr Kathy Bance:
Could Cllr Arthur explain why we have failed two Ofsted inspections so abysmally, with all the savings that you have made?

Reply:
I could try. I have been in this chamber long enough to remember 2001 when we had a failed Ofsted, and that is when the administration sat on that side of the Council. You have to be a little bit careful before you start throwing stones.

Additional Supplementary Question from Cllr Angela Wilkins:
Would Cllr Arthur agree that it is somewhat disingenuous that this question was asked by Cllr Fawthrop given that not long ago he was questioning the cost of questions? Is it appropriate for this type of highly political question to consume officers' time with the response?

Reply:
It is a bit tricky to be asked to support or defend Cllr Fawthrop's line of questioning – it is really for him to defend, and not me.

9. From Councillor Angela Page to the Portfolio Holder for Public Protection and Enforcement

How many CCTV cameras do the Council currently have and how is success measured?

Reply:
We currently have 171 fixed CCTV cameras and 20 vemotion relocatable cameras. Regarding how success is measured, every month we count -

- The number of incidents where the control room has assisted the police to investigate and also when recorded images have been disclosed to the police in terms of packages of evidence to be used in court;

- The number of incidents where we have been able to disclose recorded images to other parties, including solicitors and insurance agencies for a fee;

- The number of live incidents reported to the police;

- Specialist operations conducted in the control room by the police and other groups.

Unfortunately, we cannot measure successful prosecutions in court, and those that end up with people going to prison, because that data is not made available to us by the Police, although the Police do sometimes commend our operators for their support and expertise during various operations.

Supplementary Question:
It is reassuring that residents around the borough are protected in this way. Are there many occurrences of camera breakdown, and if so what is the average time that before they are up and running again?

Reply:
Faults are rare, but when a fault is reported according to the contract they have to be inspected within four days of the fault being noticed. Repairs are made as quickly as possible, but it does depend on how quickly they can get hold of the part required.

Additional Supplementary Question from Cllr Kevin Brooks:
Has CCTV caused a reduction in fly-tipping or simply moved it elsewhere in the borough?

Reply:
With fly-tipping it is very difficult to catch anybody on CCTV, but we have had a recent success in the last month or so when we put a relocatable one in Kangley Bridge Road and on the first day of us putting it there, after we received information from a ward councillor that there was frequent fly-tipping there, we caught somebody, we found the vehicle involved, seized it and last week I went to a scrap yard in Erith where I watched it being crushed. Before they did that, they took everything off and it will be recycled and the company we used, called Recycling Lives, which is a charity who employ people leaving prison in various locations. Whereas the normal prisoner leaving prison has a 77% chance of returning to prison, of the people coming into their scheme only 5% return to prison.

Additional Supplementary Question from Cllr Angela Wilkins:
Could the Portfolio Holder explain precisely what criteria are used to determine the location of the relocatable CCTV cameras?

Reply:
I do not have the full guidelines off the top of my head, but I will be happy to get that information from the officers and forward it on to you.

10. From Cllr Nicholas Bennett to the Leader of the Council

(Question withdrawn.)

11. From Cllr Tony Owen to the Chairman of the Development Control Committee

How do you suggest the Council responds to the erratic and inconsistent planning appeal decisions, especially in the Petts Wood Area of Special Residential Character (ASRC)?

After recent 'rogue' decisions, especially three by one planning inspector, officers and planning sub-committees have no idea where things stand and how they should judge future applications.

Reply:
The Council is able to challenge appeal decisions through the courts if there is a procedural issue with the way the decision was made, however it cannot do so simply because it disagrees with the conclusions of a particular decision. Such challenges are risky and they can result in the Council paying costs unless it has a very clear and strong case on procedural grounds.

The Council should continue to deal with applications in the ASRC in accordance with established and emerging development plan policies. Indeed, there is no sense in creating and ASRC if it is not respected in subsequent planning decisions.

While previous appeal decisions can be a material consideration, they are not decisive in future planning decisions and the Council is entitled to take a different view from that expressed in a related appeal decision, provided it can support any planning decision it makes with cogent policy based evidence. If not, there is a risk of costs in any subsequent appeal.

When applications go to appeal the inspector can only see what is written in the minutes. I would point out the practice that Cllr Simon Fawthrop makes of giving a detailed submission with the reasons he considers to be the grounds of refusal when a sensitive application occurs in his ward. This is then given to the committee clerk for inclusion in the minutes so that, as a when the application goes to appeal the inspector has the Member's local knowledge and further information to take into consideration. I would say that Members with similar applications would be well advised to follow this practice.

Supplementary Question:
Could we as a Council present to the Inspectorate a list of decisions that were allowed and a list of decisions that were rejected, all very similar. There is total inconsistency between its inspectors. You can challenge an appeal, but that is one decision, but the problem is a general problem of consistency and they just go into complaint mode if you complain. What I would like the Chairman to do is challenge the consistency of decision making by the Planning Inspectorate with examples where we show that they are just not consistent.

Reply:
I agree that consistency in decision making is very important, and I would be open to doing as Cllr Owen suggests.

Additional Supplementary Question from Cllr Angela Wilkins:
Would Cllr Michael like to comment on the planning implications of the recently installed "Turdis" that I understand has recently arrived in Petts Wood and does she believe that this is partly in response to the Council's closure of the public toilet?

Reply:
No, I do not.

Additional Supplementary Question from Cllr Simon Fawthrop:
If more needs to be done to protect the Petts Wood ASRC, will she instruct officers to come up with the correct phraseology and wording and all the detailed planning alterations to our Local Plan that we need so that we can protect it in future?

Reply:
As I said, there is no point in creating ASRC if we then take planning decisions that go against them, so, yes.

12. From Cllr Nicky Dykes to the Portfolio Holder for Public Protection and Enforcement

Could the Portfolio Holder please set out the representations made by the Council on the plans to merge Bromley's policing units with Sutton and Croydon? Can she provide an update?

Reply:
At the beginning of the process the Deputy Mayor for Policing & Crime, Sophie Linden came to Bromley to meet myself, the then Leader, the Chief Executive and the Bromley Borough Commander to outline their plans. At that very first meeting we voiced our misgivings about being merged with Croydon, and particularly the prospect of having a shared response team with two other boroughs.

Following this I had several meetings in London about it where again I voiced our disapproval. I also had several meetings at City Hall and at London Councils with the Deputy Mayor about our grant funding, which I always stayed behind to speak to her and reiterate our concerns. I also attended an All Party Parliamentary Group meeting about Policing at the House of Commons in which Bob Neil joined me after the meeting to speak to her again. I attended another All Party Parliamentary Group meeting about Serious Youth Crime at Portcullis House, and again stayed afterwards to be an annoying flea in her ear, to which she was always very polite and said she understood where I was coming from.

When the Tri-borough Commander Jeff Boothe was assigned his new post he came to Bromley to meet with the Leader, the Chief Executive and myself. He understood from the get go in his new job that a shared response team was unacceptable to Bromley Council and our residents. At the regular Bromley Leader's Committee meetings the Leader reinforced our position at every meeting, and myself and Nigel Davies had numerous meetings at Bromley Police Station with Jeff Boothe, again with the same message. Before Jeff arrived Nigel Davies and I had monthly meetings at Bromley Police Station with the then Borough Commander Chris Hafford, where he agreed to say No to everything at his regular meetings with the BCU rollout at Scotland Yard. I attended a meeting hosted by Jeff Boothe at London Bridge with my Public Protection Counterparts from Croydon and Sutton, where again we reasserted that sharing response resources and Neighbourhood Policing resources across the three boroughs was unacceptable and a recipe for disaster.

I invited Sophie Linden to the SNB Bromley Crime Summit last year and she came to speak about the Public Access Consultation. Although she kept trying to steer the conversation to the Public Access Consultation, our residents stood up time and time again to highlight the geographical size of our borough and the fact that Croydon has a different crime profile to Bromley, and their fears that resources would be sucked out of Bromley in favour of Croydon was unacceptable to all of them. Councillor Michael and Madame Mayor also put our position forward forcefully. The Safer Neighbourhood Board also helped facilitate letters sent to the Deputy Mayors from the separate ward Safer Neighbourhood Panels, so that she was getting the message reinforced by our residents groups.

In the latter stages of the process the Leader sent a letter to the Deputy Mayor, and I contacted the Leader of Sutton Council and we sent a joint letter to the Deputy Mayor highlighting how neither of us desired a shared response team with Croydon and our reasons why. Previously to this, following advice given at the Public Protection & Safety PDS Committee as it was then, I wrote to the Public Protection Leads of the three boroughs involved in the first tri-borough Pilot. They highlighted to me how response times immediately went up, and this was put in the letter as evidence.

In conclusion, we never expected to halt the BCU process but to retain our own dedicated response team and our own dedicated neighbourhood policing team is a fantastic win for Bromley, and one that I am very proud of. It was a great team effort and thanks go to The Leader, Councillors, the PP&S PDS, LBB Officers, the SNB, Bromley Police and our brilliant residents groups.

Supplementary Question:
Thank you to the Portfolio Holder for being such a good flea in the ear, and to the Leader and all those others involved. Would she agree with me that, going forward, and in reflection of the fact that we do have our response teams, that we keep accurate and factual information in the public domain about our response times, and not scare-mongering as we might have seen recently?

Reply:
Absolutely. The correct facts are very easily obtained through the MOPAC dashboard website. It is very irresponsible to massage numbers or use completely incorrect numbers which has been done in a recent campaign.

Additional Supplementary Question from Cllr Ian Dunn:
A couple of weeks ago I received an email concerning a shooting incident in Penge, and that was from somebody entitled Inspector, Neighbourhood Policing, Croydon. Would the Portfolio Holder agree that the fact that an Inspector in Croydon is writing to Councillors about a shooting incident in Penge shows that there is genuine cross borough working

Reply:
Was his name Craig Knight? Oh, Stephen Ward. The BCU is there - one of the benefits is that we can share gang expertise between boroughs, and boroughs such as Croydon have greater experience than us. There are benefits to the BCU and that is one of them.

(At this point the time allowed for questions expired. The remainder of the questions received written replies.)

13. From Cllr Angela Wilkins to the Portfolio Holder for Adult Care & Health

The following failings were identified in a recent internal audit investigation of the Council's Adult Mental Health Contract with Oxleas:

- the contract has run for 14 years without review or variation to ensure it is relevant and fit for purpose;
- performance measures are obsolete and there are no defined monitoring measures in place;
- there is no Mental Health Board in place;
- care package reviews for the majority of clients were overdue until recently.

In relation to Direct Payments, internal audit reported the following:

- direct payment terms and conditions were not being met;
- instances where there was no evidence that payments made were being used for purpose intended;
- evidence found of over-payments being made to clients;
- a number of DP5 forms missing.

Were you surprised by these findings?

Reply:
Not completely as they are largely commenting retrospectively on matters the Department is already sighted to and have either already fixed or are in the throes of resolving.

14. From Cllr Ian Dunn to the Portfolio Holder for Resources, Commissioning & Contract Management

Eight London Boroughs including Barnet and Hillingdon and Sevenoaks and Tonbridge & Malling Districts in Kent have signed up to a Council Tax Protocol developed by the Local Government Association & Citizens Advice which asks that Councils:-

- Work with enforcement & advice agencies to help people pay their Council Tax bills while accessing debt advice,
- Endure all communications with residents about Council Tax is clear,
- Use the Standard Financial Statement when calculating repayment plans,
- Offer flexible payment arrangements to residents,
- Do not use enforcement agencies where a resident receives Council Tax support,
- Publish their policy on residents in vulnerable circumstances.

What consideration has Bromley given to signing up to this protocol?

Reply:
The Head of Revenues and Benefits has met with the Service Delivery Manager at Bromley CAB to discuss the recovery of Council Tax debt. Part of the discussion at which revolved around the Council Tax Protocol.

The meeting proved fruitful and whilst the Protocol has not been signed, certain elements have been adopted with other joint working arrangements put in train. These include:

- Expanding the number of documents on which Taxpayers are advised as to where to obtain independent advice

- Citizen Advice Bureau's being invited to Pre-Summons Surgeries
- Provision of direct line telephone numbers to Recovery Officers for the making of arrangements
- Acceptance of the Standard Financial Statement; however it was advised that on occasions additional information may be requested.
- Commencement of monthly joint surgeries at Community House *

* *Due to commence early next year*

The Authority is committed to collecting revenue whilst minimising the distress and hardship to those owing Council Tax.

15. From Cllr Kathy Bance MBE to the Portfolio Holder for Children, Education & Families

What involvement has the London Borough of Bromley had with Harris Academy Kent House in respect of the maladministration over the annulled SATs results of some Year 6 pupils?

Reply:
I take this as a follow up to the question Cllr Ahmad asked at the October Council meeting. As I explained to the Council in October, the Standards and Testing Agency (STA) may require a local authority to monitor the administration of Key Stage 2 tests in any school. Bromley Local Authority was required to do this at Harris Primary Academy Kent House. We fulfilled that task and reported back to the STA. The Local Authority has no further involvement.

16. From Cllr Josh King to the Portfolio Holder for Environment & Community Services

What proportion of waste collected for recycling in Bromley is sent overseas for processing?

Reply:
All of the waste and recyclable material collected in Bromley is processed in the UK. Recyclable materials that are derived as a result of the initial processing are brokered on the open global market. UK markets are selected wherever possible but for some materials (primarily plastics) the volume of recyclable material collected exceeds the UK manufacturing industries demand for feedstock. Therefore, a proportion of the processed recyclable materials from Bromley may be transported 'overseas' to create new products. The proportion of post-processed recyclable products sent overseas is not known as this material is no longer in the Council's ownership.

17. From Cllr Simon Jeal to the Portfolio Holder for Renewal, Recreation & Housing

This year, volunteers from the Bromley Homeless Shelter and local churches will be starting to run a second winter shelter in the Borough, to increase capacity to provide beds and meals to rough sleepers. How is the council's homeless strategy addressing the support needed for the increasing number of Bromley residents becoming homeless?

Reply:
The Council's homelessness strategy sets out the priorities and activities being undertaken to support people in Bromley who may be homeless or at risk of homelessness. The full homelessness strategy which provides details on the range of initiatives being undertaken can be downloaded from the Council's website -

(https://www.bromley.gov.uk/downloads/file/774/homelessness_strategy_priorities_poster)

Overall these activities centre on the 3 following areas:

- To prevent or relieve homelessness wherever possible either by assisting a household to remain in existing accommodation or to secure alternative accommodation.

- To increase access to and the level of affordable housing supply available.

- To provide support to improve life chances so that households build the necessary resilience to sustain accommodation and minimise the risk of repeat homelessness.

18. From Cllr Vanessa Allen to the Leader of the Council

Bromley Council seems to be the only body in the country who do not consider that any planning needs to be done concerning Brexit. Why does the leader consider he knows better than the Local Government Association, the CBI, the NHS Confederation, chambers of commerce and so on?

Reply:
Because I do know better about the needs and requirements of the London Borough of Bromley than the LGA, CBI, NHS Confederation, Chambers of Commerce and so on.

So should you as a point of fact, likewise every other Member of this Council too.

19. From Cllr Kevin Brooks to the Portfolio Holder for Children, Education & Families

How much of a priority does the Portfolio Holder see Religious Education in Bromley and, in the light of Bromley being dominated by academies, what influence does he have on advising schools on syllabuses?

Reply:
I see all learning as a priority. Regarding the specifics of influencing syllabus – the RE syllabus in locally maintained schools follows the locally agreed syllabus as set by the Standing Advisory Council on Religious Education SACRE).

20. From Cllr Simon Fawthrop to the Portfolio Holder for Resources, Commissioning and Contract Management

What is the total number of employees for LBB (split by both full and part time not just FTE) and of those how many have the ability to work from home?

Reply:
As at 6th December, we had 1,484 LBB employees. 984 of these are full time and 500 are part time.

The ability for staff to work flexibly including home working is available to most staff, subject to the operational requirements and the business needs of the organisation. Each case is individually assessed taking into account a number of factors including suitability, technology, business consideration and exceptional personal circumstances.

21. From Cllr Nicholas Bennett to the Portfolio Holder for Renewal, Recreation and Housing

What requirements are in the current arrangements with Mytime Active to ensure health and safety training for poolside staff to ensure the following don't occur:

(i) movement of heavy 25m swim lane markers whilst swimmers are in the lane;
(ii) placing of metal lane marker holders so they project over the poolside;
(iii) a single poolside member of staff being distracted from watching the pool whilst moving lane markers and other ancillary activities;
(iv) removal of slip mats in changing rooms before all users have vacated the area?

Reply:
It is the responsibility of Mytime Active to ensure they operate the swimming pools in accordance with good practice. However LBB undertake checks of lifeguard qualifications and training on a monthly basis. To ensure the pool meets programming requirements and to minimise disruption to users lane ropes may be moved with swimmers in the pool. If this is necessary lanes ropes are moved ensuring the safety of the swimmers in the pool. Industry standard lane ropes and fixings are utilised that meet the requirements for both public and competitive swimming.
Lifeguards ratios are determined through a risk assessment to ensure the safety of the users and full coverage of the pool is supervised. Therefore lifeguards who move lane ropes are not responsible for supervision of the pool while undertaking the task.

The mats in the wet change at The Spa are not utilised to create an anti-slip surface. The purpose of the mats is to help trap dirt in high traffic areas so they can be removed end of the working day to enable deep cleaning of the floors. For reassurance the floor in the wet changing rooms were treated with anti-slip properties in September 2018.

22. From Cllr Angela Wilkins to the Portfolio Holder for Renewal, Recreation & Housing

Given that original proposals were to spend £1.3m on a few mirrored canopies planned for Bromley High St, exactly how much you are prepared to spend on them?

Reply:
The design and costings of the proposed mirrored canopies was discussed extensively at the Renewal, Recreation and Housing PDS on 18th September 2018. The Executive on 17th October 2018, on recommendation from the RRH PDS, agreed that the detailed design and implementation costs of the two proposed canopies be capped at the original budget figure of £800k. Work is now underway reviewing the design and costing options with the Portfolio Holder and local Ward Councillors prior to be being reconsidered by the RRH PDS and Executive in the New Year.

23. From Cllr Josh King to the Portfolio Holder for Environment & Community Services

The Mayor of London has recently confirmed the location of twenty public water fountains to help reduce single use plastics with the added benefit of discouraging the consumption of high sugar carbonated drinks. Would the portfolio holder support similar water fountains in Bromley and does he have plans for any?

Reply:
I would support water fountains if organisations such as BIDs were inclined to provide them. However within the current financial context I do not see the provision of fountains along with the costs of the water as a priority. We provide toilets via the community toilets scheme, which should support those businesses participating in it. Members of the public, as customers can request tap water in food & beverage establishments, I suspect as customers they could also request water in shops. With the current pressures on our High Streets businesses I am reluctant to distract visitors from actually visiting shops and cafes.

24. From Cllr Simon Jeal to the Leader of the Council

Please provide a summary of the events, campaigns and other initiatives the London Borough of Bromley plans to run, fund or support in 2019 to mark events such as LGBT History Month, Black History Month, Holocaust Memorial day, World Disabled Day, International Women's Day, International Day for the Elimination of Violence against Women and Human Rights Day.

Reply:
With the exception of the recent adoption and embodiment the IHRA definition across the Council's equality guidelines/statement and training materials at this Administration's instruction, none.

I would take perhaps this opportunity to remind Cllr Jeal, as he has presumably picked up elsewhere, that this Council faces the unprecedented existential challenge to find ~ £40m savings from a ~£200m budget by 2022.

As such, the Council is looking to reduce all avoidable non-statutory spending across the board in an effort to balance its books to ensure that vital services to all key client Groups across Adults and Children's services can remain protected at as high a level and quality that our reducing funding permits.

If he has any further thoughts regarding non statutory growth items/non-essential expenditure being added to the Council services, it would perhaps be helpful if he could table them with commensurate thought and advice as to where the means of paying for them might be found.

25. From Cllr Kevin Brooks to the Portfolio Holder for Public Protection & Enforcement

There have recently been violent stabbing and shootings in the North of the borough. In addressing this, what action is the Portfolio Holder undertaking to bring together the police and specialist services both within Bromley and across neighbouring boroughs?

Reply:
You are already very much up to speed on what we are doing in community safety with regards to mapping all the work which is going in across the borough to tackle serious youth violence and knife crime. I have included below a summary of the work undertaken to map all the partnership work which is detailed in the Knife Action Plan. We also have access to the Croydon and Sutton action plans.

Response
Community Safety Partnership Knife Crime and Serious Violence Action Plans

Background
The London Knife Crime Strategy launched in June2017 within it was a commitment for every London Borough to have a bespoke knife crime action plan.

With collaboration between MOPAC, MPS, London Councils an action plan template was developed drawing on expertise of Chief Executives, Directors of Children Services, Directors of Public Health and Heads of Community Safety from across London it is this refresh seeks to achieve a single consistent action plan format across London.

The action plan template aligns to the six "taking action" themes set out in the London Knife Crime Strategy. It is for Local Community Partnerships to own and develop plans that fit their local issues and needs. The six themes are:-

- ✓ Targeting lawbreakers,
- ✓ Keeping deadly weapons off our streets,
- ✓ Protecting and educating young people,
- ✓ Standing with communities, neighbourhoods and families against knife crime,
- ✓ Supporting victims of crime and
- ✓ Offering ways out of crime.

Local action planning
In Bromley a task and finish group encompassing key partners has been established to facilitate input into a local plan. Next meeting scheduled for February 2019.

It is important that this action plan draws on and includes valuable information from across the community, for example, inclusion of the Safeguarding children affected by gang activity and Serious Youth Violence protocol that was published by the BCSB in August 2018.

Governance
It is essential that our initial Knife Crime and Serious Violence action plan remain a "living document", evolving to address need and demand.

- ✓ Governance / oversight of our action plan will be through the SBP strategic meetings

- ✓ Regular updating of our action plan will be the responsibility of the CSP.

In addition to this I am in the process of arranging a Bromley Safer Neighbourhood Board Community meeting, for January in the Penge/Crystal Palace area, which will enable residents to come together with the Police and Specialist Services.

26. From Cllr Nicholas Bennett to the Portfolio Holder for Resources, Commissioning and Contract Management

For what reasons has the Commissioning Board been suspended and when will it resume scrutiny of Departmental proposals?

Reply:
The Commissioning Board is an officer board and as such is the direct responsibility of the Chief Executive.

A year by year summary of the Labour Party alternative budget proposals, effective from the 2003/04 financial year, is shown in the table below.

Financial Year (Budget Proposals)	Impact of Council Tax Changes £'000	Impact of Cost and Savings Adjustments £'000	Use of Reserves £'000	Notes
2003/04	(428)	1,730	1,302	
2004/05	0	300	1,300	
2005/06	0	1,000	1,000	
2006/07	0	980	1,830	
2007/08	0	0	0	(*)
2008/09	(240)	740	1,000	
2009/10	0	365	365	
2010/11	1,626	(34)	1,592	
2011/12	0	2,719	1,301	
2012/13	0	0	2,719	
2013/14	0	0	0	(*)
2014/15	0	0	0	(*)
2015/16	0	3,580	3,580	
2016/17	0	4,555	2,469	
2017/18	0	0	9,450	
2018/19	0	3,500	8,055	
Total	**958**	**19,435**	**35,963**	

** No alternative recommendations*

(i) Assuming the use of balances for one year only, general and earmarked reserves would have reduced by £35.9m (£41.5m including foregone interest earnings using LBB average rates to reflect the loss of interest earnings on the Council's balances).

In view of the legal requirement to set a balanced budget, if no alternative options were identified to offset the annual adjustments in successive years and reserves were required to meet the cumulative impact, there would have been a total reduction in reserves of £132.5m (£151.0m including foregone interest earnings using LBB average rates).

(ii) The proposals would have resulted in an onging budget gap (further savings to be identified) of £20.4m made up of £0.96m in reduced council tax income and £19.44m arising from increased costs and/or reduced savings options.

Budget decisions are made on an annual basis and the cumulative effect (had previous years' budget proposals been agreed) would have influemnced alternative proposals in future years. It is not possible to identify the extent to which annual resolutions would have changed had previous proposals been implemented. However, it does illustrate that we would have a significant budget gap and significantly depleted reserves.

Appendix D

COUNCIL MEETING

10^{TH} DECEMBER 2018

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR WRITTEN REPLY

1. **From Cllr Josh King to the Portfolio Holder for Resources, Commissioning & Contract Management**

How many instances of voter impersonation were reported during the recent Kelsey and Eden Park by-election?

Reply:
The Returning Officer has advised me that he is not aware of any instances of voter impersonation at the recent By election. However such maters should be reported to the Police rather than the Returning Officer.

2. **From Cllr Josh King to the Portfolio Holder for Renewal, Recreation & Housing**

What was the cost of running the competition for a performance canopy on the Beckenham Green and why was it not possible to include the maintenance costs in the renegotiated parks contract?

Reply:
The cost of running the design competition for the performance canopy was £500, paid from a S106 contribution for town centre improvements. The maintenance of the proposed performance canopy is considered a growth item and the term contractors has estimated that it would cost £2.208 p.a. to maintain as a variation to the existing term contract.

3. **From Cllr Ian Dunn to the Portfolio Holder for Environment & Community Services**

How many residential parking permits have been issued in the last 12 months at £40 and £80, broken down by the number of permits per household?

Reply:
The first table provided shows the total number of residential permits issued in the last year is 7,582 and the number of permits issued per property.

The second table shows of those permits how many were at the lower charge and the higher charge; the reason there are 3 permits which are either no cost or £20 is because this is one address with a special arrangement for carers to have resident permits.

	number of properties	number of permits per property	number of permits
	2	6	12
	9	5	45
	39	4	156
	190	3	570
	1,161	2	2,322
	4,477	1	4,477
Total	**5,878**		**7,582**

price	number of permits
0	2
20	1
40	6,548
80	1,031
Total	**7,582**

4. From Cllr Ian Dunn to the Portfolio Holder for Resources, Commissioning & Contract Management

Please provide a breakdown of the Council's use of Agency Staff, showing person days and net cost, by month from April 2017 to as recently as figures are available, broken down by Adult Social Care, Children's Social Care, other EHCS, ECS and other. Please also show the number of employees in FTE with the same breakdown.

Reply:
(See Appendix 1.)

5. From Cllr Ian Dunn to the Portfolio Holder for Environment & Community Services

Please provide the total number of Fix My Street jobs raised in the last 12 months, broken down by month, ward and type of issue.

Reply:
The atttached document shows FMS data breakdown 01/12/17 to 30/11/18 (Appendix 2.)

6. From Cllr Angela Wilkins to the Leader of the Council

Please provide a list of Councillors (by party) and which committees they are members of.

Reply:
This information is already available on the Council's website, where committee membership is shown on each Councillor's page -

LBB Website - Your Councillors

7. From Cllr Angela Wilkins to the Portfolio Holder for Environment & Community Services

Please provide the schedule / rota for enforcement of parking restrictions across the Borough.

Reply:
It is not in the public's interest to publish information that might lead to increased contraventions of parking restrictions. It could, for example, lead to drivers deciding to risk not be caught if our service requirements are published therefore providing a tool that may be misappropriated in allowing parking on restriction and possibly avoiding paying for their parking.

Bromley's expected levels of visits/rotas by the CEOs are also subject to change in order to respond to deviations in locations of contraventions or new priority locations that may be given priority attendance, particularly with the introduction of new schemes/restrictions. The borough's contract with APCOA provides a total number of hours deployed within the borough, for each month and for the year, which is not specifically designated to an individual area.

Established levels of attendance are provided for areas within the borough which needs to be attained along with the contractors responsibility to attend adhoc requests for enforcement action from the public along with internal reviews . LBB staff monitor the activity of APCOA staff through the presence of key performance indicators assigned to most of the poignant actions being undertaken such as hours deployed and enforcement requests, which if not attained will have punitive measures.

8. From Cllr Angela Wilkins to the Portfolio Holder for Adult Care & Health

Please provide a summary and breakdown of the Council's expenditure (under Invest to Save) of the team employed to deliver cuts in the care packages for residents with learning difficulties. Please also provide details of any savings identified and implemented by this team?

Reply:
The table below sets out the costs of the Learning Disabilities Invest to Save team until it was ceased on 30th September 2018, and the full-year savings that were achieved.

	Costs (staffing) £'000	Full-year savings £'000
2015/16*		279
2016/17	208	866
2017/18	305	1,086
2018/19	117	503
	630	2,734

* There was no dedicated team during 2015/16, so the costs are not separately identifiable.

Savings were achieved for a variety of reasons following a review of individual care packages, such as increased independence skills, identifying better quality care providers, transfers of ordinary residence to other authorities, securing increased health contributions towards care packages and clients moving into more appropriate residential/nursing home or supported living schemes.

In addition, with the support of the care providers, a review of locally commissioned supported living schemes and the clients living within the schemes was undertaken, which identified opportunities to recognise efficiencies through reconfiguring staffing within the schemes.

In all cases, any changes to care packages were made in accordance with legislation and Council processes, and were agreed with the service user and care provider, and where relevant, with the family, carer, advocate and health professionals.

9. From Cllr Kevin Brooks to the Portfolio Holder for Renewal, Recreation & Housing

Can anything be done to address the fact that the mobility centre in the Glades is not under cover, leading to difficulties for disabled people using the service in bad weather?

Reply:
This issue will be taken up with the Glades Centre Management at the earliest available opportunity.

10. From Cllr Simon Fawthrop to the Portfolio Holder for Resources, Commissioning & Contract Management

Would the Portfolio Holder please detail the savings made to the Council's revenue budget on a year by year basis since 2010/11 to date, including this years proposed savings within the list?

Would the Portfolio Holder please advise the overall cumulative total of these savings over the same period?

Reply:
Ongoing annual savings of £97m have been included in the Council’s revenue budgets between 2011/12 and 2018/19 compared to the 2010/11 baseline. Proposed savings for 2019/20 are to be determined following the Provisional Local Government Finance Settlement and will be reported to Executive on 16th January 2019. Cumulatively, this would provide total savings of some £500m over the same period. Cost pressures within the annual budget and medium term financial strategy arise from a number of factors including inflation, additional cost and demographic pressures including new burdens and the impact of significant government funding reductions. Some of the savings identified were required to offset such cost increases within the overall net budget. A summary of the annual and cumulative savings is shown in the table below:

Financial Year	Ongoing Annual Savings £'000	Cumulative Savings (01/04/11 to 31/03/19) £'000
2011/12	15,645	125,160
2012/13	22,879	160,153
2013/14	13,108	78,648
2014/15	7,292	36,460
2015/16	8,766	35,064
2016/17	18,406	55,218
2017/18	8,011	16,022
2018/19	2,667	2,667
Total	96,774	509,392

11. From Cllr Simon Fawthrop to the Portfolio Holder for Resources, Commissioning & Contract Management

Can the level of Council Tax rises each year from 1999/2000 to 2018/2019 be presented as a bar graph which is colour coded by the party/parties responsible for setting the budgets of the day be presented to Council?

Reply:
(See Appendix 3.)

12. From Cllr Nicholas Bennett to the Portfolio Holder for Adult Care and Health

How many Deprivation of Liberty Orders have been made in each year since they were introduced and what are the three main reasons such orders have been issued?

Reply:
The deprivation of liberty was introduced into the mental capacity act by amendments to the mental health act in 2007 and came into force in 2009. The deprivation of liberty safeguards (Dols) order are called standard authorisation and they are granted only for those who are accommodated in care home or hospital for the purpose of being given care or treatment in circumstances amounting to deprivation of liberty. The number of orders granted by the local authority from 2013-2018 are:-

2013/14- 6

2014/15- 350

2015/16- 490

2016/17- 875

2017/18- 925

The figures from 2009/10- 2012/13 are not available. The deprivation of liberty for people who are not accommodated in a care home or hospital can only be authorised by the court. The orders from the court are granted under a welfare order and there is a different procedure for those orders.

It is the law to protect article 5 (Right to liberty and security) of Human Rights Act for those who fall within the definition of “unsound mind” as mentioned in that article.

The public authorities have a positive duty under that article to protect the right of an individual. Any infringement with this right is only permissible in accordance with a procedure prescribed the law. The aim is to prevent an individual from any arbitrary infringement with this right. The procedure in the law is the procedure of granting of standard authorisation for Dols for people accommodated in care homes or hospitals and they lack capacity to consent to being accommodated in that care home or hospital (Schedule A1 MCA).

For people outside care homes and hospitals, the procedure is the application to the court of protection for authorisation (Section 4(A) (3) & (4) MCA). In the performance of the positive duty, the local authority must investigate if the circumstances are amounting to deprivation of liberty, take appropriate measures to minimise the deprivation and if nothing can be done then either authorise it by granting Dols (for people living in the care homes or hospitals) and for any other setting apply to the court for authorisation. This is also in line with local authority’s statutory duty to safeguard adults under the Care Act.

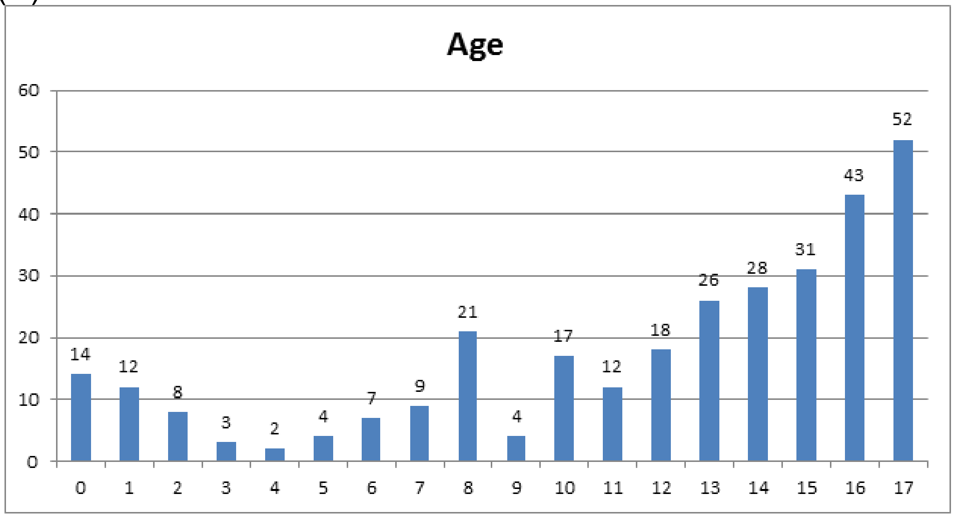
13. From Cllr Nicholas Bennett the Portfolio Holder for Children, Education and Families

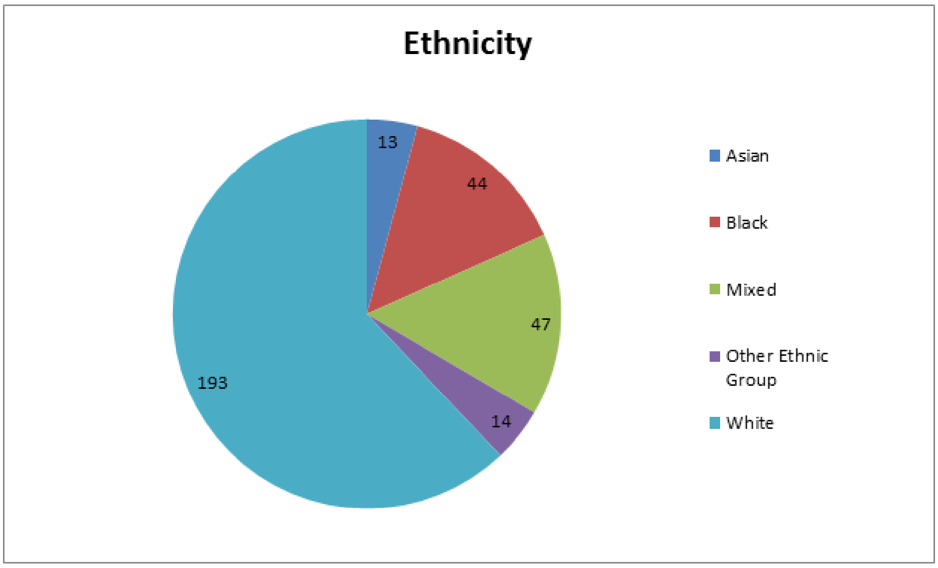
(i) How many children are in care at the latest available date;
(ii) what is the average length of a placement for a child placed in care;
(iii) what is the average number of placements an individual child will have;
(iv) the breakdown by age and ethnicity for those currently in care;
(v) the number of children in care with physical and/or mental disabilities;
(vi) the number of children in care who are unaccompanied minors;
(vii) the principal reasons why children have been taken into care?

Reply:
(i) 311
(ii) 510 days for those children in care at 30/09/18

(iii) Based in the children in care at 30/09/18, the average number of placements for each child from 01/04/18 to 30/0918 is 1.78

(iv)





(v) 12, this is the DfE children in need census definition of need for services because of disability, illness or intrinsic condition.

(vi) 32

(vii) Abuse/Neglect

Need code	**Number of children**
N1 (Abuse or Neglect)	185
N2 (Disability)	12
N3 (Parent/Carer Illness/Disability)	14
N4 (Family in Acute Stress)	28
N5 (Family Dysfunction)	26
N6 (Socially Unacceptable Behaviour)	5
N8 (Absent Parents)	41
Grand Total	**311**

14. From Cllr Nicholas Bennett the Portfolio Holder for Renewal, Recreation and Housing

If he will list for each library in table format the following information for 2017-18:

(i) the annual and monthly average of visitors;
(ii) the annual and monthly average number of books issued;
(iii) the annual and monthly average running costs;
(iv) the cost per visitor;
(v) the cost per book issue;
(vi) the percentage of the Borough population who used a library?

Reply:
See attached table (Appendix 4)

15. From Cllr Tony Owen to the Portfolio Holder for Renewal, Recreation and Housing

Residents and I have asked numerous questions about Bromley Council undertaking its duty under its lease to scrutinise Biggin Hill Airport operations.

Please can you suggest the most suitable committee for me to request an agenda item that does just this?

Reply:
I have relatively recently had discussions about this very matter with Officers. Theoretically, there could be a number of different committees but it seems most appropriate to suggest the Renewal, Recreation and Housing PDS Committee. To make sure that any scrutiny is as helpful as possible, I will ask Officers to make contact with you to discuss further.

16. From Cllr Tony Owen to the Portfolio Holder for Environment and Community Services

In each of the the last 5 years (for which statistics are available) how many fatalities have occurred on Bromley's Roads?

If all roads, other than main roads, had had 20 mph speed restrictions in place how many fatalities might have been avoided?

Reply:
It is not possible to say with any certainty whether a different speed limit would have made any difference to any of these particular fatal collisions. However, the recently published DfT research suggests that there is no benefit in terms of reduced injury collision numbers where area-wide 20mph limits have been introduced in Britain.

YEAR	FATAL ROAD COLLISIONS
2013	3
2014	3
2015	9
2016	4
2017	2

See attached document – Fatal statistics since 2002 (Appendix 5.)

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Appendix 1 (Question 4)

Year	Month	Month Name	Group Name	Calc Days	Hours	Avg Daily Rate	net Amt	vat Amt	gross Amt	Employee FTE
2018	4	April	1. Adult Social Care	1,361.22	9,800.75	219.41	298,668.42	59,733.76	358,402.18	178.33
2018	4	April	2. Childrens Social Care	1,740.31	12,530.25	301.20	524,183.55	104,836.82	629,020.37	321.22
2018	4	April	3. Other ECHS	772.01	5,558.50	276.56	213,509.47	42,701.97	256,211.44	321.40
2018	4	April	4. ECS	811.67	5,844.00	162.59	131,969.40	26,393.87	158,363.27	254.76
2018	4	April	5. Other	320.69	2,309.00	172.36	55,275.27	11,055.10	66,330.37	166.57
2018	4	April	6. Unknown, e.g. Capital Coded Project	0.28	2.00	3,678.78	1,021.88	204.38	1,226.26	0
2018	5	May	1. Adult Social Care	1,261.46	9,082.50	215.65	272,031.50	54,406.36	326,437.86	177.33
2018	5	May	2. Childrens Social Care	1,387.71	9,991.50	304.93	423,160.41	84,632.18	507,792.59	320.05
2018	5	May	3. Other ECHS	718.06	5,170.00	291.90	209,598.50	41,919.79	251,518.29	316.70
2018	5	May	4. ECS	677.53	4,878.25	153.78	104,192.45	20,838.48	125,030.93	258.56
2018	5	May	5. Other	211.28	1,521.25	199.72	42,196.73	8,439.32	50,636.05	166.68
2018	6	June	1. Adult Social Care	1,664.86	11,987.00	220.72	367,474.10	73,495.01	440,969.11	181.88
2018	6	June	2. Childrens Social Care	1,751.94	12,614.00	301.55	528,291.50	105,658.31	633,949.81	319.22
2018	6	June	3. Other ECHS	903.57	6,505.70	256.67	231,916.91	46,383.26	278,300.17	317.18
2018	6	June	4. ECS	836.15	6,020.25	171.33	143,256.89	28,651.57	171,908.46	258.06
2018	6	June	5. Other	305.32	2,198.30	178.98	54,646.00	10,929.15	65,575.15	164.36
2018	7	July	1. Adult Social Care	1,268.92	9,136.25	216.43	274,634.63	54,926.93	329,561.56	182.77
2018	7	July	2. Childrens Social Care	1,394.10	10,037.50	301.44	420,238.30	84,047.62	504,285.92	321.99
2018	7	July	3. Other ECHS	799.11	5,753.60	279.40	223,268.34	44,653.75	267,922.09	312.67
2018	7	July	4. ECS	771.49	5,554.75	164.30	126,758.58	25,351.78	152,110.36	257.24
2018	7	July	5. Other	269.53	1,940.65	186.73	50,331.54	10,066.29	60,397.83	167.17
2018	8	August	1. Adult Social Care	1,574.20	11,334.25	219.45	345,451.86	69,090.45	414,542.31	180.87
2018	8	August	2. Childrens Social Care	1,791.32	12,897.50	319.58	572,473.01	114,494.68	686,967.69	318.99
2018	8	August	3. Other ECHS	819.13	5,897.75	253.59	207,726.05	41,545.21	249,271.26	313.67
2018	8	August	4. ECS	959.38	6,907.50	159.66	153,177.57	30,635.59	183,813.16	253.13
2018	8	August	5. Other	358.99	2,584.75	189.73	68,110.11	13,622.12	81,732.23	165.57
2018	9	September	1. Adult Social Care	1,168.30	8,411.75	223.99	261,686.56	52,337.35	314,023.91	189.33
2018	9	September	2. Childrens Social Care	1,664.97	11,987.75	306.76	510,739.23	102,147.80	612,887.03	339.44
2018	9	September	3. Other ECHS	723.61	5,210.00	283.26	204,972.79	40,994.61	245,967.40	315.54
2018	9	September	4. ECS	699.44	5,036.00	175.70	122,890.83	24,578.20	147,469.03	251.08
2018	9	September	5. Other	260.66	1,876.75	200.25	52,196.59	10,439.25	62,635.84	169.74
2018	10	October	1. Adult Social Care	1,202.92	8,661.00	224.83	270,450.75	54,089.97	324,540.72	190.83
2018	10	October	2. Childrens Social Care	1,752.08	12,615.00	299.44	524,646.17	104,929.22	629,575.39	339.13
2018	10	October	3. Other ECHS	691.77	4,980.75	276.19	191,060.79	38,212.24	229,273.03	317.43
2018	10	October	4. ECS	771.60	5,555.50	176.55	136,227.27	27,245.48	163,472.75	248.15
2018	10	October	5. Other	247.40	1,781.25	211.80	52,397.44	10,479.47	62,876.91	169.37
2018	11	November	1. Adult Social Care	907.71	6,535.50	230.10	208,868.05	41,773.62	250,641.67	191.72
2018	11	November	2. Childrens Social Care	1,272.05	9,158.75	305.66	388,820.17	77,763.97	466,584.14	338.02
2018	11	November	3. Other ECHS	518.54	3,733.50	302.47	156,841.02	31,368.24	188,209.26	322.49
2018	11	November	4. ECS	629.51	4,532.50	174.09	109,590.72	21,918.17	131,508.89	249.20
2018	11	November	5. Other	215.97	1,555.00	219.38	47,380.51	9,476.08	56,856.59	167.36

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WARD/SUBJECT	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Grand Total
BICKLEY	**50**	**91**	**61**	**77**	**70**	**76**	**59**	**51**	**53**	**66**	**51**	**58**	**763**
DRAINAGE	1	1	1	8	3	2		1		2		1	20
ENFORCEMENT	9	14	13	5	13	11	15	17	11	12	4	5	129
GRAFFITI			1	1	1	3		1	1		2		10
STREET CLEANSING	23	25	16	19	17	18	21	9	12	13	10	20	203
STREET LIGHTING	8	24	12	15	13	11	4	5	12	13	11	13	141
STREETWORKS										2			2
TREES	4	5	1	5	3	4	8	4	8	8	5	5	60
HIGHWAYS MINOR WORKS	5	17	15	20	16	24	9	10	8	16	15	13	168
GROUNDS MAINTENANCE		5	2	4	4	3	2	4	1		4	1	30
BIGGIN HILL	**45**	**68**	**49**	**85**	**94**	**54**	**74**	**86**	**71**	**60**	**39**	**84**	**809**
DRAINAGE	2	3	2	5	2	2			3	5	4	4	32
ENFORCEMENT	4	11	5	7	14	10	21	20	15	6	4	7	124
GRAFFITI			1	1	11	2	1	2		2	3	3	26
STREET CLEANSING	16	22	21	27	22	21	18	33	24	13	8	25	250
STREET LIGHTING	8	6	4	11	11	5	4	2	7	9	5	18	90
STREETWORKS		1				1				1		1	4
TREES	2	4		1	4	3	6	6	1	2	2	2	33
HIGHWAYS MINOR WORKS	10	17	12	29	28	5	10	11	11	14	6	18	171
GROUNDS MAINTENANCE	2	1	2	2	2	5	13	12	10	8	7	6	70
NETWORK MANAGEMENT	1	3	2	2			1						9
BROMLEY COMMON & KESTON	**111**	**142**	**107**	**112**	**148**	**110**	**155**	**120**	**111**	**171**	**69**	**138**	**1494**
DRAINAGE	2	6	2	3	3	3	1		3	4		1	28
ENFORCEMENT	10	9	6	9	6	8	17	9	12	13	5	10	114
GRAFFITI	2	1	2	4	2		3	7		3		2	26
STREET CLEANSING	60	71	59	43	63	46	69	55	29	80	19	68	662
STREET LIGHTING	8	21	17	9	30	16	17	11	20	22	10	27	208
STREETWORKS					1				1		1		3
TREES	4	4	4		4	9	11	11	8	10	7	8	80
HIGHWAYS MINOR WORKS	11	20	15	35	24	14	13	13	10	17	21	10	203
GROUNDS MAINTENANCE	14	10	2	8	15	13	24	14	28	22	6	12	168
NETWORK MANAGEMENT				1		1							2
BROMLEY TOWN	**124**	**188**	**118**	**131**	**162**	**202**	**195**	**154**	**147**	**188**	**224**	**244**	**2077**
DRAINAGE	9	4	3	16	10	7	5	1	6	2	5	15	83
ENFORCEMENT	9	11	7	9	10	13	20	10	8	8	19	5	129
GRAFFITI	8	19	18	16	26	37	36	11	13	16	13	15	228
STREET CLEANSING	57	83	53	46	68	64	80	70	71	95	122	138	947
STREET LIGHTING	13	23	8	10	12	15	9	8	13	21	25	33	190
STREETWORKS										1	1		2
TREES		4	5	3	6	12	14	18	9	13	8	4	96
HIGHWAYS MINOR WORKS	23	41	22	29	28	42	23	31	25	29	27	31	351
GROUNDS MAINTENANCE	5	3	2	2	2	12	8	5	1	3	4	3	50
NETWORK MANAGEMENT									1				1
CHELSFIELD & PRATTS BOTTOM	**58**	**84**	**73**	**106**	**84**	**108**	**109**	**80**	**93**	**91**	**96**	**89**	**1071**
DRAINAGE	1		2		4	3	1	2	2	1	4	4	24
ENFORCEMENT	7	14	7	8	18	14	12	10	7	12	19	6	134
GRAFFITI	3	2	1	1	3					1	2		13
STREET CLEANSING	24	29	21	31	19	25	35	38	40	34	24	28	348
STREET LIGHTING	12	16	16	12	10	13	7	7	8	15	17	23	156
STREETWORKS									1		2		3
TREES	2	6	1	3	3	14	13	8	9	8	9	6	82
HIGHWAYS MINOR WORKS	9	14	23	45	24	26	16	7	12	12	14	21	223
GROUNDS MAINTENANCE		3	2	4	3	13	25	8	14	8	5	1	86
NETWORK MANAGEMENT				2									2
CHISLEHURST	**76**	**140**	**146**	**145**	**96**	**104**	**112**	**110**	**120**	**94**	**117**	**150**	**1410**
DRAINAGE	3	3	7	8	3	2	6	1	8	2	1	5	49
ENFORCEMENT	14	14	20	16	10	14	17	16	10	11	11	16	169
GRAFFITI	1		2		5		3	6	3	1	2	6	29
STREET CLEANSING	24	39	35	35	21	19	33	33	39	21	27	34	360
STREET LIGHTING	12	33	9	16	10	12	11	11	14	10	28	44	210
STREETWORKS			1		1					1	2	1	6
TREES	1	3	4	7	7	9	11	8	10	7	10	2	79
HIGHWAYS MINOR WORKS	19	43	67	57	34	38	20	32	27	33	33	35	438
GROUNDS MAINTENANCE	2	4	1	6	5	10	11	3	9	8	3	7	69
NETWORK MANAGEMENT		1											1
CLOCK HOUSE	**82**	**119**	**84**	**108**	**110**	**118**	**131**	**121**	**120**	**121**	**129**	**149**	**1392**
DRAINAGE	3	4		4	3	4	4	2	2	3	1	13	43
ENFORCEMENT	2	8	5	9	7	7	10	14	11	12	6	9	100
GRAFFITI	5	5	2	8	1	5	9	9	18	11	2	6	81
STREET CLEANSING	51	71	54	56	68	63	60	63	54	56	70	70	736
STREET LIGHTING	11	10	5	3	10	4	9	4	9	7	12	29	113
STREETWORKS		1								1	2		4
TREES	1	1	4	4	6	25	23	6	11	13	11	7	112
HIGHWAYS MINOR WORKS	7	18	11	23	11	8	10	14	12	15	22	13	164
GROUNDS MAINTENANCE	2	1	3	1	4	2	6	9	3	3	3	2	39
COPERS COPE	**62**	**77**	**61**	**96**	**67**	**107**	**108**	**104**	**71**	**71**	**98**	**106**	**1028**
DRAINAGE	1	3	1	3	1	2	1	3	4	3		11	33
ENFORCEMENT	6	8	7	11	10	22	30	20	9	9	16	12	160
GRAFFITI	3	6	2	8	5	24	9	7	8		6	5	83
STREET CLEANSING	37	37	32	30	31	38	37	38	21	29	22	38	390
STREET LIGHTING	5	6	3	12	2	3	4	6	8	13	24	14	100
STREETWORKS	1			1							2	3	7
TREES	1	1	4	3	2	5	5	9	5	4	3	1	43
HIGHWAYS MINOR WORKS	6	14	10	28	12	9	16	14	16	11	24	19	179
GROUNDS MAINTENANCE	2	2	2		3	4	6	6		2	1	3	31
NETWORK MANAGEMENT					1			1					2

CRAY VALLEY EAST	**93**	**133**	**101**	**126**	**140**	**140**	**127**	**137**	**146**	**118**	**125**	**105**	**1491**
DRAINAGE	3	8	2		1	6		1	2	2	2	6	33
ENFORCEMENT	16	18	16	19	15	17	17	29	20	7	15	12	201
GRAFFITI		2		7	6	3	5	1	3	3			30
STREET CLEANSING	54	68	53	57	80	69	70	57	71	63	51	37	730
STREET LIGHTING	6	9	8	13	2	7	3	6	15	18	29	15	131
STREETWORKS		1						3			1	2	7
TREES	1	9	2	2	4	12	5	6	11	5	7	6	70
HIGHWAYS MINOR WORKS	9	12	18	21	23	8	6	9	12	11	12	14	155
GROUNDS MAINTENANCE	4	6	2	7	9	18	21	25	12	9	8	9	130
NETWORK MANAGEMENT												4	4
CRAY VALLEY WEST	**83**	**131**	**129**	**99**	**103**	**103**	**107**	**95**	**122**	**94**	**85**	**80**	**1231**
DRAINAGE				2	3	1			2	1	1	1	11
ENFORCEMENT	9	16	11	10	18	13	19	10	9	11	5	9	140
GRAFFITI	2		4	4	3	3	1	3	1	1	2	3	27
STREET CLEANSING	37	51	32	39	46	49	46	46	59	42	41	27	515
STREET LIGHTING	17	20	15	7	11	6	3	10	10	11	15	27	152
STREETWORKS	1				2		1	1		1			6
TREES		3	3	1	2	4	6	8	12	7	5	3	54
HIGHWAYS MINOR WORKS	13	38	59	30	16	11	21	13	14	14	14	7	250
GROUNDS MAINTENANCE	4	3	5	5	2	16	10	4	15	6	2	3	75
NETWORK MANAGEMENT				1									1
CRYSTAL PALACE	**93**	**135**	**127**	**114**	**135**	**141**	**175**	**127**	**107**	**104**	**78**	**107**	**1443**
DRAINAGE		8	1	2	3	1			2	2	1	4	24
ENFORCEMENT	8	9	8	8	6	16	25	18	14	13	9	4	138
GRAFFITI	32	18	29	23	29	35	36	18	17	17	17	34	305
STREET CLEANSING	38	65	52	52	56	58	72	68	40	42	33	37	613
STREET LIGHTING	4	6	13	9	4	5	1	1	6	6	3	11	69
STREETWORKS			1								1	2	4
TREES		5	1	1	2	1	2	5	2	1			20
HIGHWAYS MINOR WORKS	6	13	8	10	17	8	9	4	10	9	7	3	104
GROUNDS MAINTENANCE	5	11	14	9	18	17	30	13	16	13	7	12	165
NETWORK MANAGEMENT										1			1
DARWIN	**34**	**56**	**53**	**82**	**60**	**52**	**47**	**47**	**41**	**44**	**38**	**36**	**590**
DRAINAGE	2	1	1	2	2	3	1	1			1	2	16
ENFORCEMENT		1	2	1	5	12	7	3	8	6	1	5	51
GRAFFITI		2						1					3
STREET CLEANSING	21	12	13	9	8	10	11	16	21	16	12	10	159
STREET LIGHTING	2	3	2	5	2	4	4	1	3	6	11	6	49
STREETWORKS											2		2
TREES		3		1	1	5	3	6	2	1	3	1	26
HIGHWAYS MINOR WORKS	9	29	32	63	36	16	14	13	6	9	5	8	240
GROUNDS MAINTENANCE		4	3	1	6	2	7	6	1	6	3	4	43
NETWORK MANAGEMENT		1											1
FARNBOROUGH & CROFTON	**46**	**80**	**54**	**61**	**82**	**98**	**116**	**86**	**97**	**96**	**88**	**82**	**986**
DRAINAGE	1	3		4		5	3	1	2	1	1		21
ENFORCEMENT	4	7	4	6	9	10	19	14	14	14	13	6	120
GRAFFITI	2			1	1	1	4	1		3	5		18
STREET CLEANSING	14	20	20	15	16	18	24	22	19	19	19	19	225
STREET LIGHTING	8	17	8	9	19	11	6	7	9	12	22	33	161
STREETWORKS						1				2			3
TREES	3	7	2	3	3	5	9	17	20	12	5	5	91
HIGHWAYS MINOR WORKS	12	23	18	20	26	37	34	19	25	21	17	14	266
GROUNDS MAINTENANCE	2	3	1	3	8	10	17	3	8	12	6	5	78
NETWORK MANAGEMENT			1					2					3
HAYES & CONEY HALL	**85**	**114**	**76**	**118**	**102**	**125**	**112**	**131**	**103**	**108**	**102**	**96**	**1272**
DRAINAGE	2	2			2	2	2	3	2	7	4	6	32
ENFORCEMENT	5	10	12	7	7	12	17	11	14	13	14	11	133
GRAFFITI	1	3			1	8	1		2	1		1	18
STREET CLEANSING	29	41	23	18	18	18	28	41	22	28	13	28	307
STREET LIGHTING	12	8	11	14	17	9	9	6	11	15	24	19	155
STREETWORKS						2	1			2	2	1	8
TREES	1	7	3	7	7	20	14	23	16	3	11	4	116
HIGHWAYS MINOR WORKS	23	32	21	55	39	29	24	21	15	18	27	19	323
GROUNDS MAINTENANCE	12	11	6	16	9	22	16	26	21	21	7	7	174
NETWORK MANAGEMENT				1	2	3							6
KELSEY & EDEN PARK	**76**	**114**	**76**	**117**	**102**	**93**	**118**	**102**	**101**	**90**	**76**	**107**	**1172**
DRAINAGE	2	3		1	3	6	3	1	1	4	1	4	29
ENFORCEMENT	6	9	13	10	11	6	16	17	8	13	5	13	127
GRAFFITI	6	5	2	6	3	7	10	8	11	3	9	4	74
STREET CLEANSING	35	58	27	43	33	38	43	36	35	38	21	39	446
STREET LIGHTING	5	12	7	9	4	4	4	4	10	9	16	15	99
STREETWORKS												2	2
TREES	1	8	5	7	9	11	9	10	9	3	4	5	81
HIGHWAYS MINOR WORKS	19	15	21	31	36	12	25	17	13	12	17	21	239
GROUNDS MAINTENANCE	2	4	1	10	3	9	8	9	14	8	3	4	75
MOTTINGHAM & CHISLEHURST NORTH	**26**	**61**	**39**	**36**	**43**	**52**	**72**	**41**	**65**	**63**	**61**	**54**	**613**
DRAINAGE	1	3		1	1			2		2	2	3	15
ENFORCEMENT	5	2	4	2	5	10	10	3	10	5	6	4	66
GRAFFITI		2	1		1	1	1	1	3	1	1		12
STREET CLEANSING	10	30	21	18	21	19	30	21	21	21	20	28	260
STREET LIGHTING	6	2	2	3		3	7		5	4	10	3	45
STREETWORKS										1			1
TREES	1	2			1	4	6	5	3	4	5	2	33
HIGHWAYS MINOR WORKS	3	16	9	7	11	10	13	7	9	14	13	9	121

GROUNDS MAINTENANCE		4	2	5	3	5	5	2	14	11	4	5	60
NO CODE ALLOCATED	**3**	**10**	**10**	**9**	**3**	**10**	**7**	**10**	**3**	**6**	**9**	**4**	**84**
ENFORCEMENT			1			2					1		4
STREET LIGHTING	2	5	5	5	1	4				2	2	3	29
TREES	1	3	4	4	2	4	5	10	2	3	6		44
HIGHWAYS MINOR WORKS		2					1					1	4
GROUNDS MAINTENANCE							1		1	1			3
ORPINGTON	**68**	**88**	**80**	**99**	**123**	**75**	**102**	**103**	**73**	**85**	**82**	**104**	**1082**
DRAINAGE	6	4	1	8	5	4			3	3	2	3	39
ENFORCEMENT	11	12	8	10	7	13	9	18	3	8	8	10	117
GRAFFITI	2	2	1	1	17	6	5	5	1	1	1	2	44
STREET CLEANSING	20	35	27	29	40	21	37	39	32	30	14	30	354
STREET LIGHTING	11	10	7	14	14	3	9	9	10	10	37	36	170
STREETWORKS				1	3	1	1			1		1	8
TREES		5	2	4	3	5	16	10	8	6	6	2	67
HIGHWAYS MINOR WORKS	8	15	29	31	25	12	9	8	8	14	9	14	182
GROUNDS MAINTENANCE	9	5	5	1	6	10	15	14	8	12	5	6	96
NETWORK MANAGEMENT	1				3		1						5
PENGE & CATOR	**118**	**170**	**122**	**160**	**154**	**163**	**134**	**155**	**136**	**145**	**131**	**172**	**1760**
DRAINAGE	1	1	1	7	6	6	1	5	4	4	4	6	46
ENFORCEMENT	8	15	8	14	13	12	15	12	18	22	26	26	189
GRAFFITI	8	6	6	5	8	10	5	7	5	1	5	8	74
STREET CLEANSING	86	112	77	89	96	104	79	94	67	75	70	92	1041
STREET LIGHTING	3	11	5	10	7	1	2	5	4	15	10	25	98
STREETWORKS								2		1			3
TREES	1	3	6	2	2	13	10	10	8	8	3	2	68
HIGHWAYS MINOR WORKS	6	17	8	27	14	8	4	12	15	7	8	10	136
GROUNDS MAINTENANCE	5	5	9	6	8	9	18	8	14	12	5	3	102
NETWORK MANAGEMENT			2						1				3
PETTS WOOD & KNOLL	**66**	**82**	**71**	**81**	**96**	**81**	**94**	**69**	**80**	**87**	**87**	**93**	**987**
DRAINAGE	3	6	2	5	3	4		2	1	5	1		32
ENFORCEMENT	5	6	5	6	9	12	12	13	15	9	5	5	102
GRAFFITI	3			2	2	2	2	2	1	1	1	3	19
STREET CLEANSING	15	20	19	12	13	16	34	15	12	10	14	23	203
STREET LIGHTING	21	21	14	18	15	10	5	10	21	16	32	39	222
STREETWORKS							1		1	3		1	6
TREES	2	4	4	3	3	7	13	6	3	11	5	4	65
HIGHWAYS MINOR WORKS	16	25	24	30	46	26	17	18	17	29	24	15	287
GROUNDS MAINTENANCE	1		3	5	5	4	10	2	9	3	4	3	49
NETWORK MANAGEMENT								1			1		2
PLAISTOW & SUNDRIDGE	**44**	**64**	**54**	**66**	**55**	**68**	**71**	**62**	**84**	**61**	**62**	**68**	**759**
DRAINAGE	2	1	1	4	1	5	1	2	3			6	26
ENFORCEMENT	7	9	6	4	7	10	10	13	14	8	7	11	106
GRAFFITI	2			1		2	3	3		1	1		13
STREET CLEANSING	21	33	29	31	25	30	35	26	39	32	33	28	362
STREET LIGHTING	4	8	6	7	4	5		4	7	5	10	10	70
STREETWORKS			1										1
TREES	1	1	2	2	4	8	11	4	7	7	5	3	55
HIGHWAYS MINOR WORKS	7	10	7	17	14	6	7	7	10	6	5	10	106
GROUNDS MAINTENANCE		2	2			2	4	3	4	2	1		20
SHORTLANDS	**44**	**57**	**38**	**58**	**45**	**52**	**52**	**50**	**33**	**36**	**58**	**62**	**585**
DRAINAGE		4		2	2	3		1	1	3	2	6	24
ENFORCEMENT	7	5	3	1	3	11	5	2	5	3	7	9	61
GRAFFITI	1		1	1		1	1	2		1	2		10
STREET CLEANSING	17	29	21	22	16	16	27	24	9	12	15	16	224
STREET LIGHTING	1	6	2	7	7	3		7	6	4	11	11	65
STREETWORKS				1						1		3	5
TREES	1	1		4	3	4	3	6	2	4	2	4	34
HIGHWAYS MINOR WORKS	15	11	10	20	10	10	10	8	8	6	17	13	138
GROUNDS MAINTENANCE	2	1	1		4	4	6		2	2	2		24
WEST WICKHAM	**49**	**98**	**52**	**87**	**65**	**77**	**103**	**85**	**56**	**79**	**75**	**66**	**892**
DRAINAGE	8	3	1	1	2	2	1		4		1	2	25
ENFORCEMENT	6	19	6	12	8	6	20	11	6	6	9	8	117
GRAFFITI				1	1	1			3			2	8
STREET CLEANSING	17	35	16	19	24	20	36	29	13	26	16	25	276
STREET LIGHTING	6	13	5	11	3	7	3	7	8	9	19	14	105
STREETWORKS								1		1		2	4
TREES	3	5	5	7	11	13	7	16	9	9	5	2	92
HIGHWAYS MINOR WORKS	6	17	19	33	14	19	26	19	12	24	20	9	218
GROUNDS MAINTENANCE	3	6		3	2	9	10	2	1	4	5	2	47
Grand Total	**1536**	**2302**	**1781**	**2173**	**2139**	**2209**	**2380**	**2126**	**2033**	**2078**	**1980**	**2254**	**24991**

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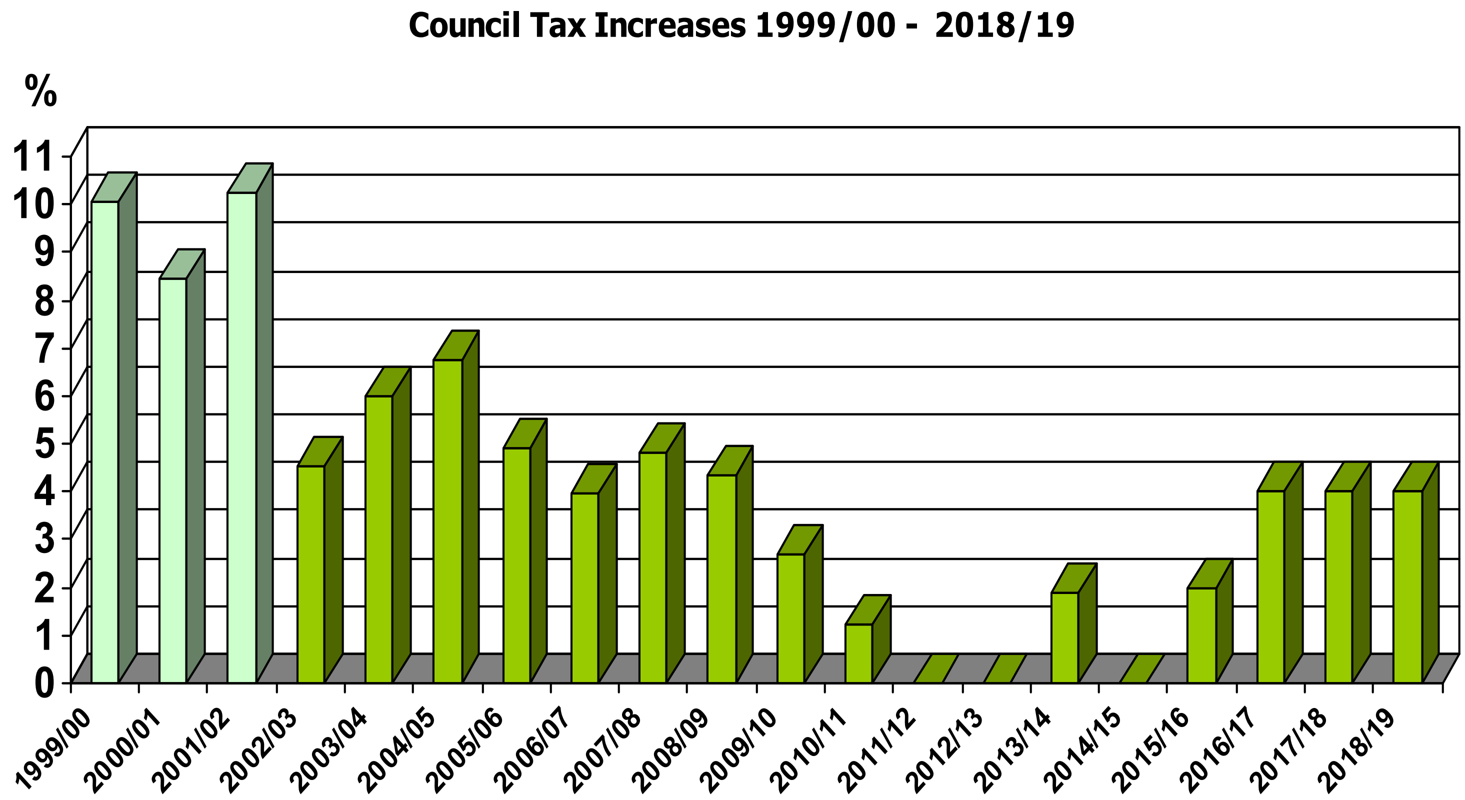
Appendix 3 (Question 11)

Bromley's Element Council Tax Band 'D' (excl GLA) 1999/00 – 2018/19



Key:
Light Green Lib Dem/Labour ; Dark Green Conservative

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(i) the annual and monthly average of visitors (2017 - 18)

Appendix 4 (Question 14)

Visitors to Bromley Libraries	Annual Total	Monthly Average	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Beckenham	**137,320**	**11,443**	11,388	12,129	11,226	12,926	13,499	12,833	12,260	10,870	8,468	11,035	9,924	10,762
Biggin Hill	**234,190**	**19,516**	19,178	21,417	19,163	20,353	18,249	19,972	19,727	19,414	16,028	18,654	19,940	22,095
Burnt Ash	**27,613**	**2,301**	1,785	2,018	2,203	2,674	2,619	3,118	2,467	2,527	1,703	2,214	2,031	2,254
Central	**349,459**	**29,122**	24,710	36,695	35,768	34,925	28,080	30,629	28,655	28,353	21,608	27,436	25,346	27,254
Chislehurst	**75,469**	**6,289**	5,770	5,645	5,856	6,271	5,782	6,415	7,906	6,539	5,836	6,108	5,931	7,410
Hayes	**23,910**	**1,993**	1,988	1,840	1,658	2,340	2,209	2,461	2,144	2,134	1,531	1,991	1,789	1,825
Mottingham	**24,898**	**2,075**	1,716	2,043	2,255	2,431	2,299	2,361	2,231	2,239	1,749	1,971	1,803	1,800
Orpington	**321,431**	**26,786**	23,778	21,514	16,595	31,674	29,186	26,838	31,731	28,792	23,693	31,180	25,548	30,902
Penge	**99,972**	**8,331**	7,860	8,195	8,408	9,152	8,716	8,730	8,906	8,988	7,044	8,126	7,655	8,192
Petts Wood	**84,052**	**7,004**	4,953	7,015	6,982	8,012	8,262	7,613	7,990	7,248	5,851	6,789	6,208	7,129
Shortlands	**24,187**	**2,016**	1,801	1,801	1,913	2,507	2,603	2,313	2,279	1,911	1,496	1,812	1,869	1,882
Southborough	**34,558**	**2,880**	1,869	2,669	3,120	3,802	3,538	3,649	3,245	2,622	2,230	2,527	2,454	2,833
St Paul's Cray	**28,768**	**2,397**	2,087	2,038	2,496	2,965	2,465	2,325	3,050	2,459	1,787	2,730	2,029	2,337
West Wickham	**104,810**	**8,734**	8,032	7,871	8,382	9,776	10,010	9,574	9,251	8,150	7,934	8,553	8,187	9,090
TOTAL	**1,570,637**	**130,886**	116,915	132,890	126,025	149,808	137,517	138,831	141,842	132,246	106,958	131,126	120,714	135,765

(ii) the annual and monthly average number of books issued (2017 - 18)

Issues of books at Bromley Libraries	Annual Total	Monthly Average	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Beckenham	**162,470**	**13,539**	12,968	12,625	12,102	15,984	16,097	14,550	14,044	12,056	10,211	11,914	14,190	15,729
Biggin Hill	**72,348**	**6,029**	5,595	5,838	5,733	7,070	7,184	6,746	6,196	5,706	4,674	5,165	5,779	6,662
Burnt Ash	**16,361**	**1,363**	1,212	1,041	1,376	1,717	1,691	1,471	1,593	1,342	1,012	1,036	1,420	1,450
Central	**251,114**	**20,926**	16,341	19,397	18,732	23,866	26,070	20,721	21,698	18,476	16,841	18,098	23,689	27,185
Chislehurst	**69,052**	**5,754**	5,048	5,372	5,487	6,910	7,380	6,231	5,880	5,254	4,220	4,979	5,727	6,564
Hayes	**26,055**	**2,171**	2,147	2,113	1,936	2,484	2,622	2,375	1,812	1,921	1,801	2,087	2,146	2,611
Mottingham	**18,028**	**1,502**	1,377	1,621	1,526	1,941	1,538	1,823	1,332	1,418	1,065	1,327	1,396	1,664
Orpington	**200,856**	**16,738**	15,607	15,665	14,968	19,437	21,950	17,534	16,525	14,648	12,865	14,935	17,053	19,669
Penge	**63,076**	**5,256**	5,042	4,742	4,535	6,154	6,447	5,854	5,532	5,194	4,158	4,600	4,815	6,003
Petts Wood	**82,745**	**6,895**	4,592	6,430	5,753	8,543	9,056	7,291	7,372	6,312	5,752	6,076	7,288	8,280
Shortlands	**29,629**	**2,469**	2,349	2,134	1,999	3,109	2,942	2,800	2,378	2,056	2,058	2,111	2,739	2,954
Southborough	**35,009**	**2,917**	2,096	2,751	2,764	3,559	3,384	3,380	2,876	2,592	2,195	2,640	2,986	3,786
St Paul's Cray	**20,465**	**1,705**	1,392	1,469	1,633	2,044	2,300	1,993	1,770	1,833	1,229	1,500	1,503	1,799
West Wickham	**97,039**	**8,087**	7,601	7,452	7,493	9,769	10,143	8,740	8,027	7,185	6,312	6,755	8,116	9,446
TOTAL	**1,144,247**	**95,354**	83,367	88,650	86,037	112,587	118,804	101,509	97,035	85,993	74,393	83,223	98,847	113,802

(iii) Annual running costs per library (monthly not available)

Branch	cost
Beckenham	£655,000
Biggin Hill	£256,000
Burnt Ash	£121,000
Central	£1,748,000
Chislehurst	£256,000
Hayes	£121,000
Mottingham	£121,000
Orpington	£655,000
Penge	£121,000
Petts Wood	£256,000
Shortlands	£121,000
Southborough	£121,000
St Pauls Cray	£121,000
West Wickham	£256,000

(iv) Cost per visit

Branch	**Cost per visit**
Beckenham	£4.65
Biggin Hill	£1.14
Burnt Ash	£4.12
Central	£4.97
Chislehurst	£3.57
Hayes	£4.88
Mottingham	£4.31
Orpington	£2.25
Penge	£1.21
Petts Wood	£3.02
Shortlands	£4.91
Southborough	£3.45
St Pauls Cray	£4.74
West Wickham	£2.45

(v) Cost per book issue

Branch	**Cost per issue**
Beckenham	£4.07
Biggin Hill	£3.92
Burnt Ash	£7.42
Central	£7.03
Chislehurst	£3.65
Hayes	£4.57
Mottingham	£6.12
Orpington	£3.37
Penge	£2.01
Petts Wood	£3.23
Shortlands	£4.04
Southborough	£3.47
St Pauls Cray	£6.77
West Wickham	£2.74

(vi) the percentage of the Borough population who used a library (2016 - 17)

Population Estimate	330,909

Active members at Bromley Libraries (over 12 months)	Percentage of Bromley population	Count
Beckenham	1.92%	6,348
Biggin Hill	0.61%	2,032
Burnt Ash	0.16%	528
Central	3.03%	10,012
Chislehurst	0.85%	2,798
Hayes	0.32%	1,049
Mottingham	0.22%	712
Orpington	2.10%	6,950
Penge	0.80%	2,633
Petts Wood	0.81%	2,676
Shortlands	0.25%	841
Southborough	0.37%	1,209
St Paul's Cray	0.26%	862
West Wickham	0.93%	3,068
TOTAL	12.61%	41,718

Note: Customers are considered 'Active Members' if they have borrowed at least one item from a library within the previous 12 months.
Active Member figures do not count customers who only use the library for other purposes (e.g. using a computer, studying, or attending an activity)

Year	No.	Date	Vehicle	Details	Cause
2002	1	19/01/02	Ped V Bus	**High Street, Penge** Pedestrian got off the bus and stepped out in front of it. He was hit as it moved away from the kerb	No blame was attributed to the driver. Error of judgement on pedestrians part
	2	07/03/02	Ped V Bus	**Village Way (Beckenham)** Female pedeastrian was crossing the road when she was hit by a bus, she died later that day from injuries sustained	Pedestrian stepped into the road suddenly. Error of judgement on pedestrians part
	3	26/03/02	Car V Car	**Main Road (between Fox and Hounds Pub and the point where Main Road)** Car travelling on the wrong side of the road driven by 18yr old male collided with on coming car. Female passenger of the first car died in hospital as a result of injuries sustained. She was not wearing a seatbelt	Driver inexperience, Dangerous driving, Excessive speed. The deceased passenger wore no seatbelt
	4	02/04/02	P2W	**Tudor Way** A moped rider collided with a pedestrian refuge near the junction with St Johns Road and fell from his moped. The man died a few days later in hospital.	Possible impared vision caused the bikes initial wobble and then clip
	5	02/06/02	Car	**Bromley Road JW Albermarle Road** A car left the road on the bend and hit a tree between 57 and 70mph killing an unbelted front seat passenger. There were 5 other teenaged occupants who were injured and taken to hospital. The car driver had only held a license for a week prior to this collison but had never driven an automatic car before.	Driver inexperience, also the first time the driver had driven an automatic car.
	6	09/07/02	P2W	**Perry Street (between junction with Leas Green and Sidcup by pass)** Male motorcyclist killed. After overtaking a bus he lost control due to oversteering, hit the kerb and was thrown into a lamp post.	Reckless riding. Prior to incident. Oversteer.
	7	05/08/02	Ped V Car	**Sidcup by Pass** 14yr old was hit by a car and killed whilst crossing by the Mcdonalds.	Error of judgement on pedestrians part
	8	05/11/02	Car V Car	**Addington Road (between junction with Glebve Way and Junction with Corkscrew Hill)** Car driver was killed in a head on collision with another car. The driver is though to have lost control was thrown from the vehicle as seatbelt was not in use.	Wet road surface, seatbelt not worn
	9	12/11/02	P2W V Car	**Addington Road(365m west of Corkscrew Hill)** A 39yr old Motorcyclist collided head on with 17yr old male car driver. Car was over taking another car at the time of the collision. The Motorcyclist died.	Dangerous driving
2003	1	19/01/03	Ped V Bus	**Crofton Road (Near Pound Court Drive)** Pedestrain walked out in front of a bus	Error of judgement on pedestrians part
	2	13/03/03	Cyc V Car	**Crofton Road (Near Poplar Avenue)** Cyclist falls from his bike, possibly as a result of alcohol, before he was hit by a car which failed to stop. Cyclist sustained fatal head injuries.	Cyclist error
	3	29/03/03	Cyc V Car	**Bourne Way (Near Kemsing Close)** A Cyclist riding with 2 other cyclist rode diagonally across the road in front of a car and was hit. He died as a result of injuries the following day	Accident
	4	24/04/03	Ped V P2W	**Corkscrew Hill** Pedestrian was 'shuffling' across the road when she was hit by a motorcycle	Pedestrian did not pay attention. Rider did not anticipate.
	5	10/06/13	Car V?	**Midfield Way (Near Chipperfield Road)** Male car driver hit another car and then mounted the kerb sustaining injuries which he later died from	No seatbelt worn
	6	28/06/03	P2W V Car	**Oldfield Road (Near Roasemount Drive)** Motorcyclist fatally inured when his bike hit a car which had turned right across his path, the pillion passenger was seriously injured.	Inexperience, Excessive speed
	7	02/07/03	P2W	**Perry Street (Near Beaverwood Road)** Motorcyclist attempted to overtake a car before a traffic island but couldn’t make it in time so he braked sharply but came off his bike. His helmet came off as the strap was not done up. Rider died from chest injuries after falling onto the traffic island.	Accident
	8	09/09/03	P2W V Car	**Farnborough Common (Near Hilda Vale Road)** Motorcylist hit and killed when car turned right across his path. The rider was thrown into the railings on the footway.	
	9	10/11/03	P2W V Car	**Anerley Road (Near Hamlet Road)** Motorcyclist hit and killed when car driver who had been drinking pulled across the road (and path of P2W) to park her car.	Drink driving
	10	12/11/03	P2W V Car	**Barnfield Wood Road (Near Barnfield Wood Close)** Scooter rider riding along with 3 other scooters lost control and fell off of his scooter into the path of an oncoming Taxi, receiving fatal injuries. Another rider also fell and sustained serious injuries.	Excessive speeding, dangerous riding. (racing)

	11	13/11/03	Ped V HGV	**Martins Road, Shortlands** Pesdetrian struck by lorry	Lorry driver thought object in the road was rubbish, by the time he realised it wasn't it was too late.
	12	21/11/03	Car V Car	**Southborough Road JW Woodside Road** Driver of stolen car attempted to overtake another car but lost control on wet, oily road surface colliding head on with oncoming car. Oncoming car driver sustained serious injuries, however their passenger died. Stolen car driver fled the scene.	Wet/ Oily road surface
	13	08/12/03	Ped V Car	**White Horse Hill, Chislehurst** Pedestrain ran into the path of a car which hit and dragged him a short distance	Error of judgement on pedestrians part. Pedestrian running for the bus
2004	1	08/01/04	Car	**Sevenoaks Way JW Main Road** Car driver for reasons unknown collided with a trafiic bollard. The car then spun towards oncomming traffic and then came to rest. The driver received spine and sternum injury that was not noticed by the hospital at the time. Driver died 10 days later	
	2	09/01/04	Ped V Car	**Court Road (Near Ramsden Road)** Pedestrian crossed into the path of a car. Pedestrian died the following day.	
	3	07/03/04	Car	**Magpie Hall Lane (Near Manor Way)** Car failed to successfully negotiate a right hand bend, struck the kerb, mounted the pavement, went through a hedge, struck a car on the drive and overturned. The driver was not wearing a seatbelt and was over the drink drive limit.	Drink driving
	4	10/03/04	Cyc V Car	**Shortlands Road JW Bromley Road/Beckenham Lane** Cyclist crossed in front of car and was hit. Injuries seemed minor initially however, the cyclist died a few days later in hospital/	Drink riding, cyclist rode with hands in his pockets and jumped a red light
	5	25/06/04	Car C Car	**Baston Manor Road (Near Croydon Road)** Car veered onto the wrong side of the road striking an oncomming car head on. Driver of the veering car died, the oncoming car driver and passenger were seriously inujured.	
	6	26/08/04	P2W	**Elmstead Lane** Scooter rider lost control, clipped kerb, mounted footway and hit lamp post. The rider was twice over the drink drive limit, was not licensed, insured nor was the bike in good condition.	Drink riding. No license.
	7	29/09/04	Car	**Crofton Road** Car clipped the central pedestrian refuge puncturing the tyre thus casusing the car to veer into the path of an oncoming lorry.	Excessive speeding
	8	29/10/04	Ped V Bus	**Anerley Road (Near Croydon Road)** Visually imparied pedestrian got off of bus, as he walked away he bumped into a lamp post and fell into the road. He was run over and killed instantly by the bus pulling away from the bus stop.	
	9	17/12/04	Bus Passenger	**Crofton Road** Drunk male got on the bus and went upstairs, as the bus pulled away he fell down the stairs receiving fatal injuries.	Alcohol, poor judgement
	10	30/12/04	Car	**Barnfield Wood Road (Near Barnfield Wood Close)** Driver over took another vehicle, lost control and hit a tree. Driver dies rfon injuries sustained.	No seatbelt worn
2005	1	11/02/05	P2W V Ped	**Kentish Way** Pedestrian stepped from the central reservation , into the path of a motorcycle. The resulting crash led to the death of the pedestrian and to slight injuries to the rider and pillion passenger.	
	2	23/03/05	Ped V Car	**Southborough Lane, Bromley** Pedestrian stepped out in front of a car. The pedestrian died two weeks later from injuries sustained.	
	3	09/05/05	Car v Car	**Oakwood Avenue** A car was edging out of Overbury Avenue into Oakwood Avenue as the driver couldn't see easily past a tree to his right. His car clipped a the rear of a passing car, the driver of which lost control and hit a tree. Despite a fairly low impact speed, the driver of the passing car was thrown into the tree, sustaining serious head injuries and dieing 10 days later. It seems he was not wearing a seat belt.	No seatbelt worn
	4	10/07/05	Car	**Oakfield Road (near Meaford Way)**. It is believed that the man had borrowed his mother's car to practice handbrake turns, causing him to break his neck after colliding with a parked van.	Dangerous driving
	5	16/07/05	P2W v Car	**Yester Road (near Beechcroft Road)** Motorcyclist lost control and fell in front of an oncoming car receiving fatal injuries.	Rider Error

	6	20/08/05	P2W V Car	**Junction of Hastings Road, Bromley Common and Oakley Road**. A car was making a right turn from Bromley Common into Oakley Road. A motorcyclist driving at high speed, pulled out from behind another car in an effort to overtake, and collided with the car. He was thrown from the bike and struck some street furniture. According to friends, the motorcyclist had only recently purchased the bike and was showing it off to his friends. The man was taken to hospital and later died of his injuries.	Rider Error, Excessive speed
	7	14/10/05	P2W	**Rye Crescent, Ramsden.** Scooter was not apparently travelling at any great speed when it wobbled on entering a slight bend near the junction with Quilter Road, then clipped the kerb, throwing the rider into a lamp post, which caused fatal injuries	Rider error
	8	26/11/05	P2W v Car	**Salt Box Hill, Biggin Hil**l. A motorcycle was being ridden Jewels Hill, when a car pulled out from Oaklands Lane into its path.	Dangerous driving
2006	1	13/01/06	Car V Bus V Train	**Anerley Road** Whilst driving uphill a car braked and skidded for some distance before clipping a parked car and continuing into the front of a southbound bus. The bus was in the middle of the road as it was passing parked vehicles on its side of the road. The car pivoted and ended up facing back the way it had come. The bus continued to its nearside into the bridge parapet wall, demolishing a bus shelter and knocking the shelter and wall onto the railway tracks below. An approaching train struck the debris and received damage. The driver of the car died at the scene. Three other occupants of the car received serious injuries. A number of passengers on the bus were injured.	Excessive Speed
	2	15/01/06	Car V Car	**Court Road (Near Warren Road)** The BMW collided with a Mercedes which was emerging from Warren Road. The front of the BMW hit the offside of the Mercedes causing extensive intrusion into the drivers cell. The Mercedes spun around and travelled backwards into fencing on the opposite footway. The driver of the Mercedes was pronounced dead at the scene.	Careless driving
	3	17/01/06	Car	**Bickley Park Road** A saloon car travelling East in Bickley Road negotiated a slight left hand bend at apparent high speed when entering Bickley Park Road. When opposite the junction with Southborough Road the vehicle lost control and struck the nearside kerb, clipped a traffic light pole and destroyed a long section of pedestrian railings. The vehicle ended up on its nearside. The driver died at the scene and his passenger received a broken wrist. The driver was not wearing a seat belt, but the passenger was.	Excessive Speed, no seatbelt worn
	4	24/01/06	P2w	**Sevenoaks Road (near Stonehouse Lane)** A motorcycle rider moved out into the centre hatch markings between two islands (refuges). For reasons unknown, the rider lost control, fell off and slid into the second island. The motorbike was smashed by the island and the rider also hit it, before being deflected to the right, across the offside carriageway, up a bank and into a tree.	Rider error
	5	16/02/06	Ped V Car	**Bromley Common, (near Southlands Road)** A disabled pedestrian crossing with a three-wheeled walking frame was hit by a car whilst on a zebra crossing. The lady died as a result of the collision.	Careless driving
	6	17/02/06	ped V Car	**Burnt Ash Lane**, (near **Chatsworth Avenue)** A pedestrian crossed the road from bus stop at bend in the road. He was standing in the middle of the road as a car travelled along the road. The driver claims he saw the victim in the centre of the road, who then appears to have stepped into the path of the car, making contact with centre of windscreen. The victim was taken to hospital where he died of head injuries on 4th March.	Careless driving
	7	23/06/06	P2W	**Bromley Road, Chislehurst (between the junctions of Centre Common Road and Watts Lane)** Motorcyclist lost control of his motorcycle and hit a lamppost, the rider has died from his injuries.	Careless driving
	8	01/07/06	Trike	**Main Road, Biggin Hill** The collision occurred about 150m north of the Borough boundary. The "trike" was heading north towards Bromley when it veered off a straight bit of road and hit the lamp-post on the near-side of the road, breaking the concrete column. The rider died at the scene. He was not wearing a helmet.	Rider Error, No Helmet worn
	9	26/07/06	Ped V Bus	**Anerley Hill**, (near Crystal Palace Parade.) Pedestrian tried to board a bus at a stop where passengers may only alight. The bus driver refused the man entry via the front door of the bus. The driver then closed the rear doors and drove away, felt a bump and stopped. The man had gone under the rear nearside wheels of the bus, possibly after attempting to enter the bus via the rear doors.	Error of judgment on both parts

	10	26/11/06	Car	**Monks Orchard Road, Beckenham** Driver lost control mounted the nearside verge on the exit from a gentle bend. The front nearside hit a tree, causing the vehicle to spin anti clockwise into a second tree, where it came to rest. Driver later dies as a result of injuries sustained.	
	11	20/12/06		**Sevenoaks Way** A stolen van, being pursued by Kent Police, turned left from the A20 at the roundabout into Sevenoaks Way, at speed. The driver lost control, went across the road and hit a sign on the west pavement outside Kemal College. The driver received critical head injuries and died 22nd Dec. The passenger received lesser injuries	Excessive speeding
	12	20/12/06	P2W v Car	**A20 (near Sevenoaks Way)** At 7.30am on Wednesday 20th December, a motorcycle hit a car on the A20 about 400m east of the roundabout junction with Sevenoaks Way. The car, a Vauxhall Astra in lane 2 travelling westbound, had swerved to avoid an unknown hazard, lost control and ended up across two lanes. The motorcycle hit the side of the car. The rider of the motorcycle died at the scene.	
2007	1	09/01/07	P2W	**Bromley Rd, Beckenham (near The Gardens)** Motorcycle lost control on a bend, he died of head injuries sustained after losing control on a bend. The deceased had received a call from his wife that his young son was in A&E following an episode of swallowing bleach.	
	2	30/01/07	Van V Ped	**A20 Sidcup Bypass Swanley** Male and female driving along A20 London bound. Due to a flat front near side tyre they pull over and stop towards the end of the B 2173 slip road opposite BP/McDonalds Swanley. They then crossed the dual carriageway going to the garage to enquire about a jack, upon returning to the vehicle female is struck by a car derived van travelling . Van leaves carriageway near side up embankment struck tree and overturned onto roof. Female pedestrian received fatal injuries	Error of judgement
	3	07/04/07	Car	**Bromley Common** Hayes A car with 5 young occupants leaves the road on the nearside and collides with a lamppost. Front seat passenger dies at the scene. Three rear seat occupants are walking wounded. Driver has serious facial injury but not life threatening. No apparent marks on the road prior to where the kerb was mounted. Weather fine and dry, road surface was good, signs and markings good and well lit other than the lamppost that was struck.	Dangerous driving
	4	22/09/07	Ped V Car	**Elmstead Lane (near Walden Road)** Pedestrian got off of a bus, walked around the front of the vehicle and crossed the road towards his house. He was then hit by a passing car. He died at the scene	Crossing not used, speed limit exceeded
	5	28/10/07	Ped v Car	**Tweedy Road** on Sunday 28th October at 7pm. A 73 year old male was crossing the northern part of the junction of Tweedy Road with London Road, when a car turned right into Tweedy Road, having approached from the direction of the Magistrates Court. It was dark and raining hard and the driver did not see the pedestrian until it was too late. The collision caused serious injury to the pedestrian, who later died in hospital. It is thought at this stage of the investigation that the pedestrian was crossing against a red man signal.The car, a Mini Cooper, was driven by a 21 year old female. It is not yet known for sure in which direction the pedestrian was walking.	
	6	01/12/07	Car V Car	**Chislehurst Road (near Sherbourne Road)** It is believed that two cars were travelling at speed towards Poverest roundabout. One of these two vehicles clipped the kerb and lost control, veering onto the other side of the road and hitting a third vehicle. In this head-on collision the driver of the third vehicle was killed.	Excessive speed
	7	22/12/07	Ped V Car	**Kelsey Park Road JW Beckenam High Street** Pedestrian was hit by a car whilst crossing the road. The pedestrian was crossing against the red man but was well into the road, when a car going straight ahead into Kelsey Park Road from the direction of the Police Station, hit the pedestrian, causing him serious injuries which he later died from.	Ped crossed on Red man. Driver had time to see the ped?
	1	04/01/2008	Car V Car	**Repton Road, Orpington (near Haileybury Road)** Vehicle 1 towards Haileybury Road. Vehicle 2 was travelling immediately behind. Driver of Vehicle one indicates right to turn into his driveway and may have veered to nearside to obtain more room to turn. Vehicle two begins to pass vehicle one as vehicle one begins right turn. Vehicle two appears to have swerved to the offside and passes vehicle one, no visible contact between vehicles, mounting offside pavement and colliding with a garden wall resulting in fatal injuries to the driver.	

2008	2	25/01/08	Ped V Car	**Beckenham High Street (near Kelsey Park Road)** Pedestrian was crossing the Road when she was hit by a car. The pedestrian died soon afterwards from her injuries.	Dangerous driving
	3	31/01/08	Ped V Car	**Elmstead Lane (near Offenham Road)** An 11 year old boy ran from between stationary queuing to the traffic, into the path of a car . Although it is not thought that the car was travelling at an excessive speed, the boy sustained serious head and leg injuries and was airlifted to hospital. The boy died on 9th February 2008 from the injuries sustained in the accident.	Error of judgement on pedestrians part
	4	10/02/08	Car	**Southborough Lane (near Oxhawth Crescent)** A car was driving down Southborough Lane in a Mini Cooper carrying 6 passengers and collided with a tree at the junction with Oxhawth Crescent. The driver was confirmed dead at the scene and one of the 6 passengers, sustained serious injuries.	Passenger pulled the steering wheel.
	5	27/03/08	Ped V Car	**Towncourt Road** A car driving down Towncourt Lane mounted the footpath just near the junction with Shepperton Road and hit a male on the pavement.The car then continued and shunted the rear of another vehicle which brought her to a stop. The pedestrian died soon after, the driver was taken to hospital but has now been discharged.	Driving without due care and attention. Driver may have had a seizure prior to mounting the kerb.
	6	31/05/08	Ped V Car	**Southend Road (near Brackley Road)** Driver lost control and collided with a pedestrian on the pavement and then continued to hit the fence, travelled down the embankment and crashed into a block of flats. Pedestrian was pronounced dead at the scene.	Dangerous driving, driving under the influience
	7	17/06/08	Car	**Baston Manor Road** A car collided with a tree in Baston Manor Road, the car subsequently caught fire resulting in the death of a 17 year old male.	Excessive speed
	8	23/08/08	Ped v Car	**Homesdale Road (near Gundulph Road)** A police car travelling southbound hit a pedestrian who was crossing Homesdale Road. Police car had its sirens on at the time of the collision.	
	9	18/09/08	Car V Cyc	**Leesons Hill (near Highfield Road)** 2 cars were travelling along Leesons Hill. It is believed there was an altercation between the drivers and passengers of both cars and they were travelling at speed down Leesons Hill. A cyclist was travelling westbound and trying to turn right into Highfield Road, when he was struck by the one of the cars and consequently died shortly afterwards. Both drivers failed to stop.	Dangerous driving
	10	13/10/08	Ped v Bus	**Wickham Court Road** A bus was travelling West Wickham High Street, it turned right into Wickham Court Road when it struck a pedestrian crossing the road. The pedestrian died the following day as a result of injuries sustained.	
	11	25/10/08	Car v Bus	**Corkscrew Hill** A car with 5 occupants travelling along Corkscrew Hill at what was believed to be excessive speed, tried to negotiate the left hand bend by the recreation ground but on the wrong side of the carriageway and collided head on with a bus. The car driver was pronounced dead at the scene and a back seat passenger died later that evening. The only occupant wearing a seatbelt was the front seat passenger.	Excessive Speed
	12	07/11/08	Car v Car	**A20 (near the McDonalds)** The collision took place on the opposite side of the road to McDonalds. Traffic Police were present on site to deal with an earlier accident involving a single vehicle. When the road was being reopened a car in the outside lane was unable to start. It was hit from behind at high speed. The driver of the stationary car was seriously injured and died in hospital later that day.	Excessive Speed, Poor road surface condiditons
	13	10/11/08	Ped V CAr	**Elmers End Road** A pedestrian crossing the road near the station, was struck by a car. The pedestrian died as a reuslt of inuries sustained	
	1	21/01/09	P2W V Car	**Masons Hill** A motorcycle was travelling southbound along Masons Hill. A car believed to be travelling northbound along Masons Hill hit the motorcycle when turning right into Homesdale Road. The motorcyclist was an off-duty police officer and was pronounced dead at the scene. The driver of the car was arrested at the time.	
	2	25/01/09	Car V Car	**St Pauls Cray Road** Three 18 year old males were travelling in a stolen car. They were overtaking traffic and were on the wrong side of the carriageway when they were in a head on collision with an oncoming car. The rear seat passenger in the first car was declared dead at 1.15am by members of the London Ambulance Service and the driver died in surgery at 6.30 on Sunday morning. The front seat passengerhad broken bones and was seriously ill after having his spleen removed.	Dangerous Driving

2009	3	12/02/09	Car	**The Avenue, Beckenham (near Southend Road and Copers Cope Road)** Male drove stolen car. An unmarked police car was following him and pulled him over, but he drove off at speed when the officers stepped out of their car. The police lost site of the vehicle and were no longer in pursuit when the collision occurred. The car had collided with several stationary cars, which were pushed into other vehicles. The dirver died the following day.	
	4	11/04/09	Car V Van	**Shire Lane** A car was travelling at high speeds along Shire Lane when it clipped the side of the road going around a bend. A van travelling the opposite direction at saw the Renault was out of control and tried to avoid the collision by mounting the verge on the nearside so not to hit the Renault's petrol tank. The Renault had already spun out of control and approached the van sideways on so that the brakes had no effect. The front seat passenger was wearing a seatbelt but took full impact of collision with the van and the driver of the Renault was not wearing a seatbelt but had it clipped in.	Excessive Speeds. Passenger seatbelt not worn
	5	13/04/09	Car V Car	**Centre Common Road (near Bromley Road and Royal Parade)** A Vauxhall Astra and a Nissan collided at the crossroads. The Astra was travelling south as the Nissan was travelling east at high speed ran a red light and collided with the Astra.	Excessive Speed, Ran red light
	6	29/05/09	P2W	**Westerham Road (near Fishponds Road)** The rider of a motorcycle was killed in the incident, which did not involve any other vehicles. The rider is thought to have been riding his father's bike. He was travelling at excessive speed.	Excessive Speed
	7	16/06/09	P2W	**Lawrie Park Road** Two motorcycles were travelling along Lawrie Park Road, thought to be racing each other. The rider of one vehicle lost control and hit a parked car and was then thrown into the southbound carriageway where he was struck by a car. He was pronounced dead at the scene. The rider of the second motorcycle failed to stop at the scene of the accident.	Dangerous Riding (Racing)
	8	26/09/09	P2W V Car	**Anerley Road** A motorcycle travelling at speed in Anerley Road overtook a vehicle. The motorcycle went into the side of a car turning right into Thicket Road. The motorcycle rider was pronounced dead at the scene, whilst the driver and 2 passengers of the car were not injured. The car that had been overtaken was not involved in the crash, but did stop at the scene.	Excessive Speed
	9	27/10/09	P2W	**Leaves Green Road** A Teenager on a motorcycle was seen travelling on Leaves Green Road, by Police Officers in a patrol car. When the Police Officers turned around in pursuit of the rider, the rider of the motorcycle sped away. The police officers lost sight of the rider and later found him lying on the ground. It is believed the rider lost control of the motorcycle on a bend in the road where the rider and bike hit a lamp post. The rider later dies from injuries.	
2010	1	20/02/10	Car V Bus	**Long Lane JW Croydon Road** Driver dies after his car collides with a bus.	
	2	28/02/10	Car	**Hayes Lane (near Vincent Close)** Driver lost control of his car and collided with a tree	
	3	26/08/10	Car	**Hayes Lane (near Ravensbourne School)** A car travelling along Hayes Lane collided with the width restrictors quite near Ravensbourne School. The male passenger bumped his head on the door frame and subsequently died.	
2011	1	18/03/11	Car V Car	**Shire Lane** A car was travelling eastwards towards a right hand bend but for an unknown reason the driver lost control on the bend, turned 180◦ crossing onto the opposite carriageway and into the path of a westbound oncoming van. The car driver died at the scene, the driver of the van and his 14 year old son were injured.	
	2	29/05/11	Cyc V Car	**Layhams Road** A cyclist was travelling north in Layhams Road when his bike collided with a black Range Rover travelling south. The man was pronounced dead at the scene.	
	3	31/05/11	Ped V Bus	**Widmore Road (near Cedar Road)** Pedestrian stepped into the road and what hit by a car	Error of judgement on pedestrians part
	4	07/08/11	Car	**Centre Common Road** A car containing 5 young males and was driven by a very inexperienced newly qualified driver. The crash occurred after the car overtook a bus, lost control, left the road hit a tree and overturned. 2 of the passengers died	Inexperience, Dangerous driving

	5	18/11/11	Ped V Car	**Hastings Road** A car was exiting the McDonalds when he paused to give way to traffic. The pedestrian may have thought the car had paused to give way to him when he stepped out and was hit by the car. The pedestrian fell and hit his head on the kerb and as a result died.	Error of judgement
	6	17/12/11	Car	**Westerham Road (near Rectory Road)** Driver lost control of her vehicle, veered on to the wrong side of the road and collided with a vehicle travelling in the opposite direction. Unfortunately a passenger has subsequently died as a result of injuries sustained during this collision.	
2012	1	07/01/12	Cyc V Car	**Upper Elmers End Road (near Asprey Mews)** A cyclist fell off his bike after hitting an open car door. Car owner had been reaching into the car to retrieve something. Cyclist was not wearing a helmet and suffered serious head injuries. Cyclist later died in Hospital.	Poor judgement, cyclist had swerved to avoid open door but causght it with his leg
	2	13/01/12	Car	**Lennard Road, Penge** A male made off from the Police in his car and was swiftly pursued. The male managed to crash his car into some parked vehicles in Lennard Road, Penge. The male died as a result of injuries sustained.	
	3	18/01/12	Ped V Car	**Warner Road** A pedestrian suffered an epileptic fit which cause him to fall over into the road. A van pulled into the road and drove over him. The pedestrian died from injuries sustained from the van driving over him.	Poor driver judgement
	4	30/04/12	P2W	**Bournewood Road** Two teenagers were believed to have been riding a stolen motorcycle. They were not wearing helmets. The rider lost control at the dead end section of Bournewood Road. The bike mounted the pavement and both victims were thrown off. One of them hit his head on a tree. He has sadly died as a result of his injuries.	Reckless riding
	5	10/07/12	P2W	**Crystal Palace Park Road JW Thicket Road** For unknown reasons the rider of a motorcycle lost control on approach to Thicket Road, the rider fell of and died from injuries sustained.	
	6	06/09/12	P2W	**Wickham Court Road** Young motorcyclist lost control whilst trying to negotiate a double bend in the road, he collided with a tree and susequently died.	
	7	11/09/12		**Dunkery Road** Female parked up her car, stepped out to cross the road and was hit by a bus.	Error of judgement
2013	1	10/03/13	P2W	**Warren Avenue** A motorcyclist collided with a parked vehicle after trying to negotiate bend and road works in the road. The young man died in the early hours of this morning from injuries sustained. No other vehicles were involved.	Error of judgement
	2	31/08/13	Car	**Homesdale Road/ Masons Hill** A car turned right from Homesdale Road, Bromley into Masons Hill at speed. The driver lost control and the vehicle spun round and hit a wall. The driver got out of the vehicle and had managed to walk a short distance before the collapsed. He was pronounced dead at the scene.	Error of judgement
	3	31/08/13	Ped V Cyc	**Chelsfield Road JW Edmund Road** Pedestrain stepped from the kerb in front of two cycles. The rear cyclist hit him. He was taken to hospital with apparent minor injuries. He died on 1st Sept.	Error of judgement
	4	24/10/13	Car	**Westerham Road** As the driver attempted to negotiate the right hand bend near to the junction with Holwood he lost controlled and crashed into a wall. The driver initially sustained serious injuries whilst his passenger sustained minor injuries. However the driver died days later.	Excessive Speed
	5	14/12/13	Ped V Car	**White Horse Hill** Pedestrian attempting to cross the road stepped out from a traffic island into the path of an oncoming car. The pedsetrian was taken to hospital but died a short while later.	
2014	1	21/01/14	Ped V Car	**Crofton Road (near Burlington Close)** A pedestrian attempted to cross Crofton Road when she was hit by a car. She died from injuries sustained.	Crossing not used
	2	04/08/14	Car	**Shire Lane** A car driving along Shire Lane lost control, turning the car onto it's roof as he approached the mini roundabout at the junction with Farnborough Hill. Unfortunately he sustained fatal injuries.	

	3	06/11/14	Ped V Car	**Skeet Hill Lane (near Skibbs Lane)** A driver approached a road which was blocked by a Veolia vehicle. Unable to turn around a Veolia employee helped the lady to reverse her car whilst she stood on the road side. The car collided with the lady causing her to fall and receive fatal head injuries.	Error of judgement
2015	1	10/02/15	Car	**Five Elms Road JW Croydon Road** A car drove South along Five Elms Road, when for reasons unknown he lost control of his car. The vehicle overturned and hit a tree causing fatal injuries to the driver	Accidental Death
	2	13/05/15	P2W V Car	**Copers Cope Road JW Bridge Road** Motorcycle travelling towards a car turning right, car apparently turns across him, motorcycle collided with the nearside front wing	Driver found guilty of careless driving
	3	05/06/15	Car v Car	**Chislehurst War Memorial** A black cab heading east in Bromley Road, Chislehurst towards the traffic lights at the junction with Royal Parade. A car heading north, approaching the junction from Royal Parade. It is known that the signals were not working. The car hit the taxi causing it to turn onto it's side. The taxi driver sustained fatal injuries. These are believed to be the directions in which the vehicles were heading but there were no witnesses to this collision.	Court Trial Pending
	4	07/06/15	Car	**Burnt Ash Lane** A car with 3 passengers driven at speed lost control near to the junction with Broadlands Road. The driver sustained minor injuries, with two occupants sustaining serious injuries, unfortunately one passenger died.	Driver found guilty of dangerous driving
	*	11/06/15	Ped v HGV	**Farnborough Common (near Hilda Vale Road)** Pedestrian was waiting at the central pedestrian refuge on the A21 Farnborough Common near to the junction with Hilda Vale Road. As an HGV drove towards the male on the south bound carriageway, he stepped out in front of it. The driver was unable to stop. The male sustained fatal injuries.	Suicide
	5	24/08/15	P2W	**Mottingham Lane** The 18yr old is thought to have been a pillion on a motorcycle which crashed, he was pronounced dead at the scene.	Rider pleaded guilty to causing death by dangerous driving
	6	30/09/15	P2W	**Downe Road** Motorcycle rider failed to negotiate a right hand bend, lost control and collided with 2 trees	Accidental Death
	7	21/11/15	P2W V Van	**Croydon Road JW Thornsett Road** Van slowed and indicated to turn right, motorcyle overtook traffic and was hit by the van as it turned.	Road Traffic Collision
	*	08/12/15	Car V HGV	**Sevenoaks Road** For reasons unknown, his car veered into the path of a west bound HGV. The two collided head on and unfortunately the driver of the Focus sustained fatal injuries.	Suicide
2016	1	11/08/16	Ped V Car	**Queensway** For reasons unknown car entered the footway then crashed throuhg the front of a shop killing a lady inside the shop	Driver found guilty of dangerous driving but not sentenced due to suffering dementia
	2	31/08/16	Ped V Car	**Lennard Road, Penge** 2 people were struck by a car, which was being pursued by a single marked police car.	Driver pleaded guilty to death by dangerous & manslaughter
	3	31/08/16	Ped V Car	**Lennard Road, Penge** 2 people were struck by a car, which was being pursued by a single marked police car.	Driver pleaded guilty to death by dangerous & manslaughter
	4	05/12/16	P2W V Car	**Baston Road JW Five Elms Road** A minicab was in collision with a motorcyclist. Driver was unaware that the motorcyclist was under the wheels and drove on a few metres.	Old Bailey 2/11/17 Info from Media: Driver pleaded guilty to causing the death by careless driving.
2017	1	11/10/17	Car v Car	**St Winifreds Road JW Main Road** A car drivng on the wrong side of the road collided with another vehicle	Inquest TBC
	2	10/11/17	P2W V Car	**Village Way JW Uplands** Car pulled out into the path of motorcycle	Accidental Death
2018	1	18/03/18	Car v Car	**Parish Lane JW Thesiger Road** Two cars collided at a crossroads, the occupants of one of the cars fled the scene	Inquest arranged for 07/11/18
	2	01/04/18	Car V Bus	**St Paul's Cray Road** He apparently pulled out to overtake two cyclists but for reasons unknown did not pull back in and thus collided with a bus	Inquest arranged for 29/11/2018
	3	14/08/18	HGV V Ped	**St John's Road**	

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the special meeting of the Council of the Borough held at 7.00 pm on 16 January 2019

Present:

The Worshipful the Mayor
Councillor Kim Botting FRSA

The Deputy Mayor
Councillor David Cartwright QFSM

Councillors

Marina Ahmad	Hannah Gray	Keith Onslow
Gareth Allatt	Will Harmer	Tony Owen
Vanessa Allen	Christine Harris	Chris Pierce
Graham Arthur	Colin Hitchins	Neil Reddin FCCA
Yvonne Bear	Samaris Huntington-Thresher	Will Rowlands
Julian Benington	William Huntington-Thresher	Suraj Sharma
Nicholas Bennett J.P.	Simon Jeal	Colin Smith
Mike Botting	David Jefferys	Diane Smith
Kevin Brooks	Charles Joel	Gary Stevens
Mary Cooke	Josh King	Melanie Stevens
Peter Dean	Kate Lymer	Harry Stranger
Ian Dunn	Christopher Marlow	Kieran Terry
Nicky Dykes	Robert Mcilveen	Michael Tickner
Judi Ellis	Russell Mellor	Michael Turner
Robert Evans	Alexa Michael	Stephen Wells
Simon Fawthrop	Peter Morgan	Angela Wilkins
Peter Fortune		
Kira Gabbert		

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Kim Botting FRSA

69 Apologies for absence

Apologies for absence were received from Councillors Kathy Bance, Katy Boughey, Mark Brock, Aisha Cuthbert, Angela Page, Michael Rutherford, Richard Scoates and Pauline Tunnicliffe.

Apologies for lateness were received from Councillor Kevin Brooks.

70 Declarations of Interest

There were no declarations of interest.

71 Adoption of Bromley's Local Plan
Report DRR19/003

A motion to support the following recommendations was moved by Councillor Peter Morgan, seconded by Councillor Alexa Michael and **CARRIED.**

That Council -

(i) adopts the Proposed Submission Draft Local Plan (Appendix 2), including the Main Modifications (Appendix 1 part 2), minor modifications (Appendix 3) and the policies maps (Appendix 4), as the Local Plan for Bromley as consolidated;

(ii) determines that the documents detailed in (i) be consolidated as outlined in para 3.11 for publication as The Bromley Local Plan;

(iii) approves the withdrawal of the Bromley Unitary Development Plan (2006) and the replacement of relevant policies in the Bromley Town Centre Area Action Plan, as above.

72 To consider any statements from the Leader of the Council, Portfolio Holders or Chairmen of Committees

Councillor Peter Fortune, Portfolio Holder for Children, Education and Families, made a statement on the recent Ofsted inspection of Children's Services. Councillor Fortune summarised the journey from the Inadequate judgement by Ofsted in 2016 through to the Good and Outstanding judgements from the November 2018 inspection – a journey which no other authority had achieved in such a short time. He thanked the Members and officers involved, as well as the Council's partners, the Improvement Board's independent chairman, Isobel Cattermole, the Safeguarding Board Chairman Jim Gamble, the Commissioner, Frankie Sulke, and the former Leader and Chief Executive, Stephen Carr and Doug Patterson. He emphasised that the Council had to continue to strive to improve.

Councillor Graham Arthur, Portfolio Holder for Resources, Commissioning and Contract Management made a statement on the proposed 2019 pay award for staff. Councillor Arthur announced that it was intended to award a flat, consolidated pay increase of 2.25% for all staff from 1st April 2019, with additional funding of £250k for staff on the lowest pay scales and £200k to continue the merited pay awards scheme.

The Meeting ended at 7.46pm.

Mayor

5D

COUNCIL MEETING

25TH FEBRUARY 2019

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR WRITTEN REPLY

1. **From Cllr Tony Owen to the Environment & Community Services Portfolio Holder**

   The report for the proposed Crofton Road cycle lanes between Orpington Station and the Crofton Lane mini roundabout indicated that the emergency services had not been consulted.

   An officer email tells me that this would be done once the scheme was approved. Will you please publish the replies received from each service for the Council meeting, ready for inclusion in the minutes.

2. **From Cllr Ian Dunn to the Leader of Council**

   Please provide an organisation chart showing the direct reports of the Chief Executive with their direct reports, including a summary of each post holder's main responsibilities. Please show on the chart where a post is vacant or occupied by an interim post-holder

3. **From Cllr Ian Dunn to the Leader of the Council**

   Please provide the number of staff who have left the Council's employment since 1 January 2014, broken down by calendar year, department and reason for leaving (Retirement, redundancy, resignation, other.) How much has been spent on redundancies since 1 January 2014, broken down by calendar year and department?

4. **From Cllr Ian Dunn to the Leader of the Council**

   Please provide the number of current vacancies, broken down by department.

5. **From Cllr Angela Wilkins to the Portfolio Holder for Resources, Commissioning and Contract Management**

   How much has been spent in the last 2 years on refurbishing the toilets used by Children's Social Care staff?

6. **From Cllr Angela Wilkins to the Portfolio Holder for Renewal, Recreation & Housing**

   Please provide detailed plans for how the £3.3m of s106 monies available for housing are actually going to be spent and when.

7. From Cllr Angela Wilkins to the Portfolio Holder for Environment & Community Services

What is the Council's policy in relation to advertising erected on Council owned properties, including fences to parks etc?

8. From Cllr Nicholas Bennett JP to the Portfolio Holder for Renewal, Recreation and Housing

If he has seen the article in the Times of February 14th 2019 by David Aaronovitch and the subsequent correspondence on Feb 15th, 17th, 18th and 19th regarding a statue for Richmal Crompton and her creation Just William and whether he will consider approaching Macmillan, the publishers of the William books and Wetherspoons, the owner of the Richmal Crompton pub at Bromley South to see whether they would be prepared to help sponsor a statue at this location?

Report No.
CSD19041

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 25 February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**2019/20 COUNCIL TAX**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

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1. Reason for report

1.1 At its meeting on 13th February 2019 the Executive considered the attached report on the 2019/20 Revenue Budget, and made recommendations concerning the level of the Bromley element of the 2019/20 Council Tax and Adult Social Care Precept. At the Executive's meeting, amended recommendations were tabled, along with a revised Appendix 2 (the summary of the draft 2019/20 Revenue Budget) and comments from all PDS Committees on the budgets proposed for their respective portfolios. The Executive supported the recommendations as amended and recommended that they be approved by full Council. The Executive also authorised the Director of Finance to report any further changes directly to Council on 25th February 2019.

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2. **RECOMMENDATIONS**

2.1 The Executive recommends to Council that it:

(a) Approves the schools budget of £76.722 million which matches the estimated level of Dedicated Schools Grant (DSG) after academy recoupment (a reduction of £922k – see (b) below);

(b) Approves the draft revenue budgets (as in Appendix 2) for 2019/20 to include the following updated changes:

(i) DfE have refused a disapplication request by the Council resulting in increased costs of £1m (£922k reduction in DSG income due to Academy recoupment and £78k to an increase in expenditure for maintained schools). This is offset by a

reduction of £788k held in the Central Contingency for additional 2019/20 High Needs (SEN) Funding. The shortfall of £212k will be met from the Government's additional 2018/19 High Needs Funding which will be reflected in the next Budget Monitoring 2018/19 report to Executive.

(ii) Parking Income £308k – subject to the final agreement of the Portfolio Holder for Environment & Community Services.

(iii) Other minor variations totalling £65k mainly relating to Business Rate Levy funding and updated collection fund surplus.

(c) 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;

(d) Approves the following provisions for levies for inclusion in the budget for 2019/20:

	£'000
London Pensions Fund Authority	452
London Boroughs Grant Committee	249
Environment Agency (flood defence etc.)	249
Lee Valley Regional Park	312
Total	1,262

(e) Approves a revised Central Contingency sum of £10,943k to reflect the changes in (b) and (d);

(f) Notes that the 2019/20 Central Contingency sum includes significant costs not yet allocated and there will therefore be further changes to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget;

(g) Approves the revised draft 2019/20 revenue budgets to reflect the changes detailed above;

(h) Sets a 4.99% increase in Bromley's council tax for 2019/20 compared with 2018/19 (2.99% general increase plus 2% Adult Social Care Precept) and notes that, based upon their consultation exercise, the GLA are currently assuming a 8.9% increase in the GLA precept;

(i) Notes the latest position on the GLA precept, as above, which will be finalised in the overall Council Tax figure to be reported to full Council (see section 12);

(j) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);

(k) Executive agree that the Director of Finance be authorised to report any further changes directly to Council on 25th February 2019.

2.2 Council Tax 2019/20 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011).

Subject to 2.1 (a) to (k) above, if the formal Council Tax Resolution as detailed below is approved, the total Band D Council Tax will be as follows:

	2018/19 £	2019/20 £	Increase £	Increase % (note #)
Bromley (general)	1,094.18	1,128.80	34.62	2.99
Bromley (ASC precept)	64.30	87.46	23.16	2.00
Bromley (total)	1,158.48	1,216.26	57.78	4.99
GLA *	294.23	320.51	26.28	8.93
Total	1,452.71	1,536.77	84.06	5.79

*** The GLA Precept may need to be amended once the actual GLA budget is set.**

(#) in line with the 2019/20 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,158.48 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 25th February 2019.

2.3 The Executive is requested to recommend to Council to formally resolve as follows:

1. It be noted that the Council Tax Base for 2019/20 is 131,428 'Band D' equivalent properties.

2. Calculate that the Council Tax requirement for the Council's own purposes for 2019/2020 is £159,851k.

3. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):

(a) £531,584k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.

(b) £371,733k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.

(c) £159,851k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.

(d) £1,216.26 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

4. To note that the Greater London Authority (GLA) has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below (NB. the GLA precept figure may need to be amended once the actual GLA budget is set).

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings.

Valuation Bands	London Borough of Bromley £	Greater London Authority £	Aggregate of Council Tax Requirements £
A	810.84	213.67	1,024.51
B	945.98	249.29	1,195.27
C	1,081.12	284.90	1,366.02
D	1,216.26	320.51	1,536.77
E	1,486.54	391.73	1,878.27
F	1,756.82	462.96	2,219.78
G	2,027.10	534.18	2,561.28
H	2,432.52	641.02	3,073.54

6. That the Council hereby determines that its relevant basic amount of council tax for the financial year 2019/20, which reflects a 4.99% increase (including Adult Social Care Precept of 2%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2019/20 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2019/20. Any further changes arising from these Principles will be reported directly to Council on 25th February 2019. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Not Applicable:
2. Ongoing costs: Recurring Cost: See attached report
3. Budget head/performance centre: Council wide
4. Total current budget for this head: £159.85m Draft 2019/20 budget (excluding GLA report)
5. Source of funding: See attached report - appendix 2

Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2019/20 Financial Control Budget to be published in March 2019
2. If from existing staff resources, number of staff hours: N/A

Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972, the Local Government and Finance Act 1998, the Local Government Act 2000, the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
2. Call-in: Not Applicable: A decision by full Council cannot be called in

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2019/20 budget reflects the financial impact of the Council's strategies, service plans etc which impact on all of the Council's customers, including council tax payers) and users of services.

Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

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Appendix 2

SUMMARY OF DRAFT 2019/20 REVENUE BUDGET - PORTFOLIO

	2018/19 Final Budget £'000	**Portfolio/Item**		2019/20 Draft Budget £'000		2019/20 Band "D" Equivalent £
	82,546	Education		84,388		642.09
Cr	76,771	Less costs funded through Dedicated Schools Grant	Cr	76,722	Cr	583.76
	5,775	Sub total		7,666		58.33
	34,493	Childrens Social Care		37,286		283.70
	67,267	Adult Care and Health		69,448		528.41
	30,546	Environment & Community Services Portfolio		31,336		238.43
	2,424	Public Protection and Enforcement		2,425		18.45
	13,971	Renewal, Recreation and Housing		15,932		121.22
	32,916	Resources, Commissioning & Contracts Management		31,822		242.12
	3,907	Non Distributed Costs & Corporate & Democratic Core		3,986		30.33
	191,299	Total Controllable Budgets		199,901		1,520.99
	12,056	Total Non Controllable Budgets		11,768		89.54
Cr	759	Total Excluded Recharges	Cr	792	Cr	6.03
	202,596	Portfolio Total		210,877		1,604.50
Cr	10,646	Reversal of Net Capital Charges	Cr	10,265	Cr	78.10
Cr	3,491	Interest on General Fund Balances	Cr	3,291	Cr	25.04
Cr	2,256	New Homes Bonus - Support for Revenue Budget		-		0.00
	2,210	Utilisation of Prior Year Collection Fund Surplus/Set Aside		-		0.00
	14,278	Central Contingency Sum		10,943		83.26
		Levies				
	455	- London Pensions Fund Authority		452		3.44
	248	- London Boroughs Grants Committee		249		1.89
	245	- Environment Agency		249		1.89
	314	- Lee Valley Regional Park		312		2.38
	203,953	Sub Total		209,526		1,594.22
Cr	41,960	Business Rate Retention	Cr	39,810	Cr	302.90
	-	Business Rate Levy	Cr	581	Cr	4.42
Cr	7,852	Collection Fund Surplus	Cr	6,753	Cr	51.38
Cr	3,534	New Homes Bonus	Cr	2,531	Cr	19.26
	150,607	Bromley's Requirement (excluding GLA)		159,851		1,216.26

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Report No.
FSD19019

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker:	**Executive**		
Date:	**13th February 2019**		
Decision Type:	Non-Urgent	Executive	Key
TITLE:	**2019/20 Council Tax**		
Contact Officer:	Peter Turner, Director of Finance Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk		
Director:	Director of Finance		
Ward:	Borough wide		

1. REASON FOR REPORT

1.1 This report identifies the final issues affecting the 2019/20 revenue budget and seeks 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 will be reported to the Council meeting on 25th February 2019. The report also seeks final approval of the 'schools budget'. The approach reflected in this report is 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).

2. RECOMMENDATIONS

2.1 **The Executive is requested to recommend to Council that it:**

(a) Approves the schools budget of £77.644m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;

(b) Approves the draft revenue budgets (as in Appendix 2) for 2019/20;

(c) 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;

(d) Approves a contingency sum of £11,669k (see section 6);

(e) 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**

(f) Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (see section 12);

(g) 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 (see section 16);

(h) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);

(i) Notes that any decision on final council tax level will also require additional "technical" recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting *(see 16.9)*;

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

Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A

2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 1

3. Budget head/performance centre: Council wide

4. Total budget for this head £159.85m Draft 2019/20 Budget (excluding GLA precept)

5. Source of funding: See Appendix 2 for overall funding of Council's budget

Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2019/20 Financial Control Budget to be published in March 2018

2. If from existing staff resources, number of staff hours – N/A

Legal

1. Statutory requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.

2. Call-in is applicable

Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2019/20 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

1. Have ward councillors been asked for comments? N/A

2. Summary of Ward Councillor comments: Council wide

3. PREVIOUS REPORTING TO MEMBERS

3.1 In considering this report further background information was available through the Members' seminars as follows:
(a) Members' Finance Seminar on 20th June 2018;
(b) Members' Welfare Reform Seminar on 2nd July 2018;
(c) Members' Pension Fund Seminar on 5th November 2018.

3.2 The 'Draft 2019/20 Budget and Update on the Council's Financial Strategy 2020/21 to 2022/23' was reported to the Executive on 16th January 2019. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 16th January 2019)

(a) Approach to Budgeting, Financial Context and Economic Situation which can impact on Public Finances (Section 3 and Appendix 1);
(b) Provisional Local Government Finance Settlement 2019/20 and Autumn Budget 2018 (Appendix 2);
(c) Council Tax Levels, Government Funding and Spend Levels (Appendix 3);
(d) Changes since the 2018/19 Budget that impact on the Financial Forecast (Section 4);
(e) Latest Financial Forecast (Section 6 and Appendices 5-6);
(f) Detailed Draft 2019/20 Budget (Section 7 and Appendix 7);
(g) Options being undertaken with a "One Council" approach (Section 8);
(h) Future Local Authority Landscape (Section 9);
(i) The Schools' Budget (Section 11);
(j) Consultation (Section 16);
(k) Position by Portfolio – Key Issues/Risks (Section 17 and Appendix 10).

All of the above should be considered with this report as part of finalising the 2019/20 Budget and council tax levels.

4. 2019/20 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE EXECUTIVE

(a) The last report to the Executive identified a significant 'budget gap' over the four year financial planning period. The main updates are shown below;

(b) The final Local Government Financial Settlement 2019/20 was announced on 29th January and there were no changes, impacting on Bromley compared with the Provisional Settlement reported to the previous meeting of the Executive;

(c) The Government did separately announce funding over two years of £210k for Brexit preparation which has been reflected in the 2019/20 Central Contingency Sum;

(d) The Portfolio Holder for Resources, Commissioning and Contracts Management announced at the last meeting of Council that the Council is proposing an across the board pay increase of 2.25% for Council staff and staff on scale point 4 to 30 will receive a pay award of between 3% and 6% (Inclusive of the 2.25%). Further details are being reported to General Purposes and Licensing Committee on 12th February 2019. The financial impact of this proposal has been included in the Draft 2019/20 Budget;

(e) A combination of the impact of updates estimate of levies (final outcome awaited) and review of inflation provision has reduced the budget gap in 2019/20 to nil, subject to the outcome of member decisions on council tax and adult social care precept increases for 2019/20.

5. LATEST FINANCIAL FORECAST

5.1 A summary of the latest budget projections is shown in Appendices 1 and 2 and are summarised in the table below:

Variations Compared with 2018/19 Budget	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Grant Loss	**3.6**	**6.6**	**9.6**	**12.6**
Cost Pressures				
Increased costs (3.0% 2019/20 then 2.7% per annum)	5.5	12.8	20.0	27.2
Reinstatement of highways maintenance (previously capitalised)	0.0	0.0	0.0	2.5
Total Additional Costs	**5.5**	**12.8**	**20.0**	**29.7**
Income / Savings				
Acquisition of Residential Properties to Accommodate Homeless (Mears)	-1.0	-1.0	-1.0	-1.0
Additional Income Opportunity (Amey)	-0.2	-0.4	-0.4	-0.4
Additional income from business rate share to reflect new developments in borough and Section 31 funding and increase in business rate base	-1.5	-1.8	-1.8	-1.8
Fall out of London pilot of business rates (as approved by Council 25/9/17) - one year only	2.9	2.9	2.9	2.9
Continuation of London Business Rate Pool 2019/20	-2.2	0.0	0.0	0.0
Business Rates Surplus levy	-0.6	0.0	0.0	0.0
Interest on balances - reduction in income to reflect use of balances and temp. funding for Site G	0.2	0.1	0.3	0.4
Release general provision in contingency for significant uncertainty/variables	-0.7	-0.7	-0.7	-0.7
Savings from recommissioning/retendering of various contracts	-0.1	-0.1	-0.1	-0.1
Savings from Childrens Social Care linked to Invest to Save funding	-0.2	-0.7	-1.0	-1.0
Potential release of draft contingency in future years re provision for risk/uncertainty	0.0	-4.0	-8.0	-8.0
Extra Social Care Funding through Government grants	-3.2	-3.2	-3.2	-3.2
Leisure Service Lease approved by Executive on 28th November 2018	-1.5	-1.5	-1.5	-1.5
Review of staffing across organisation	-0.6	-1.5	-1.5	-1.5
Other savings	-0.4	-1.1	-1.5	-1.5
Total Income / Savings	**-9.1**	**-13.0**	**-17.5**	**-17.4**
Other Changes (includes use of non-recurring funds)				
Fall out of New Homes Bonus funding	3.2	4.5	5.1	5.6
Real Changes and other Variations	-0.9	-1.3	-1.2	-0.5
Total Other Changes	**2.3**	**3.2**	**3.9**	**5.1**
ECHS Growth and Mitigation	**8.0**	**17.2**	**18.5**	**18.8**
Council Tax				
Increase in Council Tax Base to reflect additional properties and increased collection rates	-1.6	-2.3	-2.9	-3.6
Fall out of Collection Fund surplus 2014/15 set aside as one off support towards meeting the funding shortfall in 2018/19	4.9	4.9	4.9	4.9
Fall out of Collection Fund surplus 2015/16 set aside as one off support towards meeting the funding shortfall in 2018/19	0.7	0.7	0.7	0.7
Increase in council tax (assume 2.99% per annum in 2019/20 and 1.99% thereafter)	-4.5	-7.6	-10.9	-14.1
Impact of Adult Social Care Precept (assume 2% per annum)	-3.0	-3.0	-3.0	-3.0
Collection Fund Surplus 2017/18	-6.8	0.0	0.0	0.0
Projection of future year collection fund surplus	0.0	-4.0	-3.0	-2.0
Total Council Tax	**-10.3**	**-11.3**	**-14.2**	**-17.1**
Remaining "Budget Gap"	**0.0**	**15.5**	**20.3**	**31.7**

5.2 The above table shows, for illustrative purposes the impact of a council tax increase of 4.99% in 2019/20 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.5m. The financial forecast assumes that any future increases in the Adult Social Care precept cease beyond 2019/20. It should be noted that the current legislation only provided powers for this precept until the end of 2019/20.

5.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,216.26 (2.99% general increase plus 2% adult social care precept) and Appendix 3 includes the Draft 2019/20 Central Contingency Sum. Appendix 2 is based on draft portfolio budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept.

5.4 Appendix 1 highlights that the Council, on a roll forward basis, has a "structural deficit" as the on-going budget has increasing costs relating to inflation and service pressures as well as the on-going loss of Government grants. These changes are not being fully funded by a corresponding growth in income. The above projection includes savings previously agreed to reduce the 'budget gap'.

5.5 The above table highlights that, although it has been possible to achieve a potential balanced budget for next year even after allowing for significant cost pressures there remains a "budget gap" of £15.5m in 2020/21 rising to £31.7m per annum in 2022/23. The projections in later years have to be treated with some caution, particularly as the Government's next spending review is expected to be implemented from 2020/21 which will include the revised levels of funding for individual local authorities following the 'Fair Funding' review and Spending Review combined with the awaited outcome of the devolution of business rates income (75% share with GLA).

5.6 In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions**.** Significant savings of around £97m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

5.7 Further changes will be required, prior to the report to full Council on 25th February for the finalisation of the Council Tax, to reflect latest available information on levies, and the GLA precept.

5.8 The reasons for the budget gap by 2022/23 include, for example:

(a) inflation pressures partly offset by assumed council tax increase (2.99% in 2019/20 and 1.99% thereafter) and social care precept (2019/20 only) of 2% leaving a balance required of £10.1m;

(b) Loss of core grant funding of £12.6m;

(c) Growth/cost pressures less mitigation of £18.8m relating to education, social care and housing. If further growth pressure continues in these areas, as well as other areas, the future years 'budget gap' could increase;

(d) Additional income of £3.2m from Government social care funding assumed to continue beyond 2019/20 which partly offsets the social care cost/growth pressures;

(e) Savings from reduction in the Council's provision for risk/uncertainty held within the Central Contingency Sum (savings of £8m per annum).

(f) Other variations leading to an increase of £1.4m;

5.9 Even using a 'best case scenario' that there are no government grant reductions after 2019/20, the final budget gap in future years will remain significant (£22.7m).

6. DRAFT 2019/20 CENTRAL CONTINGENCY SUM

6.1 Details of the 2019/20 Draft Contingency Sum of £11,669k have been included in Appendix 3. This sum includes a provision for risk/uncertainty in the future included in the base budget. There remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings and mitigation of growth not realised and, as in the past, enable funding of key initiatives and investment opportunities.

6.2 It is important to recognise that this sum also includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2019/20 Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council's overall 2019/20 Budget.

6.3 The updated financial forecast assumes the release of £4m in 2020/21 and £8m per annum from 2021/22 to directly support the revenue budget.

7. GENERAL AND EARMARKED RESERVES

7.1 Appendix 4 of this report highlights the Council's approach to utilising reserves and the significant value in retaining reserves. The level of reserves needs to be adequate to ensure the longer term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning remains absolutely key in recognition of the ongoing 'structural' budget deficit facing the Council. Inflation, new burdens, growth/cost pressures and ongoing reductions in Government funding has created the structural budget deficit. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings.

7.2 The Council will have retained previous years collection fund surpluses totalling £5.7m by the end of 2018/19 (which is normally credited to revenue budgets) as well as a financial management and risk reserve of £10m (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any medium or longer term utilisation of one off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.

7.3 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant "opportunity cost" relating to a corresponding loss in interest earnings/investment opportunities and the resultant exhaustion of reserves which is not recommended. Any increase in service levels or initial protection would only be very short term. Reserves can only be used as a one-off contribution to revenue spending and would not provide a sustainable solution to maintaining local government services.

7.4 The Council had general reserves remaining of £20m as at 31/3/2018. A full breakdown of reserves, including earmarked reserves, is detailed in Appendix 4.

8. 2018/19 BUDGET MONITORING

8.1 The most recent budget monitoring position was reported to Executive on 28th November 2018. The report identified an overall net underspend of £374k but highlighted full year costs of £5.2m The majority of these costs relating to Adult Care and Health Services (£1.9m) and Education, Children and Families (£2.2m) have been included in the 2019/20 Budget. The Government's additional funding for social care in 2019/20 (£3.2m) has been utilised towards meeting these full year costs.

9. THE SCHOOLS BUDGET

9.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).

9.2 The implementation of the National Funding Formula (NFF) began in 2018/19. Funding has been split into four new blocks, Schools, High Needs, Early Years and Central Spend DSG. The funding splits are detailed in the table below:-

PROVISIONAL DSG FUNDING

	Schools £'000	High Needs £'000	Early Years £'000	Central £'000	Total £'000
2018/19	205,352	47,722	20,697	1,965	275,736
2019/20	208,637	48,821	20,691	1,938	280,087
Variation	**3,285**	**1,099**	**-6**	**-27**	**4,351**

9.3 The Schools Block has risen by £3m. This is due to an increase in the per pupil funding and increases in the secondary schools population.

9.4 The High Needs Block is seeing pressures coming through the system. Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. On the 17th December 2018, the government announced additional funding in the High Needs block of £250m nationally (£125m in both 2018/19 and 2019/20). The increase for Bromley is £788k. This is reflected in the figures above. Even with this additional funding there continues to be pressures in this block. It is proposed to fund a further £106k from core LBB funding to support the High Needs Block in 2019/20.

9.5 Early Years funding has remained static. Funding will be adjusted in year based on take up of provision.

9.6 The Central Block has decreased as expected. However, this has been offset slightly by an increase in funding based on pupil number increases. There continues to be pressures in the Central Schools DSG due to funding shortfalls. In previous years this has been managed by using DSG carried forward from previous years. However this is now not a sustainable option and £250k of core LBB funding is being proposed to be used to underpin this.

9.7 In 2018/19 the Council contributed £1m of core funding to support the DSG. Current predictions suggest that there will be a further funding shortfall of between £0.4m and £2.0m p.a. for the next 3 years across the DSG expenditure areas, mainly in the High Needs Block.

9.8 The DSG continues to be ringfenced for funding the provision of Education, the vast majority of this has to be passed directly to maintained schools and academies. Further ringfencing arrangements introduced under the National Funding Formula mean that as a rule no funding can move between individual blocks.

9.9 However a disapplication to these arrangements can be made. Bromley requested a transfer of £1m (about 0.5% of the Schools Block Grant) from the Schools Block to the High Needs Block which was rejected by the Schools Forum. Bromley has therefore forwarded the case to the DfE for their consideration. A decision is expected shortly. It is assumed in the budget that this will be successful. Last year in 2018/19 the same process was carried out. DfE approved the transfer of £1m to the High Needs Block.

9.10 If the disapplication request is approved it is proposed to set aside £788k of funding in a reserve (the equivalent of the recently announced additional funding) which will be committed to the new provision for children with ASD which the Council are seeking to develop within the borough with the intention of reducing costs in subsequent years.

9.11 If the disapplication request is refused then the funding (£788k) will be offset against the anticipated £1m shortfall from the Schools Block and will contribute to addressing current pressures in the High Needs Block.

9.12 The use of DSG is subject to consultation with the Schools Forum and this also went to the Education, Children and Families Budget and Performance Sub-Committee on the 23rd January 2019. At the time of writing this report, this is subject to the formal agreement of the Education, Children and Families Portfolio Holder.

10. LEVIES

10.1 Miscellaneous levies must be charged to the General Fund and shown as part of Bromley's expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 25th February 2019. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

11 COLLECTION FUND

11.1 It is a statutory requirement to maintain a Collection Fund at arm's length from the remainder of the Council's accounts.

11.2 The Council has a non-recurring collection fund surplus of £8.5m reflected in the '2017/18

Provisional Final Accounts' report to Executive on 21st May 2018. The surplus income is mainly due to good debt recovery levels, an increase in new properties in the borough and the successful continuing impact of actions following the data matching exercise on single person discounts. The financial impact of the council tax support scheme was also lower than budgeted. A sum of £1.7m will be allocated to the GLA and £6.8m to the Council. The financial forecast assumes that the surplus will be used towards reducing the Council's "budget gap" in 2019/20.

11.3 There have been no changes to the council tax base since the previous meeting of the Executive.

12. THE GREATER LONDON AUTHORITY PRECEPT

12.1 The GLA's 2019/20 Draft Budget has been issued for consultation and includes proposals for an increase of 8.93% in existing GLA precept levels for 2019/20. The final GLA precept for 2019/20 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2019.

13. UTILISATION OF GENERAL RESERVES, COUNCIL'S CAPITAL PROGRAMME AND BUILDING MAINTENANCE

13.1 The latest estimated general fund (revenue) balance at 31st March 2019, as shown in the 'Budget Monitoring 2018/19' report to the 28th November 2018 meeting of Executive, is provided below:

	2018/19 Projected Outturn £Million
General Fund Balance as at 1st April 2018	20.0
Impact of net projected underspends reflected in the 2018/19 budget monitoring report	+0.4
Adjustment to Balances: Carry forwards (funded from underspends in 2017/18)	-1.5
Estimated General Fund Balance at 31st March 2019 (end of year)	18.9

13.2 Bromley's Capital programme is mainly funded by external government grants, contributions from TfL and from general capital receipts. However there are two schemes that will be funded through internal borrowing (Site G and Depot Improvement Schemes) on the basis that a significant capital receipt will be realised at a later date to repay the internal loan.

13.3 The latest capital programme funding projections indicate that the Capital Programme will not require significant levels of funding from the Councils General Fund reserve.

13.4 Alongside the introduction of the prudential code for capital spending, the Director of Finance is required to report to the council on the appropriateness of the level of reserves held by the council and the sustainability of any use of reserves to support the revenue budget. The detailed advice is contained in Appendix 4.

13.5 Details of the Council's Building Maintenance Programme and associated costs will be reported to a future meeting of the Executive. No significant changes in the overall cost of the programme have been assumed in the 2019/20 Budget, at this stage.

14. CONSULTATION

14.1 Executive, at its meeting on 16th January 2019, requested that the 'Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23' report proposals are considered by individual PDS Committees. PDS Committees comments relating to the report in January will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 25th February 2019 where the 2019/20 Budget and Council Tax will be agreed.

14.2 Two separate resident association meetings were held on 27th November 2018 and 29th November 2018 relating to 'Looking to the Future'. The outcome was reported to the previous meeting of the Executive.

14.3 A meeting has recently taken place with the Schools Forum to consider the Draft DSG 2019/20 Budget. Head Teachers and Governors were consulted on the transfer of funding from the Schools Block to the High Needs Block. Although the Schools Forum refused the request, the Council submitted a disapplication request to DfE. The Council are currently awaiting a decision from the Secretary of State.

14.4 Consultation papers have been sent to Bromley Business Focus, Federation of Small Businesses (Sevenoaks & Bromley Branch) and the 20 largest business ratepayers in the borough. At the time of writing this report no responses have been received.

15. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

15.1 There remain risks arising from the future scale of budget savings required to address the budget gap, mitigation against growth pressures, cost pressures arising from new burdens, inflation and the impact of Government policy changes including welfare reforms and the new Living Wage. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings or seeking alternative savings where required.

15.2 Details of the potential risks which will be faced in future years, as part of finalising the 2019/20 Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

16. COUNCIL TAX LEVEL 2019/20

16.1 The GLA's 2019/20 Draft Budget was issued for consultation and includes proposals for an increase of 8.93 % in existing GLA precept levels for 2019/20. The final GLA Precept for 2019/20 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2019.

16.2 The current overall Council Tax (Band D equivalent) includes the "Bromley element" relating to the cost of the council's services and various levies of £1,158.48 in 2018/19 and a further sum of £294.23 for the GLA precept (providing a total Band D equivalent Council Tax of £1,452.71).

16.3 For 2019/20 every £1m change in income or expenditure causes a 0.7% variation in the 'Bromley element' of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.5m.

16.4 As part of the Localism Act, any council tax increase of 3 % or above in 2019/20 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £100k. The one off cost of a referendum is estimated to be £600k.

16.5 The Government has enabled the Council in 2019/20 to have a council tax precept of up to 2% per annum to specifically fund adult social care (a 2% increase in council tax equates to £3.0m additional income per annum). The Government recognises that the precept can also include, for example, funding the additional cost of the Living Wage. Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 2.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 5% without the need for a council tax referendum. The financial forecast assumes the precept could not continue beyond 2019/20. The Council's ability to raise income through an increase in the council tax and the adult social care precept is reflected in the overall level of Government funding received by the Council.

16.6 If the Council chose to agree a Bromley element 4.99% council tax increase, including the 2% Adult Social Care Precept, and the GLA Precept was increased by 8.93% there would be an overall combined council tax increase of around 5.79%. This would equate to an overall Council Tax (Band D equivalent) of £1,536.77 consisting of the Bromley element of £1,216.26 and GLA precept of £320.51.

16.7 The table below identifies the changes required to the draft 2019/20 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 4.99%, including 2% for the Adult Social Care Precept, has been assumed in the 2019/20 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2018/19 including Adult Social Care Precept	Additional Income 2019/20 £'m
Freeze	NIL
1.0	1.5
2.0	3.0
3.0	4.5
3.99	6.0
4.99*	7.5
6.0^	9.0

*Assumed in draft 2019/20 Budget. Adult social care precept of 2% equates to additional income of £3.0m per annum. ^ Would be subject to a council tax referendum

16.8 Any decision on council tax levels will need to be based on a medium term view and therefore not only consider the financial impact on 2019/20 but also the longer term impact over the four year forecast period.

16.9 The Council Tax Referendum Principles were confirmed, as part of the final Local

Government Finance Settlement 2019/20. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.

16.10 Bromley has the second lowest settlement funding per head of population in 2018/19 for the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Further details were reported to the previous meeting of the Executive.

16.11 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2019/20, having regard to all the above factors, including the Director of Finance comments in Sections 18.6, 18.7 and Appendix 4.

17. FUNDING SETTLEMENT

17.1 Details of the Council's representation on the response to the initial consultation on the Government's Fair Funding Review were reported to the previous meeting of the Executive. The Council's response to the Provisional Local Government Finance Settlement 2019/20 is provided in Appendix 5. The Council will continue to engage local MPs and Government ministers to secure a better funding deal for the Council and its residents.

18. MEDIUM TERM FINANCIAL PLANNING

18.1 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 16th January 2019 and the Draft 2019/20 Budget and future years' forecasts reflect the impact of this approach.

18.2 Although the London Business Rate Pilot provides additional income in 2019/20, there is uncertainty on the impact of the full devolution of business rates, awaited Spending Review and the outcome of the Government's 'Fairer Funding' review which may result in new responsibilities for the Council and associated risks. The changes are not expected to be implemented until at least 2020/21 whilst the fiscal squeeze for local government is expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.

18.3 For financial planning purposes, the financial forecast assumes a council tax increase of 2.99% in 2019/20 and 1.99% per annum over the next three years to compensate for the higher proportion of funding reductions, to meet inflationary costs on social care and provide funding to meet increasing social care costs, demographic cost pressures and to meet the ongoing "budget gap". As part of the Local Government Finance Settlement 2019/20, the Government's funding reductions assume that Councils could raise alternative funding, to partly offset grant reductions, from council tax increases and utilisation of the Adult Social Care precept. The financial forecast reflects that approach.

18.4 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with the fiscal squeeze for local government continuing.

18.5 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council T ax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a balanced budget for next year. To illustrate the benefit of the investment approach the Council has undertaken, budgeted income totaling £15.4m from a combination of treasury management income and rents from investment and operational properties is expected to be realised. Without this income, equivalent service reductions may be required. Utilisation of the remaining uncommitted Growth and Investment Fund monies will be prioritised for housing investment, at this stage, given the need to reduce the significant cost pressures on homelessness and the opportunities for invest to save. The Council will continue to explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3 to 5 year period. This could include, for example, funding of joint venture opportunities to support land disposal/key investments. The Council has already undertaken secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.

18.6 The background to the impact of real reductions in government funding within the local authority landscape was reported to the last meeting of the Executive. Bromley has delivered savings of over £97m since 2011 and has a low cost base which makes further savings more challenging. Real term reductions in Government funding, future year cost pressures and new burdens are expected to continue over the next four years. CIPFA have provided advice to local authorities on the financial stress warning signs:

- Running down reserves – a rapid decline of reserves;
- A failure to plan and deliver savings in service provision to ensure a council lives within its resources;
- Shortening medium-term financial planning horizons – perhaps from four to three years to two years or even one year – this would indicate lack of strategic thinking and unwillingness to confront tough decisions;
- Greater ‘still to be found’ gaps in saving plans – identifying savings for the next financial year only and not beyond;
- Growing tendency for departments to have unplanned overspends and/or carrying forward undelivered savings in the following year.

18.7 The Council is ‘better placed’ than many other authorities due to remaining debt free , has retained adequate level of reserves and maintained adequate provisions in the Council’s revenue budget for unforeseen costs and risks. The Council has maintained four year financial planning despite the future funding uncertainty (awaited Spending Review, Fair Funding review and devolution of business rates from 2020/21) and it remains essential that action is taken to address any in year overspends, recognising that there could be a full year impact which could increase the ‘budget gap’ further. Apart from continuing the ‘One Council’ approach as reported to the previous meeting of the Executive, the further new measures relating to the Transformational Review and Core Statutory Minimum Requirements review are essential to identify options from 2020/21 to address the medium term budget gap and ensure the Council can continue to ‘live within its means’. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their ‘cash envelope’. Commentary on the level of reserves and robustness of the 2019/20 Budget are provided in Appendix 4.

18.8 Stewardship and delivering sustainable finances are increasingly important whilst cost pressures and the Government's fiscal squeeze continues. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and the structural budget deficit.

19. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

19.1 The Draft 2019/20 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

20. POLICY IMPLICATIONS

20.1 The Council's key priorities include, for example:

- Ensure financial independence and sustainability;
- Invest in our business and our people;
- Ambitious for all our children and young people;
- Enhance our clean and green Borough.

20.2 Ensure financial independence and sustainability priorities include:

- Strict management of our budgets to ensure we live within our means;
- Working to achieve the benefits of the integration of health and social care;
- Early intervention for our vulnerable residents.

21. PERSONNEL IMPLICATIONS

21.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2019/20 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

22. LEGAL IMPLICATIONS

22.1 The Council is required to fix its Council Tax by the 11th March in any year. The Local Authorities (Standing Orders) (England) Regulations 2001 and the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended) deal, amongst other things, with the process of approving the budget. Under these provisions and the constitution, the adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. Sections 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011) set out the way in which a billing authority calculates its budget requirement and basic amount of Council Tax. The main change being replacing the need to calculate a budget requirement for a financial year with the obligation to calculate a Council tax requirement. These calculations are required to be presented to and be subject to formal resolution by the Council.

22.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply (see Section 15 of the Report). This replaced the previous power of the Secretary of State to "cap" local Authority budgets.

22.3 The introduction of the Education Act 2005 has changed the procedure for the setting of schools budgets. The Act has introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.

22.4 The Schools Finance (England) Regulations 2005 introduced under the provisions of the new Section 45AA of the School Standards and Framework Act 1998, place a requirement on the LEA to determine schools budgets by the 31st March. Notice of a schools determination must be given to maintained schools governing bodies. Contained within the regulations is a designated procedure that allows the LEA to predetermine schools budget and the individual schools budget. There is also a provision allowing amendment to the determination, but any reduction in budget can only be proportionate to any reduction in the dedicated schools grant that has been received.

22.5 The making of these budget decisions is a statutory responsibility for all Members. Section 106 of the Finance act 1992 provides that Members who are present and who are 2 months or more in arrears with their Council Tax must declare this to this meeting and the budget meeting and not vote on budget recommendations.

22.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring the adequacy of future years' reserves in making budget decisions.

22.7 In setting the proposed budget, due regard has been necessary to relevant considerations including equality, human rights, proportionality, reasonableness, need to maintain our statutory obligations, legitimate expectation and the Council's priorities The Public Sector Equality Duty, at section 149 of the Equality Act 2010, requires public bodies such as the Local Authority to consider all individuals when carrying out their day to day work – in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities. The Act covers discrimination because of a ‘protected characteristic’ which includes age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

22.8 In fulfilling our equalities duty, and in particular the specific equalities duty, regard has been had to the impact of budget proposals and savings options on those with ‘protected characteristics’ including the potential for cumulative impact on some groups from separate work streams arising from this budget. As part of the budget setting process where appropriate impact assessments have been performed at service level where service managers and frontline staff will be involved in implementing the changes and fully understand the customer base and likely impact on them. Where any proposals are found to have a disproportionate impact on a particular group, the Council will consider what actions can be taken to avoid or mitigate the impact.

22.9 In some instances detailed analysis will be undertaken after the budget has been set but before a policy arising from the budget is implemented. In these instances the council will comply with its legal obligations including those relating to equalities and consultation and if a proposal is deemed to be unsustainable after such detailed work or where a disproportionate impact on a protected group is identified consideration will be given to any necessary mitigation, rephrasing or substitution of the proposed service changes.

Background documents	Treasury Management – Annual Investment Strategy 2019/20 and Quarter 3 Performance 2018/19, Executive, Resources and Contracts PDS Committee and Council, 7th February 2019 and 25th February 2019 Capital Programme Monitoring Q3 2018/19 and Capital Strategy 2018 to 2022, Executive and Council, 7th February 2019 and 25th February 2019 Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23, Executive, 16th January 2019 Budget Monitoring 2018/19, Executive, 28th November 2018 Insurance Fund – Annual Report 2017/18, Executive, Resources and Contracts PDS Committee, 11th October 2018 2017/18 Provisional Final Accounts. Executive, 21st May 2018 2018/19 Council Tax, Executive, 7th February 2018
Financial Considerations	Covered within overall report

FINANCIAL FORECAST 2020/21 TO 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2018/19 (before funding from Formula Grant)	192,567	192,567	192,567	192,567	192,567
Formula Grant and Business Rate Share	-41,960	-41,960	-41,960	-41,960	-41,960
	150,607	150,607	150,607	150,607	150,607
Grant Loss					
Reduction in Government Funding - core grant		3,600	7,180	11,000	15,000
Reversal of negative RSG (one year only)		-2,300	0	0	0
General reduction in grant funding		2,300	2,300	2,300	2,300
General reduction in grant funding		-500	-500	-500	-500
General reductions in government funding		500	1,000	1,000	1,000
Grant adj 19/12/18		0	-3,380	-4,200	-5,200
Reduction in Government Core Funding		**3,600**	**6,600**	**9,600**	**12,600**
Cost pressures					
Increased costs (3.0% 2019/20 then 2.7% per annum)		5,252	12,530	19,722	26,929
Universal credit roll out - consequential impact on claimant fault overpayment recoveries		250	250	250	250
		5,502	12,780	19,972	27,179
Reinstatement of highways maintenance (previously capitalised)					2,500
Education, Care and Health Services (reduction in SEN funding shown below)		0	0	0	0
Total additional costs		**5,502**	**12,780**	**19,972**	**29,679**
Income/Savings					
Savings from office accommodation review (after allowing for savings from Bromley Town Hall)		0	-510	-510	-510
Acquisition of residential properties to accommodate the homeless (Mears)		-982	-982	-982	-982
Additional Income Opportunity (Amey)		-200	-445	-445	-445
Additional income from business rate share to reflect new developments in borough and Section 31 funding and increase in business rate base		-1,450	-1,750	-1,750	-1,750
Fall out of London pilot of business rates (as approved by Council 25/9/17) - one year only		2,900	2,900	2,900	2,900
Continuation of London Business Rate Pool 2019/20		-2,200	0	0	0
Business Rates Surplus levy		-600	0	0	0
Interest on balances - reduction in income to reflect use of balances and temp. funding for Site G		200	100	300	400
Release general provision in contingency for significant uncertainty/variables		-700	-700	-700	-700
Savings from recommissioning/ retendering of various contracts		-68	-89	-113	-113
Savings from children's social care linked to invest to save funding		-250	-750	-1,000	-1,000
Potential release of draft contingency in future years re provision for risk/uncertainty		0	-4,000	-8,000	-8,000
Extra Social Care Funding through Government grants		-3,224	-3,224	-3,224	-3,224
Leisure Service Lease approved by Executive on 28th November 2018		-1,515	-1,484	-1,484	-1,484
Review of staffing across organisation		-600	-1,500	-1,500	-1,500
Other savings		-433	-533	-983	-983
		-9,122	-12,967	-17,491	-17,391
Other changes					
Fall out of New Homes Bonus funding		3,260	4,440	5,120	5,540
Real Changes and other Variations		-928	-1,270	-1,252	-457
		2,332	3,170	3,868	5,083
Council Tax					
Assumed increase in council tax base number of properties		-1,650	-2,300	-2,950	-3,600
Fall out of Collection Fund surplus 2014/15 set aside as one off support towards meeting the funding shortfall in 2018/19		4,912	4,912	4,912	4,912
Fall out of Collection Fund surplus 2015/16 set aside as one off support towards meeting the funding shortfall in 2018/19		730	730	730	730
		156,911	163,532	169,248	182,620
Education, Care and Health Services Growth and Mitigation Summary					
Education		1441	3151	3180	2754
Children's Social Care		3,149	3,936	3,500	3,110
Adults Social Care		2,108	7,492	8,662	9,625
Health support to schools		0	301	603	603
Housing		1,313	2,362	2,589	2,737
Total growth/cost pressures		**8,011**	**17,242**	**18,534**	**18,829**
Budget Requirement		**164,922**	**180,774**	**187,782**	**201,449**
2018/19 Council Tax Income		-150,607	-150,607	-150,607	-150,607
Increase in council tax (assume 2.99% per annum in 2019/20 and 1.99% thereafter) *		-4,503	-7,650	-10,859	-14,132
Impact of Adult Social Care Precept (assume 2% per annum) *		-3,012	-3,012	-3,012	-3,012
Budget Gap before use of Estimated collection fund surplus		**6,800**	**19,505**	**23,304**	**33,698**
Projection of future years collection fund surplus			-4,000	-3,000	-2,000
Council tax Collection Fund Surplus 2017/18		-6,800	0	0	0
Future estimated collection fund surplus		**-6,800**	**-4,000**	**-3,000**	**-2,000**
Revised Budget Gap after allowing for growth/cost pressures and draft savings identified		**0**	**15,505**	**20,304**	**31,698**

* Included for illustrative purposes. Any decision on council tax and adults social care precept levels will be part of the annual council tax setting meeting. The 2019/20 Budget includes income from investment properties and treasury management of £15.4m per annum

SUMMARY OF DRAFT 2019/20 REVENUE BUDGET – PORTFOLIO

	2018/19 Final Budget £'000	Portfolio/Item		2019/20 Draft Budget £'000		2019/20 Band "D" Equivalent £
	82,546	Education		84,310		641.49
Cr	76,771	Less costs funded through Dedicated Schools Grant	Cr	77,644	Cr	590.77
	5,775	Sub total		6,666		50.72
	34,493	Children's Social Care		37,286		283.70
	67,267	Adult Care and Health		69,448		528.41
	30,546	Environment & Community Services		31,644		240.77
	2,424	Public Protection and Enforcement		2,425		18.45
	13,971	Renewal, Recreation and Housing		15,932		121.22
	32,916	Resources, Commissioning & Contracts Management		31,822		242.12
	3,907	Non Distributed Costs & Corporate & Democratic Core		3,986		30.33
	191,299	Total Controllable Budgets		199,209		1,515.72
	12,056	Total Non Controllable Budgets		11,768		89.54
Cr	759	Total Excluded Recharges	Cr	792	Cr	6.03
	202,596	Portfolio Total		210,185		1,599.23
Cr	10,646	Reversal of Net Capital Charges	Cr	10,265	Cr	78.10
Cr	3,491	Interest on General Fund Balances	Cr	3,291	Cr	25.04
Cr	2,256	New Homes Bonus - Support for Revenue Budget		-		-
	2,210	Utilisation of Prior Year Collection Fund Surplus/Set Aside		-		-
	14,278	Central Contingency Sum		11,669		88.79
		Levies				
	455	- Local Pension Partnership*		469		3.57
	248	- London Boroughs Grants Committee		249		1.89
	245	- Environment Agency *		252		1.92
	314	- Lee Valley Regional Park *		323		2.46
	203,953	Sub Total		209,591		1,594.72
Cr	41,960	Business Rate Retention	Cr	39,810	Cr	302.90
	-	Business Rate Levy	Cr	600	Cr	4.57
Cr	7,852	Collection Fund Surplus	Cr	6,800	Cr	51.74
Cr	3,534	New Homes Bonus	Cr	2,530	Cr	19.25
	150,607	Bromley's Requirement (excluding GLA)		159,851		1,216.26

* Final allocations awaited

** There may be further amendments to reflect any changes to the Portfolio structure for 2019/20

2019/20 CENTRAL CONTINGENCY SUM	£'000
Renewal and Recreation	
Planning appeals - changes in legislation	60
Grants included within Central Contingency Sum	
Tackling Troubled Families Grant Expenditure	235
Tackling Troubled Families Grant Income	Cr 235
Adult Social Care Expenditure	500
Brexit Preparation Funding Expenditure	210
Brexit Preparation Funding Income	Cr 210
General	
Provision for Unallocated Inflation	3,337
General provision for risk/uncertainty	2,219
Provision for risk/uncertainty relating to volume and cost pressure	2,182
Increase in Cost of homelessness/impact of welfare reforms	1,825
Impact of Chancellor's Summer Budget 2015 on future costs	1,158
Universal credit roll out - impact on claimant fault overpayment recoveries	750
Additional SEN funding	788
Growth for waste services	587
Further reduction to government funding	389
Retained Welfare Fund	450
Deprivation of Liberty	118
Other Variations	109
Savings to be allocated - review of staffing	Cr 600
Continuation of London Business Rate Pool	Cr 2,200
	11,669

There will be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2019/20 BUDGET

1. Background

With the introduction of the prudential approach to capital investment, Chief Financial Officers in local authorities are required to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. In considering the affordability of its capital plans, councils are required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. This requires clear and objective attention to the levels and application of the Council's balances and reserves. The level of balances and reserves needs to be adequate to ensure that the longer term stewardship of the Council's finances remains effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning becomes absolutely key in recognition of the ongoing "structural" budget deficit facing the Council.

2. General Reserves

2.1. Bromley has estimated general reserves of £18.9 million as at 31st March 2019 (as reported to Executive on 28th November 2018), as well as earmarked reserves (Section 3). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:

(a) To provide some contingency reflecting the financial risks facing the Council, the scale of budget reductions and associated impact, the need to manage effectively action to reduce the longer term 'budget gap' and recent government changes which include the transfer of risks from central to local government provides significant new risks for longer term planning purposes;

(b) To provide alternative one off funding to offset the impact of any overall large overspends facing the Council;

(c) To provide adequate resources for spend to save initiatives which, following investment, can provide real longer term financial and service benefits;

(d) To provide support in financing the capital programme, particularly to assist in funding key initiatives;

(e) To provide financial support (income) to the revenue budget through interest earnings, which will reduce as balances are gradually reduced;

(f) To utilise short term monies available from any 'front loading' of savings to assist in managing the key risks facing the Council and fund key initiatives preventing the further deterioration in the 'sustainability' of the Council's finances;

(g) To provide investment to seek a long term alternative to current income streams;

(h) To provide funding (e.g. severance costs) to enable the release of longer term ongoing savings;

(i) To set aside income available, that does not provide a permanent income stream, towards one off investment in the community for schemes that meet the Council's priorities;

(j) To buy time to identify further savings needed whilst avoiding 'knee jerk' actions to deal with future budget deficits;

(k) To assist the Council to achieve as much stability as possible for both longer term service delivery and planning the moving of resources to areas of agreed priority.

2.2 In order to assess the adequacy of unallocated general and earmarked reserves when setting the budget, account must be taken of the strategic, operational and financial risks facing the authority. This is an important aspect of Bromley's approach to risk management. An 'Annual Governance Statement' signed by the Chief Executive and the Leader of the Council covers, for example, the processes to fully underpin the Council's system of internal control.

2.3 Setting the level of reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account needs to be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements.

2.4 Bromley's reserves had reduced from £131m to £54m (general reserves) between 1997 and 2011. The Council had previously agreed to set aside part of these reserves towards an Invest to Save Fund and to fund the Growth Fund and Investment Fund. The latest projected level of general reserves remaining is £18.9m.

2.5 The most significant gain to balances was following the housing transfer to Broomleigh in 1992 (now part of Clarion). Opportunities to generate additional capital resources and reserves through disposal of surplus assets should continue to be vigorously pursued, however, there are unlikely to be opportunities to again generate the very substantial level of reserves held in the past.

2.6 Latest projections in the capital programme indicate that there will be no requirement to fund capital expenditure from revenue balances over the next few years which should enable the current level of balances to be retained. This position depends on the cost of any future proposed scheme not currently included in the capital programme and is also affected by the Council's ability to realise future sales/disposals to generate capital receipts to avoid seeking funding from the Council's revenue budget or reserves.

2.7 If the existing general reserves are released now to fund continuing service initiatives and/or significantly reduce council tax then there would be a resultant 'opportunity cost' relating to the corresponding loss in interest earnings and depletion of reserves which is not recommended by the Director of Finance, particularly at this time of financial uncertainty. Funding for any increases in service levels would only be in the short term. If the reserves were used to just balance the budget they would be fully spent in the next few years resulting in greater budget cuts in the future. Using this money to fund services is not a sustainable approach as these reserves are not budgets that are renewed every year. Similar to a savings account – once it is spent, it is gone. Retaining a significant level of reserves provides a major opportunity to fund any transformation/spend to save programmes in future years, as well as provide an ongoing source of significant revenue income to the Council. It becomes increasingly more critical with the future devolution of business rates and associated risks (e.g. future recession) and the organisation moving to become more 'self-sufficient'.

2.8 Executive previously agreed that the following principles be applied to determining the use of reserves:

(a) As a prudent working balance, the Director of Finance continues to recommend subsequently reviewed the minimum level of general reserves and recommended a minimum sum of £20m to reflect the significant financial uncertainty facing the Council and the need to address the significant ongoing 'budget gap' with higher amounts being retained for specific purposes;

(b) Any support for the capital programme to be focused on areas that can generate business efficiencies and maintain and enhance the Council's core infrastructure. The programme should be driven by the Council's asset management plan, which in turn should be derived from the key priorities of the Council;

(c) Any support for the revenue budget will need to be modest and sustainable in the medium term and the impact of any withdrawal built into future financial plans. From 2008/09, Members agreed to eliminate the continuing use of reserves to support the revenue budget;

(d) The Council has limited scope to utilise general fund reserves for capital spending in excess of the current capital programme and will need to continue to progress a programme of asset disposals. Given the substantial pressures on the revenue position of the council it would be sensible to focus the spending of general reserves in excess of the basic level on investments to increase the efficiency of the Council, provide income and reduce the cost base.

2.9 Balancing the annual budget by drawing on general reserves is a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this needs to be explicitly considered including the sustainability of this measure over the lifetime of the medium term financial plan.

2.10 In the context of Bromley's current financial position options need to be explored to ensure that the recommended minimum sum of general reserves are retained to provide adequate flexibility during the financial forecast period. However, the important issue to consider is planning the future use of reserves in the context of the authority's medium term financial plan and not to focus exclusively on short-term considerations.

3. Earmarked Reserves

3.1 As part of developing a medium term financial plan and preparing the annual budget Members need to consider the appropriate use of reserves for specific purposes and the levels at which these should be set. Further details on the utilisation of earmarked reserves together with general reserves are provided in section 2.1. The current specific (earmarked) reserves and their estimated uses are:

Description	Balance at 1/4/18	Estimated Net Movement	Balance at 31/3/19	Estimated Movement	Estimated Balance at 31/3/20
EARMARKED BALANCES	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
LPSA/LAA Reward Grant Investment Fund	**231**	-	**231**	-75	**156**
Technology Fund	**1,755**	3528	**5,283**	-2286	**2,997**
Town Centre Improvement Fund (LABGI)	**55**	-	**55**	-	**55**
Transformation Fund	**2,796**	-672	**2,124**	-700	**1,424**
Investment to Community (Resources)	**468**	-26	**442**	-	**442**
Works to Property	**100**	-	**100**	-	**100**
Planning Services Charging Account	**193**	-27	**166**	-	**166**
Government Grants (c/fwd from previous years)	**5,137**	750	**5,887**	-3,625	**2,262**
Invest to Save Fund	**15,972**	1027	**16,999**	940	**17,939**
One off Member Initiatives	**1,167**	-243	**924**	-	**924**
Infrastructure Investment Fund	**1,868**	-1439	**429**	-	**429**
Commissioning Authority Programme	**555**	-174	**381**	-126	**255**
Health & Social Care Initiatives – Promise Programme	**3,953**	-1,500	**2,453**	-2453	**0**
Housing Strategy Trading Account	**25**	-	**25**	-	**25**
Community Right to Bid & Challenge	**46**	-	**46**	-	**46**
Investment Fund	**6,197**	-199	**5,998**	-1,527	**4,471**
Winter Pressures Reserve	**2,010**	-	**2,010**	-	**2,010**
Refurbishment of War Memorials	**13**	-	**13**	-	**13**
Key Health & Social Care Initiatives	**1,700**	-	**1,700**	**-1047**	**653**
Integration of Health & Social Care Initiatives	**864**	750	**1,614**	-	**1,614**
Collection Fund Surplus Set Aside	**11,313**	-5,642	**5,671**	-	**5,671**
Healthy Bromley Fund	**3,815**	-	**3,815**	-	**3,815**
Glaxo Wellcome Endowment	**143**	-13	**130**	-7	**123**
Cheyne woods & Cyphers Gate	**153**	-10	**143**	-10	**133**
Public Halls Fund	**7**	-	**7**	-	**7**
Future Repairs of High Street Properties	**43**	12	**55**	12	**67**
Parallel Fund	**2,700**	-	**2,700**	-	**2,700**
Growth Fund	**23,152**	-138	**23,014**	-5,588	**17,426**
Health & Social Care Integrated Commissioning Fund	**4,550**	-1250	**3,300**	-	**3,300**
Financial Planning & Risk Reserve	**10,000**	-	**10,000**	-	**10,000**
Bromley Welfare Fund	**860**	-134	**726**	-125	**601**
Payment in Lieu Reserve for Temporary Accommodation	**122**	27	**149**	27	**176**
Business Rate Risk Reserve	**4,200**	-	**4,200**	-	**4,200**
Sub Total B/fwd	**106,163**	**-5,373**	**100,790**	**-16,590**	**84,200**

Description	Balance at 1/4/18	Estimated Net Movement	Balance at 31/3/19	Estimated Movement	Estimated Balance at 31/3/20
EARMARKED BALANCES	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sub Total C/fwd	**106,163**	**-5,373**	**100,790**	**-16,590**	**84,200**
One Off Expenditure 2016/17 (inc. TFM contract)	**97**	-	**97**	-	**97**
Crystal Palace Park Improvements	**82**	-82	**0**	-	**0**
Various Joint Schemes and Pump Priming Investments	**4,145**	-955	**3,190**	-124	**3,066**
Transition Fund	**2,590**	-30	**2,560**	-30	**2,530**
Children's Social Care Transition Fund	**750**	-750	**0**	-	**0**
Environmental Initiatives	**500**	-36	**464**	-	**464**
Planning/Planning Enforcement	**197**	-97	**100**	-100	**0**
Apprenticeship Scheme	**200**	-34	**166**	-94	**72**
Civic Centre Development Strategy	**257**	-	**257**	-100	**157**
CSC Recruitment & Retention	**422**	-422	**0**	-	**0**
Future Professional Advice for Commissioning	**147**	-	**147**	-50	**97**
Utilisation of New Homes Bonus	**2,256**	-2,256	**0**	-	**0**
Future Pensions Risk on Outsourcing	**203**	349	**552**	352	**904**
West Wickham Leisure Centre & Library Development	**993**	-993	**0**	-	**0**
Income Equalisation Reserve	**1,086**	-	**1,086**	-	**1,086**
Sub Total	**120,088**	**-10,679**	**109,409**	**-16,736**	**92,673**
PROVISIONS					
Insurance Fund	**3,717**	30	**3747**	295	**4,042**
OTHER					
School Budget Share Funds	**2,219**	-130	**2089**	-2,089	**0**
Total Estimated Reserves	**126,024**	**-10,779**	**115,245**	**-18,530**	**96,715**

3.2 The report highlights the ongoing 'budget gap' (see 5.1 of main report) which results in the Council, on an ongoing basis, having a "structural deficit". To respond to this, Members have agreed over the last six years to create new earmarked reserves to support longer term investment and provide a more sustainable longer term financial position. This includes setting aside resources to support the Council's future transformation programmes (invest to save), support acquisition of investment properties to generate sustainable income and the growth fund to support economic development and employment within the borough whilst generating income opportunities. Further opportunities will be explored to provide invest to save to mitigate against the significant cost pressure of homelessness. These measures are important to provide sustainable solutions in the longer term.

3.3 A summary of other significant areas are:

- School Balances - these are unspent balances of budgets delegated to individual schools and these are legally only available to schools.
- Insurance Reserves – self-insurance is a mechanism used by a number of local authorities including Bromley. In the absence of any other statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves or provisions.

- Technology Fund - this represents IT budgets that have been put into a reserve in previous years to allow projects to be carried out across the boundaries of financial years and the utilisation of this will become increasingly important over the next few years.
- Health and Social Care (various) – there are monies set aside as part of a Section 256 agreement with Bromley Clinical Commissioning Group for the funding of future transformation/integration of health and social care and to contribute towards the financial sustainability of Bromley CCG.

3.4 In addition there is the pensions reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net change in the authority's recognised liability under IAS19 – employee benefits, for the same period. An appropriation is made to or from the pensions reserve to ensure that the bottom line in the income and expenditure account reflects the amount required to be raised in taxation. This effectively prevents any deficit on the pension fund needing to be made good from taxation in one year.

3.5 The outcome of the actuarial valuation as at 31/3/16 was reported to Pensions Investment Sub Committee on 31st January 2017 and General Purposes and Licensing Committee on 6th February 2017. The Council's pension fund was 91% funded with a total deficit of £71m (including other non-council employees) – this figure reduces to £40m if non-council employees are excluded. The triennial actuarial valuation impacted on the budget from 2018/19 to 2019/20 and the next valuation will impact on the period 2020/21 to 2022/23.

4. Budget Assumptions

4.1 Treatment of Inflation and Interest Rates

Despite the increase in the Bank of England base rate from 0.50% to 0.75%, there has been very little impact on interest income from lending to banks. This is partly due to banks continuing to have access to lending from central government at very low rates as well as the strengthening of 'balance sheets' reducing the need to borrow. In addition, the utilisation of the investment and growth fund as well as the Highways Investment Fund, have reduced the resources available for treasury management investment. However, the treasury management strategy has been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. Without the alternative investment strategy, the income would have fallen further in the draft 2019/20 Budget to reflect a reduction in treasury management resources available. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. Further details are included in the 'Treasury Management – Annual Investment Strategy 2019/20 and Quarter 3 Performance 2018/19' report to Resources, Commissioning and Contracts Management Portfolio Holder considered at the meeting of Executive, Resources and Contracts PDS Committee on 7th February 2019, gives more background information

4.1.2 A general allowance of 3.0% has been built into the forecast for 2019/20 reducing to 2.7% per annum from 2020/21 for contractual running expenses. This compares with current general RPIX increase of 2.7% (Jan. '19).

4.1.3 The 2019/20 Budget includes an across the board pay increase of 2.25% for Council staff and staff on scale point 4 to 30 will receive a pay award of between 3% and 6% (inclusive of the 2.25%), as announced by the Portfolio Holder for Resources, Commissioning and Contract Management. %). Further details are being reported to General Purposes and Licensing Committee on 12th February 2019.

4.2 **Level and Timing of Capital Receipts**

4.2.1 Details of the level and timing of capital receipts are included in the 'Capital Programme Monitoring Q3 2018/19 and Capital Strategy 2018 to 2022' report elsewhere on the agenda.

4.3 Budget and Financial Management and 'Demand Led' Budgets

4.3.1 Bromley has for many years operated multiyear budget planning. The need to meet budget savings has reduced the frequency of budget monitoring. The budget has been prepared to reflect commissioning plans of service areas but also recognising the need to identify mitigation action, where possible, recognising the 'budget gap' for the Council.

4.3.2 The major demand led services that currently affect Bromley's budget are homelessness, the impact of welfare reforms, adults and children's social care. The Interim Chief Executive has identified cost/growth pressures impacting on education, housing, adults and children's social care as well as opportunities for the mitigation of costs which have been reflected in the Draft 2019/20 Budget and financial forecast which are summarised below with more details reported to the previous meeting of Executive:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Growth/cost pressures	16,280	24,699	28,986	33,331
Mitigation	-8,269	-7,457	-10,452	-14,502
Net additional costs	8,011	17,242	18,534	18,829

4.3.3 It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded at the present time, with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

4.3.4 The draft 2019/20 Budget includes reasonable estimates of likely changes in activity in the next financial year. It is important that Chief Officers identify mitigating action to address any in year cost pressures or other mitigation savings not realised to remain within their 'cash envelope'.

4.4 Financial Standing of the Authority

4.4.1 Long-term Council Tax collection rates have been consistently high at around 98/99%. Other external debt collection is also high. There are plans to continue to improve the recovery of income across service areas. Any improvement will serve to improve the Council's overall financial position. As a debt free authority, Bromley has relatively limited exposure to interest rate movements and changes in interest earnings on external investments have been reflected in the budget based upon likely use of reserves and current interest rates.

4.5 Financial Information and Reporting

4.5.1 The arrangements for finance staff to report to the Director of Finance, in place since April 2002, have produced far greater clarity of roles and responsibilities. The Council will need to continue with a rolling service review process to be able to generate savings as part of future years' budgets. The main issue remaining is to ensure that service managers continue to develop even greater ownership of their budgets and have more sophisticated activity and performance information on the service which they are providing. Any overspending should require compensating savings to be identified.

4.5.2 The Council will need to continue to adopt a corporate 'One Council' approach in addressing budget pressures and identifying saving options (details reported to last meeting of the Executive).

4.6 Virement Procedures

4.6.1 Currently Bromley does not routinely allow the carry forward of under-spending (and overspending) by service departments as part of its year-end procedures. The Director of Finance remains satisfied however, that the current virement rules allow sufficient flexibility within the year for officers/Members to manage the budget to enable them to contain overspending within overall budgets.

4.7 Risk areas

4.7.1 Details were reported to the previous meeting of the Executive.

4.8 Link with other plans/strategies

4.8.1 A budget is a service plan/strategy expressed in financial terms and there will be linkages with other strategies and plans across the Council. The proposed budget also takes into account the outcomes of the Public Sector Equality Duty on the Council's proposals (see legal considerations of main report).

4.9 Insurance Fund

4.9.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a stop loss of £2.5 million that prevents the council from having to meet losses in excess of this amount on liability claims in any one year. The 'Insurance Fund – Annual Report 2017/18', considered by the Resources, Commissioning and Contracts Management Portfolio Holder at the meeting of the Executive and Resources PDS Committee on 11th October 2018, gives more background information.

4.10 Funds and the adequacy of provisions

4.10.1 As is discussed above, the Council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year's capital expenditure and other commitments. It is essential that an adequate level of reserves is maintained to reflect the impact of the future years budget gap of £15.5m in 2020/21 rising to £31.7m per annum in 2023/23, 'balance sheet' liabilities combined with the significant funding reductions facing the Council. The "budget gap" may increase or reduce as a result of a number of variables in future years. Bad debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council's external auditors.

4.10.2 The scale of the medium term "budget gap", coupled with the significant financial uncertainty in the ongoing period of funding reductions makes it important to maintain an adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart from the need to retain reserves to address risks and uncertainty there are specific reserves to fund invest to save as well as investment in the future towards economic development within the borough (Growth Fund), housing invest to save opportunities and other investment options whilst generating sustainable income and savings to help reduce the future years budget gap. This helps ensure that key measures of sustainable finances and stewardship in the medium term can be realised. The funds retained are adequate to meet the needs of the Council in the medium term. The level of reserves will continue to be kept under review during the Medium Term Financial Planning period.

4.11 Council's Investment Income contributing to supporting key services

4.11.1 The Council's investment income of £15.4m, assumed in the 2019/20 Budget, is shown below:

	£'m
Investment properties funded from the Council's growth fund/investment	6.6
Other investment properties and rental income	5.5
Treasury Management Income	3.3
Total investment income	15.4

4.11.2 The strategy of continuing to generate additional investment income provides funding for key services thus enabling a corresponding reduction in the Council's budget gap.

4.11.3 Historically the Council has acquired investment properties. More recently, since 2011/12 the Council created an investment and growth fund. Background on the use of these funds were reported to the previous meeting of the Executive. At its meeting on 19th July 2017, Executive approved a new property investment criteria:

- Provides a net investment return of 5%;
- Provides a suitable mix of portfolio to mitigate against risks of "all eggs in one basket" i.e. variation in investment portfolio to cover void risk;
- Ability to sell the asset at a future date within a reasonable turnaround period of less than one year;
- Mitigates against problematic tenancy risks e.g. secured tenancy etc ;
- Mitigates against significant repair liabilities which have a downward impact on the investment return i.e. seek full repairing leases from tenants;
- Mitigate against capital value risk – purchase in places where capital values are unlikely to fall in the longer term;
- That opportunities should be explored in economic growth areas as well as the South East. This would be the cities of Manchester and Leeds together with other areas such as Cardiff, Bristol and the Midlands;
- That the lot size should be in excess of £5m;
- That multi-let investment opportunities which provide suitable income protection and covenant should be considered taking into account management costs.

4.11.4 The Council has used existing resources in acquiring investment properties and has not utilised the option of borrowing. A combination of ensuring the criteria above is met, decisions by Executive taking into account the professional advice Cushman and Wakefield and not utilising borrowing to fund the acquisitions helps ensure that the primary driver of sustainable income is met which is critical to support key services. The Council being prepared to retain the investment assets through any future recession period significantly reduces the longer term capital risk of the investment. Utilisation of the remaining uncommitted Growth Fund and Investment Fund will be prioritised for housing investment at this stage.

4.11.5 Details of the approach to treasury management is being reported to Executive, Resources and Contracts PDS meeting on 7th February 2019. The treasury management strategy has previously been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. Without the alternative investment strategy, the income would have fallen in the draft 2019/20 Budget to reflect a reduction in treasury management resources available. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. The approach to addressing Security, Liquidity and Yield is addressed in that report.

Financial Services
Civic Centre, Stockwell Close, Bromley BR1 3UH

Telephone: 0208 464 3333
Direct Line: 0208 313 4338
Email: peter.turner@bromley.gov.uk

Fax: 020 8313 4335
Internet: www.bromley.gov.uk

Local Government Finance Settlement Team
Ministry of Housing, Communities & Local Government
2nd Floor, Fry Building
2 Marsham Street
London SW1P 4DF

10th January 2019

Dear Sir/Madam

BACKGROUND AND SUPPORTING INFORMATION

Provisional 2019/20 Local Government Finance Settlement

The London Borough of Bromley welcomes the opportunity to comment on the provisional Local Government Finance Settlement 2019/20. It is important that this response is considered in the wider context of local government funding cuts and increasing demand for our services.

Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Despite the announcements by the Government that “austerity is over”, local government funding remains ‘unprotected’ and the impact of additional funding for NHS and other 'protected' services results in likely real term funding reductions remaining for local government.

The huge funding pressures on adult social care, children’s services and housing / homelessness cannot be ignored and both immediate and longer term funding solutions are required.

Bromley accepted the four-year funding offer on the basis that it provided a minimum funding level and therefore more certainty about future resources. However, this still represents a significant cut in settlement funding of over 50% in real terms over the four-year funding period. This is one of the highest reductions in London and significantly above the England average.

In 2019/20, Bromley has the 4th lowest level of settlement funding in the whole of London despite having the 6th highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications are not reflected in our settlement funding which is the 2nd lowest per head of population in the whole of London.

If we received the average level of grant funding, our income would increase by £62m in 2019/20. It is essential that MHCLG reflect an adjustment to the Council's baseline funding position to address historic low funding levels.

The settlement funding does not recognise or reward efficient, low cost authorities like Bromley - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of 'protection' to lessen the impact on that basis.

Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. We have done this by creating a low cost base through many pioneering measures including outsourcing on a large scale, transfer of our housing stock, creation of a leisure trust and relentless cost control. However, this provides further challenges as our scope to achieve savings through efficiencies is significantly reduced compared to other high cost authorities. Despite being a low cost authority, we have achieved ongoing savings of around £97m per annum since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.

London's population is growing at twice the rate of the rest of the country. This brings with it increasing demand for housing as well as other key services including schools, health, social care and transport. Bromley has one of the highest populations in the whole of London and the highest proportion of older people (in both the over 65 and over 85 age groups) leading to increased demand for services at a time of significantly reduced resources.

Inflation is slowly but continuously rising. As an authority that has been proactive in exploring alternative service delivery models, including outsourcing on a large scale, the impact of inflationary pressures is significant and, despite negotiation with our providers, largely outside of our control due to contractual obligations.

We are experiencing increased pressures on our temporary accommodation budgets through rising demand and higher costs. The impact of the benefit cap and LHA levels being frozen means that private rented accommodation is unaffordable for low-income households. Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term.

We, like many others, are facing ongoing increased pressures on our children's social care budgets from rising demand and increasing costs. Recruitment and retention has, for some time, been a challenge resulting in expenditure on high cost agency staff. We have been working hard to address this and been relatively successful in recruitment drives to appoint permanent children's social workers. The high cost of children's placements (LAC) is also causing increasing cost pressures.

There are well publicised and very real pressures in both adult and children's social care services. As these services represent a significant proportion of the Council's overall budget, increasing demand in these areas places a huge cost burden that is unable to be met from within the existing resource base.

Whilst we welcome the introduction of the Adult Social Care Precept and the additional funding announced as part of the Spring Budget 2017 and Autumn Budget 2018, this does not go far enough to meeting the ongoing and increasing demand for these services and fails to address how pressures in both adult and children's social care will be funded on a sustainable and ongoing basis. We welcome Government's commitment to publish a Green Paper on the future of Adult Social Care prior to the local government finance reforms in 2020/21.

It is also notable that, despite repeated representations on this point, no funding has been made available to meet the cost of new burdens including the impact of the national living wage, no recourse to public funds, automatic enrolment, lifting of the public sector pay cap, the impact of the ending of contracting out, the consequences of restrictions on Local Housing Allowances and roll out of universal credit impacting on homelessness and the indexation and equalisation of guaranteed minimum pensions. In addition, the full financial implications of the Homelessness Reduction Act 2017 and Deprivation of Liberty (adult social care) have not been addressed and remains only partly funded. It is important to ensure that any new burdens are fully assessed and funded on an ongoing basis.

With increasing demand for services, immense pressure on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures and increasing inflation levels, it is becoming increasingly difficult to sustain the scale of funding reductions imposed upon us.

We acknowledge that the reform of business rates and fair funding review will provide opportunities to fundamentally review how local government is funded in the long term but it is clear that the current system for funding local government is unsustainable. The Fair Funding Review needs to consider the funding requirements for local government to meet key services rather than simply a redistribution of existing government funding without considering the impact of ongoing cost pressures and new burdens combined with the limitations in generating alternative income.

We continue to express concern about the complexity and lack of transparency within the current local government finance system and it is important that this is addressed going forwards. As well as transparency, the future funding system needs to provide certainty and be responsive to changes in demand. The key outcome needs to provide adequate funding for the future sustainability of local government to meet the key services that matter to our residents and taxpayers.

We have previously responded to the "Fair Funding Review: Call for evidence on Needs and Redistribution" and "Fair Funding Review: A Review of Relative Need and Resources – Technical Consultation on Relative Need". We look forward to contributing further and will be responding to the Technical Consultation on the assessment of local authorities' relative needs, relative resources and transitional arrangements shortly. It is imperative that the review is comprehensive; involving full consultation with local government, but also that there is clarity and transparency in setting out the full impact of any proposals. It is also critical that the final funding baselines are published early to support financial planning beyond 2019/20.

Apart from the need for a fairer level of funding, the Council requests the removal of the referendum limit for council tax increases and the continuation of the Adult Social Care precept beyond 2019/20. There should be greater flexibility to extend the precept to fund other key pressure areas such as Children's Social Care and Housing.

The current council tax system means that there is no flexibility for local authorities to ensure that the services important to our residents are adequately funded. To move towards becoming more self-sufficient we need to have complete flexibility in the use of our resources. As well as council tax levels, this also includes the removal of ring-fencing of government grants as well as freedom to generate income which can range from greater control of fees and charges to generating investment income to support key services.

If central government is not prepared to increase the total of centrally allocated resources available, it needs to give local government greater control over its own resources, enhance its range and mixture of revenue raising capabilities and remove ring-fencing of remaining grant funding.

It is critical that Government recognise the underfunding of existing services, provide additional resources and remove restrictions that prevent local authorities from raising or spending their own resources. Rising demand, increasing costs and reduced funding cannot be sustained and we would urge government to use the opportunity afforded by the fair funding review and reforms to business rate retention to fundamentally review the long term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

We will contribute separately to the draft statutory guidance relating to asset pooling (pension investment matters). It is essential that the Government fully consider the impact of any changes which in some cases could, without change, increase the cost to council tax payers.

This highlights the importance of considering the full impact of any changes affecting local government, whilst funding reductions continue. The Government should consider reviewing the role and duties of local government to match the potential resources available. Councils have faced significant funding reduction since 2010 whilst statutory duties have increased during that period.

Bromley appreciates the opportunity to respond to the consultation and looks forward to the opportunity to respond on the Fair Funding review consultation next month.

We remain keen to work with the Government to find positive solutions that work for our residents and taxpayers but also help address the impact of austerity challenges.

Yours faithfully

Peter Turner
Director of Finance

EXECUTIVE

13 February 2019

5. 2019/20 COUNCIL TAX – COMMENTS FROM PDS COMMITTEES

EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
8th January 2019

The Committee considered a report seeking the approval of the initial draft 2019/20 Budget including the full year effect of changes agreed as part of the 2018/19 Council Tax report including savings approved during the year with the resultant impact on the Council’s medium term “budget gap”. The report also provided details of the final year of the four year Local Government Financial settlement (2016/17 to 2019/20), the impact of the Chancellor’s Autumn Budget 2018 and the Provisional Local Government Financial Settlement 2019/20.

The Committee discussed whether, in light of Central Government’s decision to move towards the CPI inflation measure, it would be more sensible to move away from RPIx and focus more on a CPI inflationary measure when awarding contracts. The Director of Finance confirmed that where possible the Council was moving towards a CPI measure, unless there was a strong business case otherwise.

The Chairman of the Education, Children and Families Select Committee emphasised that the Select Committee had produced two reports in relation to the budget for the Children, Education and Families Portfolio. The Chairman of the Select Committee sought assurances that the recommendations would be taken on board as part of the budget setting process.

The Director of Finance reported that whilst the Council was financially well placed, debt free and had some reserves it was important that consideration was given to developing a financial plan for 4 years’ time which evaluated all options.

In response to a question from the Chairman, the Director of Finance confirmed that following the letting of contracts, responsibility for contract management was now being transferred back to Departments and this was reflected in the propose budget for commissioning and procurement. Whilst there were no changes in the numbers of staff within commissioning and procurement, the Committee noted that as part of the wider review of staff savings the structure of all departments would need to be reviewed.

The Director of Finance reported that the increase in the ECS Repairs and Maintenance Budget reflected fire risk issues and the additional funding was to ensure that the Council was meeting its obligations. The wider issues around the Grenfell Tower fire had highlighted that there was more work to be done around fire risk assessments.

The Chairman of the Education, Children and Families Select Committee reported that the Children's Service Improvement Governance Board had identified issues in relation to the quality of staff accommodation. The Director of Finance confirmed that the proposal was to develop the Well Bar into a comfortable break out area for staff.

In response to a question, the Director of Finance confirmed that in relation to concessionary fare, usage information was used to determine the allocation for the Borough once use of the Mayor of London's Freedom Passes had been discounted.

RESOLVED: That the Executive be recommended to:

1. **Agree the initial draft 2019/20 Budget;**

2. **Refer the initial draft 2019/20 Budget for each portfolio to the relevant PDS Committees for consideration;**

3. **Note the financial projections for 2020/21 to 2022/23;**

4. **Note that there are still areas of financial uncertainty which will impact on the final 2019/20 Budget and future year forecasts;**

5. **Delegate the setting of the schools budget, mainly met through Dedicated Schools Grant, to the Education, Children and Families Portfolio Holder, allowing for consultation with head teachers, governors and the Schools Forum;**

6. **Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive;**

7. **Consider the outcome of the public consultation meetings detailed in Appendix 9 of the report;**

8. **Agree the proposed contribution of £248,886 in 2019/20 to the London Boroughs Grant Committee;**

9. **Note the outcome of the Provisional Local Government Financial Settlement 2019/20 as detailed in the report;**

10. **Note the significant budget gap remaining of an *estimated £32.2m* per annum by 2022/23 and that any decisions made for the 2019/20 Budget will have an impact on the future year projections;**

11. **Note that any final decision by Executive on recommended council tax and social care precept levels to Council will normally be undertaken at the next meeting of Executive;**

12. **Agree to proceed with the London Business Rate Pilot 2019/20 and delegate authority to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and the Portfolio Holder for Resources, Commissioning and Contracts Management, in**

relation to the operational details of the London Business Rate Pilot pooling arrangements with the participating authorities.

RENEWAL, RECREATION & HOUSING PDS COMMITTEE
22nd January 2019

The Committee considered a report setting out the draft Renewal, Recreation and Housing Portfolio Budget for 2019/20, which incorporated future cost pressures and initial draft saving options reported to the Council's Executive on 16th January 2019. Members were requested to provide their comments on the proposed savings and identify any further action to be taken to reduce cost pressures facing the Local Authority over the next four years.

The Director: Regeneration advised Members that a number of pressures would continue to impact the Renewal and Recreation Portfolio budget for 2019/20, including the challenges of variations in the income received from the Planning Service. There were significant pressures associated with the increasing demands and costs of temporary accommodation which were projected to rise to in excess of £9M by 2023, and could not be met through contingency funds set aside for homelessness and welfare reform pressures, although actions were in place to slow the rate of increase and mitigate overall cost pressures. A transformation programme would be undertaken across the Local Authority during the first half of 2019, which would include a root-and-branch analysis of every service. The transformation programme was expected to be completed by the end of August 2019, following which a range of service proposals would be presented to Members.

In considering the draft Renewal, Recreation and Housing Portfolio Budget for 2019/20, the Chairman underlined the financial challenges facing the Local Authority with a projected budget gap of £32.2M per annum by 2022/23, and requested that further information be provided to explain how this figure had been estimated. The Chairman also requested clarification regarding a variation of Cr £3,111k in the Other Changes column for Non-Controllable budgets for the draft Renewal, Recreation and Housing Portfolio Budget for 2019/20, as well as the reasons for a proposed increase in the Renewal budget within the Planning Service for 2019/20.

In response to a question from a Member, the Chief Planner confirmed that Section 106 contributions from developers were used to mitigate the impact of developments on public services. There were a number of restrictions on how and when Section 106 contributions could be used, and there was a general move to replace Section 106 agreements with the Community Infrastructure Levy scheme which was currently being developed by the Local Authority. The Community Infrastructure Levy offered a more flexible way to invest contributions from developers, but would need to be planned in advance with intended spend published on an annual basis.

RESOLVED that:

1) **The financial forecast for 2019/20 to 2022/23 be noted;**

2) **Members' comments on the initial draft Renewal, Recreation and Housing Portfolio budget 2019/20 as a basis for setting the 2019/20 budget be noted; and,**

3) **Members' comments on the initial draft Renewal, Recreation and Housing Portfolio budget 2019/20 be provided to the meeting of the Council's Executive on 13th February 2019.**

EDUCATION, CHILDREN & FAMILIES BUDGET & PERFORMANCE MONITORING SUB-COMMITTEE
23rd January 2019

The Sub-Committee considered the Portfolio Holder's draft 2019/20 budget, incorporating future cost pressures and initial draft budget saving options reported to Executive on 16th January 2019. There were still outstanding issues and areas of uncertainty remaining. Any further updates would be included in the 2019/20 Council Tax report to the next meeting of the Executive.

The report detailed the key issues and risks for the Education, Care and Health Services Department which in summary included (further the report to the Sub-Committee provide details of each issue):

Children's Social Care

- Increased referrals and workload
- Recruitment of permanent staff
- Keeping the caseload promise
- Placements of children in care
- Implementation of the social work act
- Increase in the number of unaccompanied minors

Education

- Increase in the number of students eligible for full funding from grant for Adult Education
- Growing pressure on universals services such as Admissions and school attendance resulting from population growth
- Pressure on funding on Alternative Education resulting from increased number of exclusions from secondary schools.
- SEN/D Pressure

In opening the discussion the Chairman sought an update on the issues of Unaccompanied Asylum Seeking Children. The Head of ECHS Finance reported that the Local Authority was about to meet the threshold of 53. Once this threshold was met it was likely that a new threshold would be set and the Local Authority would be placed back on the rota. This budgetary pressure had been reflected in the draft budget and an amount set aside. Members noted that the funding received from central government was generally not enough to cover the costs to the Local Authority.

Members noted that in recent years growth of around £2-3m had been put into the budget for children's social care placements, this included funding for Unaccompanied Asylum Seeking Children.

Members noted that, in relation to placing fewer children with Education, Care and Health plans (ECHPs) in mainstream education, the trust of the Bromley vision was to place children in local mainstream provision. There were some considerations such as parental preference and whether the right provision was available locally, but generally the aim would be to, where possible, place children locally. In terms of parental engagement; Members noted that there was a statutory responsibility to have parental advice services funded by the Local Authority. The Council also funded Parent Voice. The Executive Director conceded that in the recent past there may have been a tendency to have early discussions about "the school" rather than reflecting and defining the child's needs. It could be argued that this may have mislead some parents and allowed them to believe there were more options. The SEND Governance Board was now reviewing the approach taken and the changes that were required were being worked through.

In relation to SEND Tribunals, a Member stressed the importance of ensuring that only the worst cases reached tribunal and that where appropriate negotiations with parents continued up to the last available minute.

The Sub-Committee noted that the outcome of the bid for the SEN Free School in the Borough would not be known until the Spring.

In response to a question, the Head of ECHS Finance reported that the new Transformation Board established by the Interim Chief Executive was undertaken a fundamental review of departments and services across the Council; looking at how and why services were provided.

RESOLVED: That

1. **The update on the financial forecast for 2019/20 to 2022/23 be noted; and**

2. **The initial draft 2019/20 budget be noted as the basis for setting the 2019/20 budget.**

ADULT CARE & HEALTH PDS COMMITTEE
24th January 2019

The Committee considered a report setting out the draft Adult Care and Health Portfolio Budget for 2019/20, which incorporated future cost pressures and initial draft saving options reported to the Council's Executive on 16th January 2019. Members were requested to provide their comments on the proposed savings and identify any further action to be taken to reduce cost pressures facing the Local Authority over the next four years.

The Head of Finance advised Members that a number of pressures would continue to impact the Adult Care and Health Portfolio budget for 2019/20. This included the challenges of the older demographic of the Borough, the impact of the National Living Wage on the provision of care sector services and the increasing complexity of need of clients presenting to adult social care. There continued to be significant pressure in the area of Adult Social Care for which the Government had previously agreed non-recurring Improved Better Care Funding of £3.363M in 2019/20 and £1.677M in 2020/21 that would be utilised in agreement with the Bromley Clinical Commissioning Group.

A Member noted that Chief Officers were exploring savings and income opportunities beyond those outlined within the draft Adult Care and Health Portfolio Budget for 2019/20 and requested further details on any savings or income opportunities identified. The Member was concerned at references in the draft Budget to projected or planned savings for 2019/20, as anticipated savings may not be realised due to the demand-led nature of services within the Portfolio. A Member responded by highlighting the robust budget monitoring processes in place to ensure future savings attributed to particular services would be monitored and adjusted throughout 2019/20. The Interim Chief Executive was pleased to observe that demand-led pressures in the Adult Care and Health Portfolio budget for 2018/19 had been reflected in the increased budget for 2019/20. In-year mitigation was part of the process of managing cost pressures on the budget, and this would be further supported by a transformation programme to be undertaken across the Local Authority during the first half of 2019 that would include a root-and-branch analysis of every service.

A Member was concerned at the costs related to the transfer of the Contract Monitoring and Compliance Team from Resources, Commissioning and Contracts Management Portfolio, and underlined the need to monitor the cost of the commissioning process. The Interim Director: Programmes reported that a full range of budget information was included in all contract reports. The Head of Finance further noted that any savings realised through commissioned services were reflected in the Portfolio budget and reported throughout the year as part of the regular budget monitoring process. In response to a query from the Member, the Head of Finance confirmed that a number of information and early intervention programmes would be funded within the Portfolio during 2019/20, including the continuation of long term contracts with Bromley Well and carers support services.

Another Member queried funding for Public Health services for 2019/20, and the Head of Finance clarified that the redesign of sexual health services in 2018 had realised significant savings, and that funding for Public Health services continued to be ring-fenced to support the delivery of public health schemes.

RESOLVED that:

1) **The financial forecast for 2019/20 to 2022/23 be noted;**

2) **Members' comments on the initial draft Adult Care and Health Portfolio budget 2019/20 as a basis for setting the 2019/20 budget be noted; and,**

3) **Members' comments on the initial draft Adult Care and Health Portfolio budget 2019/20 be provided to the meeting of the Council's Executive on 13th February 2019.**

PUBLIC PROTECTION AND ENFORCEMENT PDS COMMITTEE
30th January 2019

The Draft Budget report had been drafted by Claire Martin—Head of Finance.

The primary aim of the report was for the Committee to consider the Portfolio Holder's Draft Budget for 2019/2020. This incorporated future cost pressures and a consideration of initial draft budget savings options.

RESOLVED that

1) The update on the financial forecast for 2019/20 to 2022/23 is noted.

2) The draft budget is agreed as the basis for the setting of the 2019/2020 budget.

ENVIRONMENT & COMMUNITY SERVICES PDS COMMITTEE
5th February 2019

Members considered the Portfolio Holder's Draft 2019/20 Budget incorporating future cost pressures and initial draft budget saving options as reported to Executive on 16th January 2019.

Executive asked each PDS Committee to consider the initial draft budget savings and cost pressures for their Portfolio. Views from each Committee would then be reported to the Executive when considering recommendations to Council on 2019/20 Council Tax levels.

Outstanding issues and areas of uncertainty continued to remain for the Draft 2019/20 Budget - any further updates would be included in the 2019/20 Council Tax report to Executive.

In discussion, brief reference was made to the new Environmental Services Contract from 1st April 2019 particularly in regard to the Waste Disposal (Lot 1) and Waste Collection (Lot 2). This primarily accounted for an increased level of budget next year as there will be increased costs in Year 1 of the new contract. However, from Year 2 costs will decrease going forward.

On Highways, a Member felt that reducing the road maintenance budget would not be sensible given the condition of a number of roads in the borough. The Portfolio Holder indicated that a £1.17m lump sum had recently been provided from the Government's announcement on local roads funding. This would support road maintenance in the borough and it could be expected that this investment together with Bromley's own recent investment in highways would result in newer roads requiring less maintenance over the next few years. As such, a temporary road maintenance budget reduction should be able to be accommodated. Monitoring could also be undertaken by the Committee. However, the Member considered, taking account of the condition of the borough's roads, that should £177k be removed from the budget, there would be increased costs longer-term.

RESOLVED that:

(1) the update on the financial forecast for 2019/20 to 2022/23 be noted;

(2) the initial draft 2019/20 budget be noted as a basis for setting the 2019/20 budget; and

(3) the Committee's comments on the initial draft 2019/20 budget be provided for the Executive to consider at their meeting on 13th February 2019.

EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
7th 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 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 Council's 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 tacking the issue of underfunding as the current position was unsustainable and changes were clearly required.

Turing 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 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.**

Report No.
CSD19042

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 25 February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**CAPITAL PROGRAMME MONITORING Q3 2018/19 & CAPITAL STRATEGY 2019 TO 2023**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	(All Wards);

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1. Reason for report

1.1 At its meeting on 13th February 2019, the Executive considered the attached report on the Council's capital strategy. The report summarised the position on capital expenditure and receipts following the third quarter of 2018/19 and presented new capital schemes in the annual capital review process. The main focus of the annual bidding process had been on the continuation of existing schemes and on externally funded schemes. A supplementary report had also been considered on an additional allocation from the Department for Education (DfE) of £1,208k of Special Provision Fund capital grant for special educational needs and disabilities.

1.2 The Executive noted the report and agreed a revised capital programme, including the amendments recommended in the report, and recommended that Council approve the new scheme proposals, including the additional Special Provision Fund allocation.

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2. RECOMMENDATIONS

The Executive recommends that Council -

(1) Agrees the inclusion of the new scheme proposals listed in Appendix C to the attached report in the capital programme (see section 3.5 of the attached report.)

(2) Approves the inclusion of £1,208k of Special Provision Fund capital grant to the 2019/20 capital programme, under the Basic Need scheme.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy: See attached report
2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Estimated Cost: See attached report
2. Ongoing costs: Not Applicable:
3. Budget head/performance centre: Capital Programme
4. Total current budget for this head: £146.6m over 5 years 2018/19 to 2022/23
5. Source of funding: capital grants, capital receipts and earmarked revenue contributions

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Personnel

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

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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
2. Call-in: Not Applicable: Council decisions cannot be called in.

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable

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Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

Report No.
FSD19020

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**Executive** **Council**
Date:	**Executive 13th February 2019** **Council 25th February 2019**
Decision Type:	Non-Urgent Executive Key
Title:	**CAPITAL PROGRAMME MONITORING Q3 2018/19 & CAPITAL STRATEGY 2019 TO 2023**
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

This report updates the Council's Capital Strategy. It also summarises the current position on capital expenditure and receipts following the third quarter of 2018/19 and presents for approval the new capital schemes in the annual capital review process. With regard to the annual bidding process, the main focus has again been on the continuation of existing essential programmes and on externally funded schemes. The Executive is asked to consider the updated Capital Strategy and approve a revised Capital Programme.

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2. RECOMMENDATION(S)

2.1 The Executive is requested to:

(a) Note the report, including a total rephasing of £14.2m from 2018/19 into future years, and agree a revised Capital Programme;

(b) Approve the following amendments to the Capital Programme:

(i) 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 para 3.2.1;

(ii) 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 para 3.2.2;

(iii) Addition of £233k DFG funding to the Capital programme as detailed in para 3.2.3;

(iv) Increase of £115k to the Carbon Management Programme as detailed in para 3.2.4.

(c) Recommend to Council:

(i) The inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.5)

2.2 Council is requested to:

(a) Agree the inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.5).

Corporate Policy

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

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: Estimated Cost: Total net increase of £232k over the 5 years 2018/19 to 2022/23, mainly due to the additional budget provided by the Ministry of Housing, Communities and Local Government, for Disabled Facilities Grant schemes.

2. Ongoing costs: Not Applicable

3. Budget head/performance centre: Capital Programme

4. Total current budget for this head: Total £146.6m over 5 years 2018/19 to 2022/23

5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions

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Staff

1. Number of staff (current and additional): 1fte

2. If from existing staff resources, number of staff hours: 36 hours per week

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Legal

1. Legal Requirement: Non-Statutory - Government Guidance

2. Call-in: 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? Not Applicable

2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Capital Expenditure

3.1.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2018/19 and also seeks approval to the new capital schemes in the 2018 annual capital review process. The report is divided into two distinct parts; the first (sections 3.2 and 3.3) looks at the Q3 monitoring exercise and the second (section 3.4) includes details of the proposed new schemes.

3.1.2 Appendix A sets out proposed changes to the Capital Programme. The base position is the revised programme approved by the Executive on 28th November 2018, as amended by variations approved at subsequent Executive meetings. If all the changes proposed in this report are approved, the total Capital Programme 2018/19 to 2022/23 would increase by £2,588k, mainly due to new capital bids for 2022/23 and the additional funding provided by the Ministry of Housing, Communities and Local Government for the Disabled Facilities Grant schemes. Estimated expenditure in 2018/19 will reduce by £14.2m due to the re-phasing of expenditure from 2018/19 into future years. Details of the monitoring variations are included in Appendices A and B, and the proposed revised programme, including the additional funding provided, is summarised in the table below.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	TOTAL 2018/19 to 2022/23 £000
Programme approved by Executive 28/11/18	48,685	64,961	22,281	3,510	0	139,437
Other variations approved at Executive 28/11/28	1,943	1,561	729	348	0	4,581
Approved Programme prior to 3rd Quarter's Monitoring	50,628	66,522	23,010	3,858	0	144,018
Variations requiring the approval of the Executive (Appendix A)	638	Cr 290	0	0	0	348
Variations not requiring approval of Executive:						
Net rephasing from 2018/19 into future years	Cr 14,153	14,153	0	0	0	0
Total Q3 Monitoring variations	Cr 13,515	13,863	0	0	0	348
New Schemes (Appendix C)	0	0	0	0	2,240	2,240
TOTAL REVISED CAPITAL PROGRAMME	**37,113**	**80,385**	**23,010**	**3,858**	**2,240**	**146,606**
Assumed Further Slippage (for financing purposes)	Cr 5,000	3,000	2,000	0	0	0
Assumed New Schemes (to be agreed)	0	3,500	3,500	3,500	3,500	14,000
	Cr 5,000	6,500	5,500	3,500	3,500	14,000
Total revised expenditure to be financed	**32,113**	**86,885**	**28,510**	**7,358**	**5,740**	**160,606**

3.2 Variations requiring the approval of the Executive (£232k total net addition)

3.2.1 Langley Park Boys School (BSF) (£3k net reduction)

This scheme has completed. The budget had been set aside to cover any additional spend, that may have arisen beyond the defects and snagging period, however this is no longer required (and the budget can be returned back to the Basic Need capital scheme).

Highway Primary (partial rebuild) (£113k net reduction)

This scheme has completed. The budget had been set aside to cover any outstanding spend on consultants, that may have arisen beyond the defects and snagging period, however this is no longer required (and the budget can be returned back to the Basic Need capital scheme).

3.2.2 Capital Maintenance in Schools (£405k increase in 2018/19 budget)

The Suitability / Modernisation issues in Schools scheme, with a remaining budget of £386k has completed, as has the Universal Free School Meals scheme, with a remaining budget of £19k. These budgets, totalling £405k, are requested to be reallocated to the Capital Maintenance in Schools scheme due to the main improvement works falling under this scheme.

3.2.3 Disabled Facilities Grant (DFG) – (increase of £233k in 2018/19 to reflect the additional funding received)

Members are asked to approve an increase of £233k in 2018/19 to the Disabled Facilities Grant scheme. This was confirmed in a letter to LA Chief Executives in early December 2018 to help boost the delivery of more home adaptations for disabled people to live independently and safely within their homes.

3.2.4 Carbon Management Programme – increase of £115k in 2019/20 to reflect the repayment of SALIX funding from existing schemes.

This scheme is 50% funded by SALIX funding, provided by DEFRA, and 50% from the LBB Invest to Save Fund. All remaining projects have completed and outstanding grants in the form of savings made via energy consumption and billing have now been received. The budget will be used in partnership with the Street Lighting scheme to replace the LED lighting within the Borough.

3.3 **Scheme Rephasings**

3.3.1 As part of the 3rd quarter monitoring exercise, a total of £14.2m has been re-phased from 2018/19 into 2019/20 to reflect revised estimates of when expenditure is likely to be incurred. The largest elements of these are £3.5m relating to the Site G scheme, £2.6m relating to the Basic Need scheme, £2.3m relating to the Highways Investment scheme, £1.9m relating to the Housing Payment in Lieu (unallocated) Fund and £1m for the IT Transformation scheme.

3.3.2 In July 2015, the Executive agreed that the Capital Programme budget should reflect the total of Section 106 receipts available to fund expenditure. The unallocated balance totals £2,673k, of which £788k relates to Education, and £1,885k to Housing and has been rephased into the following year.

3.3.3 Other schemes rephased into next financial year include the PCT LD Reprovision programme (£574k) and the DFG grant scheme (£500k). This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

3.3.4 In view of the variations that have arisen in recent years, further slippage of £5.0m has been assumed for the remainder of 2018/19 for financing purposes to cover unforeseen delays to capital schemes.

3.4 **Capital Strategy update and Annual Capital Review – new scheme proposals**

Capital Strategy update

3.4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 introduced the setting and revising of a capital strategy. The Prudential Code laid out:

- Governance Procedure – the setting and revising of the capital strategy and prudential indicators will be done by the same body. For this Council it is the Executive and full Council.

- Determining a Capital Strategy – the Capital Strategy should demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives.

- Prudence & Affordability – each local authority should ensure that all of its capital, investment (and any borrowing) are prudent and sustainable.

3.4.2 As required, this Council's strategy includes capital expenditure, investments and treasury management and the Council's Capital Strategy is linked to the Treasury Management Strategy which reports and monitors the Council's Prudential Indicators. In addition the Director of Finance reports on affordability and risks in the annual budget setting reports.

3.4.3 An annual review of the Capital Programme is undertaken as outlined in paragraph 3.5. The Council's Capital Programme is intended to maintain and improve the quality of life in the borough and help meet its overall priorities as set out in "Building a Better Bromley", and with a four year plan, assists the longer-term planning for capital expenditure and the use of resources to finance it.

3.4.4 In recent years, the Council has steadily scaled down new capital expenditure plans and has transferred all of the rolling maintenance programmes to the revenue budget. General (un-earmarked) reserves, established from the disposal of housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £45.7m (including unapplied capital receipts) as at 31st March 2018. The Council's asset disposal programme has diminished, and as set out in section 3.6, it is currently projected that these balances will be around £35.2m by 2026.

3.4.5 It is therefore likely that any significant future capital schemes not funded by grants/contributions, future disposals or from revenue, may have to be funded from external borrowing. Prior to any consideration of external borrowing, the Council will review its assets to ensure all opportunities to generate capital receipts as alternative funding has been fully explored.

3.4.6 The Council's policy for borrowing and the investment of balances are set out in the Treasury Management Strategy Statement which will be considered by Executive and Resources PDS Committee on 7th February 2019, prior to submission for Council approval on 25th February 2019.

3.4.7 In addition to Treasury Management investments, the Council also has an alternative investment strategy for the acquisition of investment properties. To ensure that these investments are made prudently, and that the income generated remains sustainable, the Council has to date funded the property from its own resources rather than utilise any external borrowing.

3.4.8 This combination of lower risk Treasury Management investments and a separate longer-term investment strategy in the form of property acquisitions (generating higher yields and risks) provides a balanced investment strategy.

3.5 Annual Capital Review – new scheme proposals

3.5.1 As part of the normal annual review of the Capital Programme, Chief Officers were invited to present bids for new capital investment. Other than the regular annual capital bids (TfL-funded Highway and Traffic schemes and Feasibility Studies) no other bids were submitted. Other than the budget for feasibility studies (£40k) the bids in this report will not require funding from Council resources. New Invest to Save bids were particularly encouraged, but none were received and it is assumed that any such bids will be submitted in due course to be funded through the earmarked reserve that was created in 2011.

3.6 **Capital Receipts**

3.6.1 Details of the receipts forecast in the years 2018/19 to 2021/22 are included in Appendix F to this report to be considered under part 2 proceedings of the meeting. The latest estimate for 2018/19 has increased to £14.8m from £7.4m reported in November (excluding "other" capital receipts). The estimate for 2019/20 has decreased to £5.7m in comparison to what was reported in November. This mainly relates to the sale of the Old Town Hall and South Street car park for £8.4 in December 2018, previously forecast for 2019/20. A total of £1m per annum is assumed for receipts yet to be identified in later years, and £10m in 2020/21, linked to the Depot Improvements scheme, which was approved by the Executive in July 2018. These projections, as detailed in Appendix F, reflect prudent assumptions for capital receipts, and do not include estimated disposal receipts from the review being undertaken by Cushman and Wakefield.

3.7 **Financing of the Capital Programme**

3.7.1 A capital financing statement is attached at Appendix D and the following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections which, as noted above, reflect prudent assumptions on the level and timing of disposals. Total balances would reduce from £45.7m (General Fund £20.0m and capital receipts £25.7m) at the end of 2017/18 to £18.9m by the end of 2020/21 and increase back to £35.2m by the end of 2025/26. It is therefore likely that any significant future capital schemes not funded by grants/contributions or revenue, may have to be funded from external borrowing.

	Balance 31/03/2018 £m	**Estimate Balance 31/03/2021 £m**	**Estimate Balance 31/03/2026 £m**
General Fund	20.0	18.9	18.9
Capital Receipts	25.7	0.0	16.3
	45.7	**18.9**	**35.2**

3.7.2 A summary of how the capital programme will be financed is shown in the table below with further detail provided in Appendix D.

	2017/18 £'000	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**Total £'000**
Total Capital Expenditure	40,296	32,113	86,885	28,510	7,358	195,162
Financed by:						
Usable Receipts	7,217	5,367	43,495	24,166	3,788	84,033
Revenue Contributions	8,339	3,518	4,258	100	100	16,315
Government Grants	15,614	12,939	19,906	1,825	1,270	51,554
Other Contributions	9,126	10,289	6,508	2,419	2,200	30,542
Internal Borrowing	0	0	12,718	0	0	12,718
General Fund	0	0	0	0	0	0
Total	**40,296**	**32,113**	**86,885**	**28,510**	**7,358**	**195,162**

3.8 **Section 106 Receipts**

3.8.1 In addition to capital receipts from asset disposals, the Council is holding a number of Section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held as a receipt in advance on the Council's Balance Sheet, the balance of which stands at £9,951k as at 31st December 2018 as shown in the table below, and will be used to finance capital expenditure from 2018/19 onwards:

Specified Capital Works	Balance 31/03/2018 £'000	Receipts 2018/19 £'000	Expenditure 2018/19 £'000	Balance 31/12/2018 £'000
Housing	3,104	1,321	67	4,358
Education	3,311	1,191	1,274	3,228
Local Economy	0	2,158	0	2,158
Community Facilities	86	39	0	125
Highways	82	0	0	82
Total	**6,583**	**4,709**	**1,341**	**9,951**

3.8.2 The Council's budgets are limited and, where a developer contribution (S106) can be secured, this will be required as a contribution towards projects, notwithstanding any other allocation of resources contained in the Council's spending plans.

3.9 **Investment Fund and Growth Fund**

3.9.1 To help support the achievement of sustainable savings and income, the Council has set aside funding in the Investment Fund and Growth Fund earmarked reserves to contribute towards the Council's economic development and investment opportunities. To date, total funding of £144.0m has been placed in the Investment Fund and Growth Fund earmarked reserves to contribute towards the Council's economic development and investment opportunities.

3.9.2 Appendix E provides a detailed analysis of the Funds dating back to their inception in September 2011. To date schemes totalling £114.5m have been approved (£85.5m on the Investment Fund, and £28.9m on the Growth Fund), and the uncommitted balances as at end of December 2018 stand at £19.3m for the Investment Fund and £10.2m for the Growth Fund.

3.10 **Feasibility Works – Property Disposals**

3.10.1 At its meeting on 24th May 2017, Executive agreed to the creation of a new Earmarked Reserve with an initial allocation of £250k to be funded from the Growth Fund to allow feasibility works to be commissioned against specific sites so as to inform the Executive of sites' viability for disposal or re-development and potential scheme optimisation together with an appraisal as to worth.

3.10.2 Members requested that an update from the Strategic Property Service be included in quarterly capital monitoring report, this is provided in Appendix G.

3.11 **Post-Completion Reports**

3.11.1 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are due to be submitted to the relevant PDS Committees:

- Langley Park Boys School (BFS)
- The Highway Primary
- Suitability / Modernisation Issues in School
- Universal Free School Meals
- The Woodland Improvement Programme
- Upgrade of Core Network Hardware
- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement of MD110 telephone switch
- Windows Server 2003 Replacement Programme

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services.

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix D is a capital financing statement, which gives a long-term indication of how the revised Programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The financing projections assume approval of the revised capital programme recommended in this report, together with an estimated £3.5m per annum for new capital schemes and service developments from 2021/22 onwards.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 28/11/18) Treasury Management – Annual Investment Strategy 2019/20 (Executive and Resources PDS Committee 07/02/19) The Prudential Code for Capital Finance in Local Authorities (2017 edition) CIPFA publication List of potential capital receipts from strategic property as at 28.01.2019 List of Feasibility monies for property disposal from strategic property as at 28.01.2019

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APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of Portfolio meeting	Revised 2018/19	Revised 2019/20	Revised 2020/21	Revised 2021/22	Revised 2022/23	TOTAL 2018/19 to 2021/22	Comments / reason for variation
		£'000	£'000	£'000	£'000	£'000	£'000	
Current Approved Capital Programme								
Programme approved by Executive 28/11/2018	Exec 28/11/18	48,685	64,961	22,281	3,510	0	139,437	
Local Highways Maintenance (Potholes)	Exec 28/11/18	1,117	0	0	0	0	1,117	
IT Transformation	Exec 28/11/18	1,238	3,066	729	348	0	5,381	
Removal of Existing IT Schemes	Exec 28/11/18	Cr 420	Cr 1,505	0	0	0	Cr 1,925	
Reinstatement of Betts Park Canal Bank Stabilisation Project	Exec 28/11/18	8	0	0	0	0	8	
Approved Programme prior to 3rd Quarter's Monitoring		**50,628**	**66,522**	**23,010**	**3,858**	**0**	**144,018**	
Variations in the estimated cost of approved schemes								
(i) Variations requiring the approval of the Executive/Council								
Langley Park Boys School (Building Schools for the Future)		Cr 3					Cr 3	See paragraph 3.2.1
The Highway Primary - partial rebuild		0	Cr 113				Cr 113	See paragraph 3.2.1
Basic Need		3	113				116	See paragraph 3.2.1
Suitability / Modernisation issues in Schools			Cr 386				Cr 386	See paragraph 3.2.2
Capital Maintenance in Schools		405	0				405	See paragraph 3.2.2
Universal Free School Meals		0	Cr 19				Cr 19	See paragraph 3.2.2
DFG Additional Funds 2018/19		233					233	See paragraph 3.2.3
Carbon Management Programme (Invest 2 Save)			115				115	See paragraph 3.2.4
		638	Cr 290	0	0	0	348	
(ii) Variations not requiring approval								
Net rephasing from 2018/19 into future years		Cr 14,153	14,153	0	0	0	0	See section 3.3 and Appendix B
		Cr 14,153	14,153	0	0	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		**Cr 13,515**	**13,863**	**0**	**0**	**0**	**348**	
Add: Proposed new schemes		0	0	0	0	2,240	2,240	See section 3.5 and Appendix C
		0	**0**	**0**	**0**	**2,240**	**2,240**	
TOTAL REVISED CAPITAL PROGRAMME		**37,113**	**80,385**	**23,010**	**3,858**	**2,240**	**146,606**	
Less: Further slippage projection		Cr 5,000	3,000	2,000			0	
Add: Estimate for further new schemes			3,500	3,500	3,500	3,500	14,000	
TOTAL TO BE FINANCED		**32,113**	**86,885**	**28,510**	**7,358**	**5,740**	**160,606**	

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes **Rephasing of schemes**	2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
Healthy Pupil Capital Fund	Cr 29	29	0	Approved by Executive in July 2018. ESFA have allocated the Council £29k from Healthy Pupils Capital Fund. Currently in consultation with public health regarding delivery. Budget to be rephased to 2019/20 as unlikely to be committed and spent this financial year.
Security Works	Cr 35	35	0	Currently awaiting notification of works from schools. £100k was rephased to 2019/20 at Nov 2018 Exec - now requesting a further £35k of budget to be rephased to 2019/20.
Children and Family Centres	Cr 50	50	0	Works are managed by Operational Property (now Amey). £50k Budget for any unforeseen premises issues and planned improvements. Problem with the roof which is likely to cost in excess of £50k. A request will be made for additional funds once costing for the roof and other refurb works have been finalised. Current priority for the budget has been agreed for works to be carried out on outside play areas. Rephase budget to 2019/20.
Basic Need	Cr 2,600	2,600	0	A full detailed report on the various projects within the Basic Need Programme was reported to Executive on 19 Jul 17. £4.5m was rephased to 2019/20 in July 2018, with a further £6m in November 2018, due to procurement delays and works progressing slower than programmed. A further £2.6m is requested to be rephased to 2019/20 to bring the budget in line with most recent projected cash flow provided by consultants.
30 Hours Funded Childcare IT Solution Scheme	Cr 43	43	0	Scheme put on hold - revised costs for Phase I came back higher than budgeted. Most likely to buy off-the-shelf product. Rephase £43k into 2019/20.
Social Care Case Management System	20	Cr 20	0	Approved by Exec 12th Sept 2018 - Programme manager appointed. Procurement process to begin once a suitable framework has been agreed. Spend for 2018/19 is likely to be minimal.
PCT Learning Disability / Reprovision Programme - Walpole Road	Cr 574	574	0	£300k has been removed from budget and re-allocated to the Social Care Case Management System IT scheme. Astley Day Centre; full budget may well be utilised to fix issues with drains, fire access, roofing. Rephase full budget of £574k to 2019/20.
Mobile Technology to Support Children's Social Workers	Cr 15	15	0	Evaluation of the laptop pilot in CSC will enable officers to plan and spend the remainder of this grant. £15k to be rephased to 2019/20.
Housing Payment In Lieu Fund - Unallocated	Cr 1,885	1,885	0	How the funds are allocated will be finalised through the Bromley Housing Development Group and will likely be utilised in 2019/20.
Star Lane Traveller Site	Cr 132	132	0	The work is to replace much of the water supply to meet minimum regulatory standards. The project was assigned to Amey to implement and project manage. The final specification for works has been completed. Awaiting quote from Thames Water - anticipate to spend £60k this financial year with the remainder in Q1 of 19/20.

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes		2018/19 £'000		2019/20 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes						
Carbon Management Programme	Cr	5		5	0	All repayments have now been made - total funding of £500k available. Capital Programme budget to be increased by £115k to reflect this. No spend forecast this FY - remaining budget to be rephased to 2019/20. Officers are currently reviewing potential projects which includes LED lighting and controls in Stockwell Blocks and the Central Library.
Beckenham Town Centre Improvements	Cr	200		200	0	Final design and implementation costs funded by TfL. Scheme is on budget and anticipated to complete by March 2019 with retention and final account, likely circa £200k, to be settled in 2019/20. This amount will be rephased to 2019/20.
Central Depot Wall Scheme	Cr	130		130	0	Approved by Executive in March 2018. £576K rephased to 2019/20 at Nov 2018 Executive. Structural Engineer (consultant) appointed and design and tender to be completed by financial year end and on-site by Q1 2019/20. Project is likely to take 3 to 4 months to complete.
Depot Improvement Works	Cr	140		140	0	Approved by Exec on 11th July 2018. Currently in process of recruiting PM and project board for the scheme. It is anticipated that once project resource is in place that works on site will commence Q1 2019/20.
Crystal Palace Park - Alternative Management Options	Cr	340		340	0	Following report presented to Executive on 28 November 2018, the Crystal Palace Park Rockhill site has now been identified as an affordable housing scheme and will be subject to a further report to future Executive meeting. No further spend anticipated this financial year. Remaining budget to be rephased to 2019/20.
Highways Investment	Cr	2,300		2,300	0	Approved Exec 18/10/16, Council 09/12/16, £11.8m for investment in planned highway maintenance funded from capital receipts. All carriageway schemes are due for completion by November 2018, although footway schemes may continue until March 2019. The first phase of the project has been completed, the second phase is near completion, and third phase has commenced. £2.3m to be rephased to 2019/20.
Street Lighting (Invest 2 Save Initiative)	Cr	200		200	0	Funded by Invest to Save Fund (Exec 28/11/12) - Report presented to Exec 15/10/14 to amend the project in replacing fewer lamp columns and convert more lanterns. The remaining connection works are due to be completed this financial year. Delays have been encountered in agreeing the final account for works completed as the contract has ended. £200k to be rephased to 2019/20.
Scadbury Park Moated Manor	Cr	155		155	0	Approved by Exec Feb 2018 - £60k revenue and £95k Historic England. Budget to be rephased to 2019/20.
Biggin Hill Memorial Museum		150	Cr	150		Approved 02/12/15. Executive approval on 20/06/17, for project to proceed with delivery. The build programme is on schedule and the payment schedule has now been agreed which has allowed the budget to be accurately profiled. The Exhibition and Fit out programme has been postponed to avoid the tender being out over Christmas which has pushed costs in to the next financial year. Scheme anticipated to complete wk end 21st January 2019 with final account to be agreed by end of Feb 2019 - rephasing of £150k from 2019/20 back into 2018/19 requested.

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes **Rephasing of schemes**		2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
London Private Sector Renewal Schemes	Cr	11	11	0	Currently 1 case being processed. Budget to be increased with any income received. £11k to be rephased to 2019/20.
Renovation Grants - Disabled Facilities	Cr	500	500	0	18/19 starting budget, after roll-forward, was £1,521k. An additional £233k has also been funded by Disabled Facilities Grant in December 2018. Additional schemes to provide physical improvements to client's home environments and to assist with creating safer and healthier homes, reduce admissions to hospital and keep clients in their own home for longer have been prepared and will be considered at integration meetings. A private OT agency have been employed to deal with a backlog of assessments and have referred an additional 50 cases for grant aid. New procurement system is being trialled to increase output. As a result, anticipate to spend £1.2m this financial year, with £500k to be rephased to 19/20 budget.
Site G	Cr	3,467	3,467	0	Report was submitted to Council 11/12/17 formalising the Development Agreement with the preferred development partner and the Compulsory Purchase Strategy for the site. Demolition & starting on site anticipated in 2020 with completion of 410 units in 2024. 2 properties purchased in 2018 for approx £800k. Rephasing of £3.5m submitted to Feb 2019 Exec.
Civic Centre Development Strategy	Cr	55	55	0	£65k of the budget earmarked for feasibility costs this financial year. £55k to be rephased into 2019/20. Currently going through tendering to recruit consultancy services from the ESPO Property, Building and Infrastructure Advice and Management Services Framework to carry out a feasibility study for proposed works to the Civic Centre and Central Depot.
Emergency Works on Surplus Sites	Cr	100	100	0	(Block Capital) Essential to maximise capital receipts. To prepare surplus sites for disposal and to cover any emergency works. £100k to be rephased to 2019/20.
Banbury House Demolition / Site Preparation	Cr	111	111	0	Executive 10/01/18 approved £166k from capital receipts, for demolition and site clearance. Final feasibility for use of site for housing needs or disposal. £111k to be rephased to 2019/20 as only fees payable this FY.
IT Transformation	Cr	1,000	1,000	0	New Scheme - approved by Exec 28 Nov 2018. Order being placed for network hardware including UPS. Total spend for 2018/19 anticipated approx £238k with remaining £1m to be rephased to 2019/20.
SharePoint Productivity Platform upgrade/replacement	Cr	130	130	0	Officers are now taking a tactical solution where project will move to Sharepoint 2010 from 2007 version, before finally moving to new platform of Office 365. Ongoing project which is gaining momentum. This scheme will now be delivered in-line with the IT Transformation scheme to ensure there is no duplication. Anticipate spend of £20k this year with £130k to be rephased to FY19/20.
Review of Corporate Customer Services I.T Systems	Cr	48	48	0	Work is underway and progressing to complete the required system upgrades. Executive 10/01/18 approved reduction of £37k to fund CRM Upgrade scheme. Final testing taking place and should be completed before end of financial year. £48k to be rephased to 2019/20.

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes				
Upgrade of MS Dynamics CRM System	Cr 68	68	0	Executive 10/01/18 approved £443k from capital receipts and £37k from Review of Customer Services IT Systems scheme. Scheme has been completed and will close once BT have submitted final invoice.
TOTAL REPHASING ADJUSTMENTS	**Cr 14,153**	**14,153**	**0**	

CAPITAL PROGRAMME REVIEW 2018 - RECOMMENDED TO EXECUTIVE 13/02/19

Capital Scheme/Project	Priority	TOTAL £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Revenue effect Running £'000	Revenue effect Financing £'000	Comments
Transport for London (Highways and Traffic Schemes)	HIGH	2,200				2,200	0	0	Further Highways and Traffic schemes to be fully funded by TfL on the basis of the bid in the Borough Spending Plan (BSP). The Capital Programme currently includes estimates for 2018/19 to 2021/22 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.
Feasibility studies - block provisions	HIGH	40				40	0	0	Provision for 18/19 - 21/22 already in Capital Programme to fund feasibility works in respect of potential new schemes.
GRAND TOTAL NEW CAPITAL BIDS		**2,240**	**0**	**0**	**0**	**2,240**	**0**	**0**	

COST TO THE COUNCIL (LBB RESOURCES)	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	TOTAL £'000	
Grand total new bids above	0	0	0	2,240	2,240	
External funding for new bids						
Transport for London (Highway Schemes)	0	0	0	Cr 2,200	Cr 2,200	100% TFL funding
Funding from Council's resources	**0**	**0**	**0**	**40**	**40**	

CAPITAL FINANCING STATEMENT - EXECUTIVE 13/02/19 - ALL RECEIPTS
(NB. Assumes all capital receipts - see below)

	2017-18 Estimate £'000	2017-18 Actual £'000	2018-19 Estimate £'000	2019-20 Estimate £'000	2020-21 Estimate £'000	2021-22 Estimate £'000	2022-23 Estimate £'000	2023-24 Estimate £'000	2024-25 Estimate £'000	2025-26 Estimate £'000
Summary Financing Statement										
Capital Grants	18,721	15,614	12,939	19,906	1,825	1,270	0	0	0	0
Other external contributions	10,688	9,126	10,289	6,508	2,419	2,200	2,200	2,200	2,200	2,200
Usable Capital Receipts	15,634	7,217	5,367	43,495	24,166	3,788	3,440	3,400	3,400	3,400
Internal Borrowing	0	0	0	12,718	0	0	0	0	0	0
Revenue Contributions	3,044	8,339	3,518	4,258	100	100	100	100	100	100
General Fund	0	0	0	0	0	0	0	0	0	0
Borrowing (external)	0	0	0	0	0	0	0	0	0	0
Total expenditure	48,087	40,296	32,113	86,885	28,510	7,358	5,740	5,700	5,700	5,700
Usable Capital Receipts										
Balance brought forward	24,108	24,108	25,695	35,215	0	0	0	0	3,268	9,774
New usable receipts	8,643	8,804	14,887	8,280	25,800	5,193	11,298	8,489	9,906	9,906
	32,751	32,912	40,582	43,495	25,800	5,193	11,298	8,489	13,174	19,680
Capital Financing	Cr 15,634	Cr 7,217	Cr 5,367	Cr 43,495	Cr 24,166	Cr 3,788	Cr 3,440	Cr 3,400	Cr 3,400	Cr 3,400
Repayment of Internal Borrowing	0	0	0	0	Cr 1,634	Cr 1,405	Cr 7,858	Cr 1,821	0	0
Balance carried forward	17,117	25,695	35,215	0	0	0	0	3,268	9,774	16,280
Internal Borrowing										
Balance brought forward	0	0	0	0	Cr 12,718	Cr 11,084	Cr 9,679	Cr 1,821	0	0
Capital Financing	0	0	0	Cr 12,718	0	0	0	0	0	0
Repaid from new Capital Receipts	0	0	0	0	1,634	1,405	7,858	1,821	0	0
Balance carried forward	0	0	0	Cr 12,718	Cr 11,084	Cr 9,679	Cr 1,821	0	0	0
General Fund										
Balance brought forward	20,000	20,000	20,000	18,915	18,915	18,915	18,915	18,915	18,915	18,915
Less: Capital Financing	0	0	0	0	0	0	0	0	0	0
Less: Use for Revenue Budget	Cr 271		Cr 1,085	0	0	0	0	0	0	0
Balance carried forward	19,729	20,000	18,915	18,915	18,915	18,915	18,915	18,915	18,915	18,915
TOTAL AVAILABLE RESERVES	**36,846**	**45,695**	**54,130**	**18,915**	**18,915**	**18,915**	**18,915**	**22,183**	**28,689**	**35,195**

Assumptions:
New capital schemes - £3.5m p.a. from 2021/22 for future new schemes.
Capital receipts - includes figures reported by Property Divison as at 25/01/19 - as shown in Appendix F
Current approved programme - as recommended to Executive 13/02/19
Internal Borrowing to fund until Capital Receipts pay Back - Site G, Depot Improv,

INVESTMENT FUND & GROWTH FUND - 13 February 2019

Investment Fund		**£'000**
Revenue Funding:		
Approved by Executive 7th September 2011		10,000
Approved by Council 27th February 2013		16,320
Approved by Council 1st July 2013		20,978
Approved by Executive 10th June 2014		13,792
Approved by Executive 15th October 2014		90
Approved by Executive 26th November 2014 (Transfer to Growth Fund)	Cr	10,000
New Home Bonus (2014/15)		5,040
Approved by Executive 11th February 2015 (New Homes Bonus)		4,400
Approved by Executive 10th June 2015		10,165
Approved by Executive 2nd December 2015 (New Homes Bonus)		141
Approved by Executive 10th Feb 2016 (New Homes Bonus)		7,482
Approved by Executive 6th December 2017		3,500
Approved by Executive 21st May 2018		2,609
		84,517
Capital Funding*:		
Approved by Executive 11th February 2015 (general capital receipts)		15,000
Approved by Executive 10th February 2016 (sale of Egerton Lodge)		1,216
Approved by Executive 7th November 2017 (Disposal of 72-76 High Street)		4,100
		20,316
Total Funding Approved:		104,833
Property Purchase		
Approved by Executive 7th September 2011 (95 High St)	Cr	1,620
Approved by Executive 6th December 2012 (98 High St)	Cr	2,167
Approved by Executive 5th June 2013 (72-76 High St)	Cr	2,888
Approved by Executive 12th June 2013 (104 - 108 High St)	Cr	3,150
Approved by Executive 12th February 2014 (147 - 153 High St)	Cr	18,755
Approved by Executive 19th December 2014 (27 Homesdale)	Cr	3,938
Approved by Executive 24th March 2015 (Morrisons)	Cr	8,672
Approved by Executive 15th July 2015 (Old Christchurch)	Cr	5,362
Approved by Executive 15th July 2015 (Tilgate)	Cr	6,746
Approved by Executive 15th December 2015 (Newbury House)	Cr	3,307
Approved by Executive 15th December 2015 (Unit G - Hubert Road)	Cr	6,038
Approved by Executive 23th March 2016 (British Gas Training Centre, Thatcham)	Cr	3,666
Approved by Executive 15th June 2016 (C2 and C3)	Cr	6,394
Approved by Executive 14th March 2017 (Trinity House)	Cr	6,236
Approved by Executive 1st December 2017 (54 Bridge Street, Peterborough)	Cr	3,930
	Cr	82,869
Other Schemes		
Approved by Executive 20th November 2013 (Queens's Garden)	Cr	990
Approved by Executive 15th January 2014 (Bromley BID Project)	Cr	110
Approved by Executive 26th November 2014 (BCT Development Strategy)	Cr	135
Approved by Executive 2nd December 2015 (Bromley Centre Town)	Cr	270
Approved by Executive 15th June 2016 (Glades Shopping Centre)	Cr	400
Approved by Executive 11th January 2017 (Disposal of Small Halls site, York Rise)	Cr	46
Valuation for 1 Westmoreland Rd	Cr	5
Valuation for Biggin Hill - West Camp	Cr	10
Growth Fund Study	Cr	170
Crystal Park Development work	Cr	200
Civic Centre for the future	Cr	50
Strategic Property cost	Cr	258
Total further spending approvals	Cr	2,644
Uncommitted Balance on Investment Fund		19,320

*Executive have approved the use of specific and general capital receipts to supplement the Investment Fund

APPENDIX E - INVESTMENT FUND GROWTH FUND

Growth Fund:		**£'000**
Funding:		
Approved by Executive 26th November 2014 (Transfer from Investment Fund)		10,000
Approved by Executive 2nd December 2015		6,500
Approved by Executive 23rd March 2016		6,000
Approved by Executive 15th June 2016		7,024
Approved by Executive 22nd March 2017		4,000
Approved by Executive 14th June 2017		3,311
Approved by Executive 21st May 2018		2,319
Total funding approved		39,154
Schemes Approved and Committed		
Approved by Executive 24th March 2015 (Housing Zone Bid (Site G))	Cr	2,700
Approved by Executive 24th March 2015 ((Site G) - Specialist)	Cr	200
Approved by Executive 18th May 2016 (Feasibility Studies and Strategic Employment Review)	Cr	180
Approved by Executive 18th May 2016 (Broadband Infrastructure Investment)	Cr	50
Approved by Executive 20th Jul 2016 (BID - Penge & Beckenham)	Cr	110
Approved by Executive 1st Nov 2016 (19-25 Market Square)	Cr	10,705
Approved by Executive 1st Nov 2016 (63 Walnuts)	Cr	3,804
Approved by Executive 22nd March 2017 (Bromley Town Centre Public Realm Improvement Scheme)	Cr	2,844
Approved by Executive 7th November 2017 (Bromley Town Centre and Public Realm)	Cr	464
Approved by Executive 17th October 2018 (Bromley Town Centre - Mirrored Canopies & Shops)	Cr	415
Approved by Executive 22nd March 2017 (Project Officer cost Bromley Town Centre Public Realm impro	Cr	40
Approved by Executive 22nd March 2017 (Community Initiative)	Cr	15
Approved by Executive 24th May 2017 (Feasbility Works/Property Disposal)	Cr	250
Renewal Team Cost	Cr	310
Approved by Executive 28th November 2018 (Housing Development Feasibility)	Cr	100
Total further spending approvals	Cr	22,187
Schemes Approved, but not committed		
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr	6,790
Uncommitted Balance on Growth Fund		10,177

APPENDIX G - FEASIBILITY WORKS

CAPITAL PROGRAMME MONITORING - FEB 2019

Location	Estimated Feasibility / Viability Cost (£'000)	Description	Feb 2019 Status
West Wickham Leisure Centre	35	To fund study to deliver optimal new leisure facilities based on market evidence as to rents from third party operators', together with residential development, to generate a capital receipt to fund the cost of re-provision of facilities.	Programme in development and consultants now instructed. Reporting to Executive in Sept 2019.
The Glades Department Store	49	To fund work to progress the business case for the development of a new Department Store at the Glades Shopping Centre, utilising the Council's business interests at Market Square, so as to improve footfall and therefore improve the asset value and return on income derived from the Councils ownership of The Glades.	Work progressing with landlord and advisors to future proof Glades operation in the event of further downturn in retail supply.
The Walnuts Centre	33	To fund work to progress the business case for the development at the Walnuts utilising the Council's interests at and around the Walnut's Centre including the Leisure Centre so as to provide larger retail opportunities and improve footfall and therefore improve the asset value and return on income derived from the Councils ownership of The Walnuts.	Requirement for Orpington masterplan to include Walnuts now being progressed with intention to take to Executive in May 2019. Potential to utilise HM govt high street fund - bid being developed.
Old Town Hall/Civic Centre	44	To fund a review of the Council's accommodation strategy at the Civic Centre based on the addition of the former Town Hall becoming available as part of the Council's property portfolio and how that asset could be utilised as a Democratic Centre and associated offices/meeting space.	Old Town Hall / South St car park site disposed of - works progressing with viability of Office Accomodation strategy with intention to report to Executive in August 2019.
Depots Review - Disposal Options	45	To fund disposal viability studies as to density and permitted development, together with initial planning briefs, so as to be in a position to take to market after the outcome of the Depot review.	Programme of capital works being developed with newly appointed waste contractor.
Biggin Hill Aviation College - Alternative	20	To fund potential alternative site viability studies for Biggin Hill should the Council decide not to pursue Area 1 purchase for an Aviation College/Enterprise Zone.	C&W valuation to be commissioned in respect of potential land acquistion options.
Libraries (Chislehurst model roll out)	18	To fund the investigation of viability of renewing other library facilities, by redeveloping their sites, and using the capital receipt proceeds to develop replacement facilities within said schemes.	Not actioned as yet - due to Dev Agreement not yet entered into, due to delays by developer securing subtenant.
Lease standardisation	6	To fund legal work to create standard T&C's to the property portfolio	Under review.
TOTAL	**250**		

Supplementary request for the Executive/Council

Special provision fund capital allocations

On the 16th December 2018, DfE announced that there was an additional allocation of £100m (nationally) of capital funding for special educational needs and disabilities. The funding is to support Local Authorities to make capital investments in provision for pupils with special educational needs and disabilities. Local Authorities can invest in new places and improvements to facilities for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision.

The funding is not ringfenced or timebound, so Local Authorities can make the best decisions for their areas. Local Authorities are required to verify this funding has been spent on capital projects through the section 151 officer's return.

On the 30th January 2019, specific Council allocations were announced. On top of the £3.2m of grant already allocated under the scheme, a further £1,207,688 will be allocated to Bromley.

It is recommended that this allocation be agreed to be included in the Capital programme for 2019/20. Decisions on the actual expenditure of the grant will be reported to Committee in the usual way through the regular Basic Need Capital update reports.

Decision

The Executive are requested to:-

Recommend that Council approve the inclusion of £1,208k of Special provision fund capital grant to the 2019/20 capital programme, under the Basic Need scheme.

The Council are requested to:-

Approve the inclusion of £1,208k of Special provision fund capital grant to the 2019/20 capital programme, under the Basic Need scheme.

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Report No.
CSD19043

London Borough of Bromley
PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 25 February 2019**
Decision Type:	Non-Urgent Non-Executive Key
Title:	**TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2019/20 AND QUARTER 3 PERFORMANCE 2018/19**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	(All Wards);

1. Reason for report

1.1 At its meeting on 7th February 2019 the Executive, Resources and Contracts PDS Committee considered the attached report addressed to the Resources, Commissioning and Contract Management Portfolio Holder. The report summarises Treasury Management activity during the third quarter of 2018/19 and presents the Treasury Management Strategy and the Annual Investment Strategy for 2019/20, which are required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council.

1.2 The report also includes prudential indicators and the MRP (Minimum Revenue Provision) Policy Statement, both of which require the approval of the Council. The Council is required by statute to agree and publish prudential indicators, primarily to confirm that the Council's capital expenditure plans are affordable and sustainable. As Members will be aware, Bromley does not borrow to finance its capital expenditure and, as a result, many of the indicators do not have any real relevance for the Council. The 2018/19 strategy, agreed by Council in February 2018, was updated in December 2018 as outlined in paragraphs 3.1.2 and 3.1.4 of the report. The proposed changes to update the 2019/20 Strategy are outlined in section 3.4.6 of the report.

1.3 The PDS Committee and the Portfolio Holder supported the recommendations - draft minutes from the PDS meeting are attached.

2. RECOMMENDATIONS

Council is recommended to -

(1) Note the report.

(2) Approve an increase in the limit to £50 million for investments with Housing Associations, as set out in section 3.4.6 of the attached report.

(3) Agree 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, as set out in section 3.4.6 of the attached report.

(4) Agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2019/20 (Appendix 4 on pages 17- 43 of the attached report), including the prudential indicators (summarised on page 43 of the attached report) and the Minimum Revenue Provision (MRP) policy statement (page 22 of the attached report).

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost No Cost Not Applicable: Further Details
2. Ongoing costs: Recurring Cost Non-Recurring Cost Not Applicable: Further Details
3. Budget head/performance centre:
4. Total current budget for this head: £
5. Source of funding:

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement Non-Statutory - Government Guidance None: Further Details
2. Call-in: Not Applicable: Council decisions are not subject to call-in

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable

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Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

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

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

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

The Committee considered the following reports 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 option that was available to the Council. The advice from LINK Asset Services would be considered as this would highlight 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.**

Report No. FSD19018	**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 7th February 2019** **Council 25th February 2019**		
Decision Type:	Non-Urgent	Executive	Key
Title:	**TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2019/20 AND QUARTER 3 PERFORMANCE 2018/19**		
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		

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1. Reason for report

1.1. This report summarises Treasury Management activity during the third quarter of 2018/19 and presents the Treasury Management Strategy and the Annual Investment Strategy for 2019/20, which are required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council. The report also includes prudential indicators and the MRP (Minimum Revenue Provision) Policy Statement, both of which require the approval of the Council. For clarification, the Council is required by statute to agree and publish prudential indicators, primarily to confirm that the Council's capital expenditure plans are affordable and sustainable. As Members will be aware, Bromley does not borrow to finance its capital expenditure and, as a result, many of the indicators do not have any real relevance for the Council. The 2018/19 strategy, agreed by Council in February 2018, was updated in December 2018 as outlined in paragraphs 3.1.2 and 3.1.4. The proposed changes to update the 2019/20 Strategy are outlined in section 3.4.6.

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2. RECOMMENDATION(S)

2.1. The Resources, Commissioning and Contracts Management Portfolio Holder is requested to:

a) note the report,

b) note the Treasury Management performance for the third quarter of 2018/19

c) recommend that Council approves an increase in the limit to £50 million for investments with Housing Associations, as set out in Section 3.4.6

d) 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, as set out in section 3.4.6

e) recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2019/20 (Appendix 4 on pages 17-43 of this report), including the prudential indicators (summarised on page 43) and the Minimum Revenue Provision (MRP) policy statement (page 22).

2.2. Council is requested to:

a) note the report,

b) approve an increase in the limit to £50 million for investments with Housing Associations, as set out in section 3.4.6

c) agree 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, as set out in section 3.4.6

d) agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2019/20 (Appendix 4 on pages 17- 43 of this report), including the prudential indicators (summarised on page 43) and the Minimum Revenue Provision (MRP) policy statement (page 22).

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: £3,491k (net) in 2018/19, £3,291k draft budget for 2019/20

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

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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. The original 2018/19 annual Treasury Strategy, including the Minimum Revenue Provision (MRP) Policy Statement and prudential indicators was originally approved by Council in February 2018. The Annual Report for the financial year 2017/18 was submitted to Executive, Resources and Contracts PDS on 5 July 2018 and to Council on 16 July 2018.

3.1.3. The mid-year review for 2018/19 was reported to this PDS Committee in November and was approved by Council in December. It was agreed that Treasury Management in year monitoring will be incorporated into the three reports required by the Code of Practice. This effectively means that Quarter One will no longer be reported, unless there are any specific matters that require reporting. Details of treasury management activity during the quarter ended 31st December 2018 are now included in with this Treasury Management Strategy report. This report also presents the annual strategy (Appendix 4), including the MRP Policy Statement (page 22) and prudential indicators (summarised on page 43) for 2019/20 to 2021/22.

3.1.4. On 10th December 2018 Council also approved the inclusion of the Low Volatility Net Asset Value (LVNAV) money market funds into the Treasury Management Strategy and these are. now incorporated within the Strategy Statement in Appendix 4.*.”*

3.2. Treasury Performance in the quarter ended 31th December 2018

3.2.1. 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.

3.2.2. 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

3.2.3. 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

3.2.4. **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.

3.2.5. **Investments:** The following table sets out details of investment activity during the third. quarter of 2018/19 and 2018/19 year to date:-

	Qtr ended 31/12/18		**2018/19 year to date**		
	Deposits	**Ave Rate**	**Deposits**	**Ave Rate**	**Paragraph**
Balance of "core" investments b/f	180.00	1.21	180.00	1.27	
New Investments made in period	45.00	1.22	105.00	1.16	
Investments redeemed in period	-25.00	1.33	-85.00	1.30	
'Core' investments at end of period	200.00	1.20	200.00	1.20	
Money Market Funds	56.60	0.68	56.60	0.57	3.3.1
CCLA Property Fund *	40.00	10.95	40.00	7.32	3.3.4.5
Diversified Growth Funds *	10.00	-7.60	10.00	-1.04	3.3.4.8
Multi-Asset Income Fund *	30.00	-9.61	30.00	1.44	3.3.4.11
Project Beckenham Loan	2.30	6.00	2.30	6.00	3.3.3
'Alternative' investments at end of period	138.90	0.91	138.90	2.68	
Total investments at end of period	338.90	1.08	338.90	1.80	

* 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 paragrahs

3.2.6. Details of the outstanding investments at 31st December 2018 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. An average return of 1% 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 five new "core" investments placed during the third quarter of 2018/19 was 1.22%, compared to the average LIBID rates of 0.58% for 7 days, 0.79% for 3 months, 0.91% for 6 months and 1.05% for 1 year.

3.2.7. 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.

3.2.8. 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.

3.2.9. 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.

3.2.10. 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. Other accounts

3.3.1. <u>Money Market Funds</u>

3.3.1.1. 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.

3.3.1.2. 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 at 30th September 2018 and £56.6m as at 30th December 2018, and currently stands at £62.2m (as at 25th January 2019). 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 £m**	**Actual balance 30/12/18 £m**	**Ave. Rate Q3 2018/19 %**	**Latest Balance 25/01/19 £m**	**Ave. Daily balance to 25/01/19 £m**	**Latest Rate 25/01/19 %**
Prime Rate	15/06/2009	-	15.00	0.73	15.00	14.34	0.77
Aberdeen Standard (Ignis)	25/01/2010	15.0	15.00	0.71	15.00	13.66	0.78
Insight	03/07/2009	7.5	15.00	0.71	15.00	14.36	0.77
LGIM	23/08/2012	-	11.60	0.71	15.00	13.90	0.76
Blackrock	16/09/2009	-	0.0	0.62	0.00	0.0	0.68
Fidelity	20/11/2002	-	0.0	0.65	2.20	4.57	0.69
Morgan Stanley		-	-		-	-	
TOTAL		22.5	56.60	0.68	62.20	8.69	

3.3.1.3. Current balances in MMFs are higher than usual for several reasons; mainly £20m being held for a further Multi-Asset Income Fund investment, which is now in the final stages of completing US tax exemption forms, £10m for a fixed term forward deal with a County Council, at a particularly good rate and 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.

3.3.2. Housing Associations

3.3.2.1. 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%. Section 3.4.6 of this reports requests changes to the 2019/2020 Strategy, to increase the limit for investments with Housing Associations from £25m to £50m.

3.3.3. Loan to Project Beckenham

3.3.3.1. 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.

3.3.4. Pooled Investment Schemes

3.3.4.1. 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, Commissioning and Contracts Management Portfolio Holder.

3.3.4.2. 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.

3.3.4.3. 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.

3.3.4.4. 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 since issued regulations providing a statutory override to reverse the impact of IFRS9 on the Council's General Fund, which came into force in December 2018. The regulations are currently only applicable for a period of five years to March 2023, when it is intended for movements in value to be recognised in year. Due to the regulations being time limited and the potentially volatile nature of these investments, it is proposed to continue setting aside interest/dividend earnings above 2.5% into the earmarked reserve. This will protect the council against unexpected variations in the capital value of these investments and any timing issues arising from the expiry of the statutory override.

CCLA Property Fund

3.3.4.5. Following consultation between the Director of Finance and the then Resources Portfolio Holder, an account was opened in January 2014 with the CCLA Local Authorities' Property Fund and an initial deposit of £5m was made, followed by further deposits of £5m in July 2014, £5m in March 2015, £10m in October 2015, £5m in October 2016 and £10m in October 2017. The investment in the CCLA Fund is viewed as a medium to long-term investment and dividends are paid quarterly. A breakdown of the dividend earned and capital growth is provided in the table below.

Annualised net return	Dividend %	Capital Growth %	Total Return %
01/02/2014 - 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 - 31/12/18	4.42	2.9	7.32
Cumulative	4.63	1.16	5.79

3.3.4.6. The negative "growth", particularly in the first two months, was mainly a result of the bid-offer spread that is inherent in property funds when the original and subsequent investments were made. This has less of an effect over the longer term that these investments are expected to be held, and overall there has been modest capital growth of 1.16%.

Diversified Growth Funds

3.3.4.7. 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.

3.3.4.8. 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 -1.04% in the first three quarters of 2018/19, with overall net returns since inception of 0.86%, as shown in the table below.

Annualised net return	Newton %	Standard Life %	Combined %
22/12/2014 - 31/03/15	21.25	21.64	21.44
01/04/2015 - 31/03/16	0.81	-4.77	-1.98
01/04/2016 - 31/03/17	2.08	0.37	1.25
01/04/2017 - 31/03/18	-2.23	0.71	-0.81
01/04/2018 - 31/12/18	3.33	-5.60	-1.04
Cumulative return	2.28	-0.56	0.86

3.3.4.9. 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.

3.3.4.10. 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 lower 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

3.3.4.11. 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 in the first three quarters of 2018 was capital loss of -3.08% and dividends of 4.3% paid, resulting in a total return of 1.38%. Since inception, dividends paid have totalled 4.36%, the capital value has decreased by 4.58%, resulting in a total return of -0.21%, as shown in the table below. It should be noted that this would represent a longer term investment of around five years.

Annualised net return	Dividend %	Capital Loss %	Total Return %
12/07/2017 - 31/03/18	4.42	-6.27	-1.85
01/04/2018 - 30/12/18	4.36	-3.08	1.44
Cumulative return	4.40	-4.58	-0.18

3.3.5. Investment with Heritable Bank

Members will be aware from previous updates to the Resources, Commissioning and Contracts Management 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.

3.4. Treasury Management Strategy Statement and Annual Investment Strategy 2019/20

3.4.1. Appendix 4 sets out the Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20. This combines the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services (revised in 2009 and updated in 2011 and 2017) and the Prudential Code. The Strategy includes throughout details of proposed prudential indicators, which are summarised in Annex 3 (page 43) and will be submitted for approval to the February Council meeting. Many of the indicators are academic as far as the Council is concerned, as they seek to control debt and borrowing (generally not applicable for Bromley), but they are a statutory requirement.

3.4.2. Members will be aware that, since the Icelandic bank crisis in October 2008, the Council has approved a number of changes to the eligibility criteria and maximum exposure limits (both monetary and time) for banks and building societies. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one of which meets the Council's criteria while the other does not, the institution will fall outside the lending criteria. The Council also applies a minimum sovereign rating of AA- to investment counterparties.

3.4.3. While the Council effectively determines its own eligible counterparties and limits, it also uses Link Treasury Solutions (formerly Capita) as an advisor in investment matters. Link use a sophisticated modelling approach that combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes indicate Link's recommendations on the maximum duration for investments. The Council will use its own eligibility criteria for all investment decisions, but will also be mindful of Link's advice and information and will not use any counterparty not considered by Link to be a reasonable risk. In line with the requirements of the CIPFA Treasury Management Code of Practice, the Council will always ensure the security of the principal sum and the Council's liquidity position before the interest rate.

3.4.4. A number of UK banks have been the subject of credit ratings downgrades in recent years, which has resulted in reductions to the number of eligible counterparties and to monetary and duration limits on the Council's lending list. It should be emphasised that the downgrades were, in most cases, relatively minor and were not an indication of a likely bank default, but, nevertheless, they were enough to impact on the Council's lending list. As a result, the total of investments placed with money market funds has increased significantly in recent years, although this has reduced following Council approval to invest in pooled vehicles and increased limits for the part-nationalised banks, Lloyds and RBS (following the government's sale of the last Lloyds shares in May 2017, Council approved a temporary increase in the limit with Lloyds in June 2017 until existing investments mature during 2019/20, and the limit reduces to £30m).

3.4.5. The treasury management strategy is kept under constant review and, at its meeting on 10th December 2018, Council approved the following change:

- Inclusion of the new Low Volatility Net Asset Value (LNAV) category of Money Market Funds into the Treasury Management Strategy.

3.4.6. This report requests the following changes to the Treasury Management Strategy:

3.4.6.1. Increase in the total limit that may be invested in Housing Associations.

In September 2016, the Council approved the inclusion of Housing Associations within the Treasury Management Strategy for a maximum period of two years, a maximum deposit of £10m with any one Housing Association and a £25m limit in total. The counterparty rating criteria was originally set at AA-, but this was reduced to A- in line with the criteria for corporate bonds, as approved by Council on 26 June 2017.

Cash management and investment monitoring, in the latter part of 2018, has shown that Housing Associations, which meet the Council's criteria, are offering significantly higher interest rates to lenders – for example 1.6% for two years and as high as 1.75% for two years. We have been unable to place any further investments as we are currently at our overall limit of £25m. Council are requested to approve an increase in the overall limit to £50m, resulting in the following change to the Treasury Management Strategy.

Housing Associations *– The Council may invest with Housing Associations with a minimum credit rating of A-, for a maximum duration of 2 years, and with a maximum deposit of £10m with any one Housing Association and £25m in total*

to
***Housing Associations** – The Council may invest with Housing Associations with a minimum credit rating of A-, for a maximum duration of 2 years, and with a maximum deposit of £10m with any one Housing Association and £50m in total*

3.4.6.2 Part nationalised UK banks – Royal Bank of Scotland

The current Treasury Management Strategy permits investments up to a total of £80m for a maximum of 3 years with the part-nationalised Royal Bank of Scotland, providing it remains part-nationalised.

At the time of writing the 2018/19 Treasury Management Strategy, full details of how the Royal Bank of Scotland (RBS) would implement 'ring-fencing' legislation was not available. Ring-fencing requires the largest UK banks to separate their retail and investment banking activities and is effective from1st January 2019. To comply with this legislation, the RBS Group has undertaken a re-organisation of its group legal entity structure and business model. Following this re-organisation, the RBS Group has one ring-fenced holding company, NatWest Holdings Ltd, incorporating four ring-fenced components: Royal Bank of Scotland Plc, National Westminster Bank plc, Ulster Bank Ltd and Coutts and Co. Outside of the ring-fence are NatWest Markets Plc and RBS International Holdings Ltd (RBSI).

The Council has one investment of £20m, placed on 9th October 2017, with RBS which has been transferred into Natwest Markets Plc following this restructuring. It is due to mature on 9th April 2019 after which time there will be no further investments made into either of the entities outside of the ring-fence.

Council are requested to approve that the Treasury Management strategy be amended to clarify that only the ring-fenced elements of RBS may be used for any future investments.

3.4.7. Details of eligible types of investment and counterparties are set out in the Annual Investment Strategy (Annex 2 of Appendix 4).

3.5. Regulatory Framework, Risk and Performance

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

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing that may be undertaken (although no restrictions have been made to date);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;

- Under the Act, the CLG has issued Investment Guidance to structure and regulate the Council's investment activities;

- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007, the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

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

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

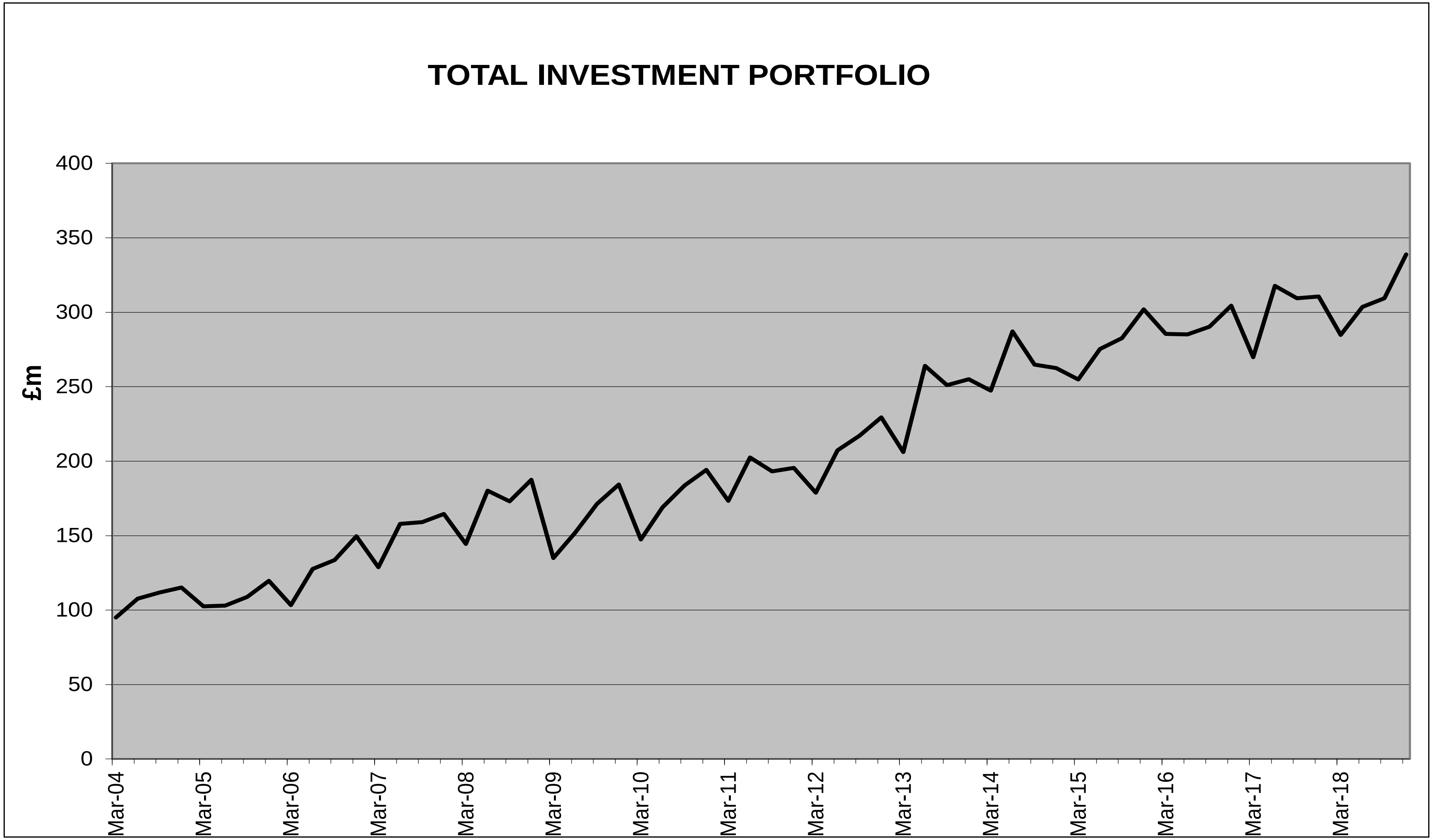
5.1 At the time of setting the 2018/19 budget, the Bank of England had recently increased the Base Rate to 0.50% from 0.25%, reversing the emergency cut in August 2016 following the EU referendum, and in line with the MPC's forward guidance, it was anticipated by many "experts" that rates would increase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

5.2 Despite a further increase in the base rate to 0.75% in August 2018, there has been relatively little impact on interest income from lending to banks. This is partly due to banks having the ability to borrow from the Bank of England at very low rates as well as the strengthening of 'balance sheets' reducing the need to borrow as well as the fact that expected increases in the base rate had already been 'priced in'.

5.3 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 to £100m which will generate additional income of around £2m compared with lending to banks. As a result, additional income of £600k was included in the 2018/19 budget. The projected outturn will be reported in the Budget Monitoring 2018/19 report to Executive in March 2019.

5.4 With regard to 2019/20, the draft budget has been reduced to £3,291k, a reduction of £200k, to reflect the expected reduction in balances available for investment as a result of the utilisation of capital receipts and grants/contributions as well as earmarked revenue reserves. The internal lending for the Site G development will have an impact on investment income until the future capital receipts are realised and will result in a projected reduction in net income of £0.2m in 2019/20. The contribution of higher risk and longer term investments within Treasury Management has generated additional income and contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group.

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


TOTAL INVESTMENT PORTFOLIO
£m
400
350
300
250
200
150
100
50
0
Mar-04
Mar-05
Mar-06
Mar-07
Mar-08
Mar-09
Mar-10
Mar-11
Mar-12
Mar-13
Mar-14
Mar-15
Mar-16
Mar-17
Mar-18

APPENDIX 2

INVESTMENTS HELD AS AT 31 DECEMBER 2018

Counterparty	Start Date	Maturity Date	Rate of Interest	Amount
			%	£m
FIXED DEPOSITS				
CLOSE BROTHERS	02/03/2018	01/03/2019	1.15000	20.0
RBS	09/10/2017	09/04/2019	1.00000	20.0
NATWEST BANK	15/11/2018	15/11/2019	1.17000	10.0
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	19/07/2019	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
THURROCK BOROUGH COUNCIL	30/10/2018	29/10/2019	1.15000	10.0
MEDWAY COUNCIL	02/11/2018	01/11/2019	1.10000	10.0
SANTANDER BANK	15/11/2018	15/11/2019	1.25000	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
WOKINGHAM BC	19/12/2018	18/12/2020	1.45000	10.0
TOTAL FIXED INVESTMENTS				200.0
OTHER FUNDS				
BLACKROCK LIQUIDITY FUND				0.0
FIDELITY MONEY MARKET FUND				0.0
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				15.0
INSIGHT STERLING LIQUIDITY FUND				15.0
LGIM STERLING LIQUIDITY FUND				11.6
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				**338.9**

APPENDIX 3

INVESTMENTS HELD AS AT 31 DECEMBER 2018

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
UK BANKS							
LLOYDS BANK	29/07/2016	31/07/2019	1.34	2.5			
LLOYDS BANK	18/08/2016	19/08/2019	1.14	7.5			
LLOYDS BANK	05/12/2016	05/12/2019	1.37	25.0	40.0	40.0	0.0
ROYAL BANK OF SCOTLAND	09/10/2017	09/04/2019	1.00	20.0	20.0		
NATWEST BANK PLC	15/11/2018	15/11/2019	1.17	10.0	30.0	80.0	50.0
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	0		
SANTANDER PLC UK	16/11/2018	15/11/2019	1.25	5.0	30.0	30.0	0.0
LOCAL AUTHORITIES							
WOKINGHAM BC	19/12/2018	18/12/2020	1.45	10	10	15	5
THURROCK BOROUGH COUNCIL	30/10/2018	29/10/2019	1.15	10	10	15	5
MEDWAY COUNCIL	02/11/2018	01/11/2019	1.1	10	10	15	5
OTHER INVESTMENTS							
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	15.0	15.0	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	11.6	11.6	15.0	0.0
MORGAN STANLEY	01/11/2012		0.00	0.0	0.0	15.0	15.0
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND	15/06/2009		0.00	15.0	15.0	15.0	0.0
SPRING CAPITAL LOAN	09/06/2017		6.00	2.3	2.3	2.7	0.4
HOUSING ASSOCIATIONS							
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
POOLED FUND INVESTMENTS							
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				**338.9**	**338.9**		

APPENDIX 4

THE LONDON BOROUGH
www.bromley.gov.uk

Treasury Management Strategy Statement
Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2019/20

Contents

1. Introduction

1.1. Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans, which provide a guide to the borrowing need of the Council. Although the Council does not borrow to finance its capital spending plans, officers still plan and forecast the longer term cash flow position in order to ensure that the Council can meet its capital spending obligations and that it maintains balances (working capital) at a prudent and sustainable level.

CIPFA defines treasury management 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."

1.2. Statutory and reporting requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Members before being recommended to the Council. This role is undertaken by the Executive, Resources and Contracts Policy Development & Scrutiny Committee.

Prudential and Treasury Indicators and Treasury Strategy (this report) - This covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A Part-Year Treasury Management Report (approved by Council in December 2018) – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Capital Strategy
In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

1.3. Treasury Management Strategy for 2019/20

The proposed strategy for 2019/20 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the MRP strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators that limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4. Treasury management consultants

The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.5. Elective professional client status

From 3rd January 2018 the Financial Conduct Authority is obligated to treat all Local Authorities as “retail clients” under European Union legislation, the Markets in Financial Instruments Directive II (MiFID II). The client status of the Local Authority relates to its knowledge and experience with regards to the use of regulated investment products and the decision-making processes it has in place for making such investments. The directive is focused on products such as Certificates of Deposit, Gilts, Corporate Bonds and investment funds, including Money Market Funds.

The Council will opt up to “elective professional” status in order to continue to have access to these funds as an investment option as they are not available to retail clients. The Council had opted up to elective professional status with all relevant counterparties, including its advisers and brokers, prior to the deadline. This will be kept under regular review and counterparties will be added or removed as necessary for the Council’s investment needs.

2. The Capital Prudential Indicators 2018/19 to 2021/22

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members to overview and confirm capital expenditure plans.

2.1. Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts (as per the capital monitoring and review report to Executive on 13th February 2019):

Capital Expenditure	**2017/18 Actual**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
	£m	£m	£m	£m	£m
Education, Children & Families	15.8	13.7	17.3	0.8	0.0
Adult Care & Health	3.4	0.3	1.4	1.0	1.3
Environment & Community	13.1	12.2	9.3	5.4	2.2
Renewal, Recreation & Housing	3.0	10.1	17.7	14.1	0.0
Resources, Commissioning & Contracts Management	5.0	0.8	34.7	1.7	0.4
Public Protection & Enforcement	0.0	0.0	0.0	0.0	0.0
Sub-Total	**40.3**	**37.1**	**80.4**	**23.0**	**3.9**
Add: Future new schemes	0.0	0.0	3.5	3.5	3.5
Less: Estimated slippage	0.0	-5.0	3.0	2.0	0.0
Grand Total	**40.3**	**32.1**	**86.9**	**28.5**	**7.4**

NB. The above financing need excludes other long term liabilities (finance lease arrangements), which already include borrowing instruments.

The table below shows how the above capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure	**2017/18 Actual**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
Total Expenditure	**40.3**	**32.1**	**86.9**	**28.5**	**7.4**
Financed by:					
Capital receipts	7.2	5.4	43.5	24.2	3.8
Capital grants/contributions	24.7	23.2	26.4	4.2	3.5
Internal borrowing	-	-	12.7	-	-
Revenue contributions *	8.4	3.5	4.3	0.1	0.1
Net financing need	**40.3**	**32.1**	**86.9**	**28.5**	**7.4**

* These are approved contributions from the revenue budget, earmarked to fund specific schemes.

2.2. The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need.

If the CFR is positive, the Council may borrow from the Public Works Loans Board (PWLB) or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council's CFR represents liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment (primarily equipment in schools and vehicles and plant built into highways and waste contracts). The Council currently has no external borrowing as such. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The Council is asked to approve the CFR projections below:

CFR	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m	£m
Total CFR	**2.3**	**1.5**	**1.0**	**0.5**	**0.1**
Movement in CFR	**-0.8**	**-0.8**	**-0.5**	**-0.5**	**-0.4**

Movement in CFR represented by					
Net financing need for the year (above)	0	0	0	0	0
Less MRP/VRP and other financing movements	-0.8	-0.8	-0.5	-0.5	-0.4
Movement in CFR	**-0.8**	**-0.8**	**-0.5**	**-0.5**	**-0.4**

2.3. MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to make additional voluntary payments (voluntary revenue provision - VRP).

CLG Regulations require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

***The Council is recommended to approve the following MRP Statement**:*

MRP will be based on the estimated lives of the assets, in accordance with the regulations, and will follow standard depreciation accounting procedures. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

In practice, the Council's capital financing MRP is assessed as 4% of the outstanding balance on the finance leases the Council has entered into. A Voluntary Revenue Provision (VRP) may also be made in respect of additional repayments.

2.4. Core funds and expected investment balances

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	**2017/18 Actual**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
	£m	£m	£m	£m	£m
General Fund balance	20.0	20.0	18.9	18.9	18.9
Capital receipts	25.7	35.2	0.0	0.0	0.0
Capital grants	33.1	10.3	6.5	2.4	2.2
Provisions	14.6	14.5	14.5	14.5	14.5
Other (earmarked reserves)	126.0	115.2	96.7	81.3	78.7
Total core funds	**219.4**	**195.2**	**136.6**	**117.1**	**114.3**
Working capital*	65.4	69.8	69.8	69.8	69.8
Under/over borrowing	0.0	0.0	0.0	0.0	0.0
Investments	**284.8**	**265.0**	**206.4**	**186.9**	**184.1**

*Working capital balances shown are estimated year end; these may be higher mid-year.

2.5. Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. In practice, these indicators are virtually irrelevant for Bromley, as it has no external borrowing other than residual finance leases. The Council is asked to approve the following indicators:

2.5.1. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	**2017/18 Actual**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
	%	**%**	**%**	**%**	**%**
Non-HRA	-	-	-	-	-

3. Treasury Management Strategy

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1. Current Portfolio Position

The Council's treasury portfolio position at 31 March 2018 is summarised below, together with forward projections. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m	£m
External borrowing					
Borrowing at 1 April	-	-	-	-	-
Expected change in borrowing	-	-	-	-	-
Other long-term liabilities (OLTL)	2.3	1.5	1.0	0.5	0.1
Expected change in OLTL	-0.8	-0.8	-0.5	-0.5	-0.4
Actual borrowing at 31 March	**-**	**-**	**-**	**-**	**-**
CFR – the borrowing need	2.3	1.5	1.0	0.5	0.1
Under / (over) borrowing	2.3	1.5	1.0	0.5	0.1
Investments	**284.8**	**265.0**	**206.4**	**186.9**	**184.1**
Net investments	**282.5**	**263.5**	**205.4**	**186.4**	**184.0**
Change in Net investments	13.7	-19.0	-58.0	-19.0	-2.4

Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage non-compliance in the future. This view takes into account current commitments, existing plans, and the proposals in this year's budget report.

3.2. Treasury Indicators: Limits to Borrowing Activity

3.2.1. The Operational Boundary

This is the total figure that external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Borrowing	10.0	10.0	10.0	10.0
Other long term liabilities	20.0	20.0	20.0	20.0
Total Operational Boundary	30.0	30.0	30.0	30.0

3.2.2. The Authorised Limit for external borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following Authorised Limit:

Authorised limit £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m
Borrowing	30.0	30.0	30.0	30.0
Other long term liabilities	30.0	30.0	30.0	30.0
Total Authorised Limit	60.0	60.0	60.0	60.0

3.3. Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and narrative gives Link Asset Services central view.

	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
Mar 2019	0.75	2.10	2.90	2.70
Jun 2019	1.00	2.20	3.00	2.80
Sep 2019	1.00	2.20	3.10	2.90
Dec 2019	1.00	2.30	3.10	2.90
Mar 2020	1.25	2.30	3.20	3.00
Jun 2020	1.25	2.40	3.30	3.10
Sep 2020	1.25	2.50	3.30	3.10
Dec 2020	1.50	2.50	3.40	3.20
Mar 2021	1.50	2.60	3.40	3.20
Jun 2021	1.75	2.60	3.50	3.30
Sep 2021	1.75	2.70	3.50	3.30
Dec 2021	1.75	2.80	3.60	3.40
Mar 2022	2.00	2.80	3.60	3.40

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%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates:

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4. Borrowing Strategy

The Council currently does not borrow to finance capital expenditure and finances all expenditure from external grants and contributions, capital receipts or internal balances. The Council does, however, have a Capital Financing Requirement (CFR) of £2.3m (as at 31st March 2018), which is the outstanding liability on finance leases taken out in respect of plant, equipment and vehicles.

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy and will monitor interest rates in financial markets.

3.4.1. Treasury indicators for debt

There are three debt-related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	**2018/19**	**2019/20**	**2020/21**
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	20%	20%	20%
Maturity Structure of fixed interest rate borrowing 2018/19			
		Lower	**Upper**
Under 12 months (temporary borrowing only)		100%	100%
12 months to 2 years		N/A	N/A
2 years to 5 years		N/A	N/A
5 years to 10 years		N/A	N/A
10 years and above		N/A	N/A

3.5. Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4. Annual Investment Strategy

4.1. Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 5.3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.2. Creditworthiness policy

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Investment Counterparty Selection Criteria - The primary principles governing the Council's investment criteria are the security and liquidity of its investments, although the yield or return on the investment is also a key consideration. After these main principles, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those that determine which types of investment instrument are either Specified or Non-Specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria. This approach is supported by Link and is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by Link, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.

In addition, the Council receives weekly credit lists as part of the creditworthiness service provided by Link. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings (these provide an indication of the likelihood of bank default);
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties and a recommendation on the maximum duration for investments. The Council would not be able to replicate this level of detail using in-house resources, but uses this information, together with its own view on the acceptable level of counterparty risk, to inform its creditworthiness policy. The Council will also apply a minimum sovereign rating of A- to investment counterparties.

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

- **Banks 1** - good credit quality **–** the Council will only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, <u>as a minimum</u>, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
    - Short term – Fitch F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+
- **Banks 2** – Part nationalised UK bank – Royal Bank of Scotland (ring fenced). This bank can be included provided it continues to be part nationalised (Lloyds is also temporarily included until existing investments mature in 2018/19).
- **Bank subsidiary and treasury operation** - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings in Banks 1 above.
- **Building societies** - The Council will use all societies that meet the ratings in Banks 1 above.
- **Money Market Funds** – The Council will use AAA-rated Money Market Funds, including VNAV funds.
- **UK Government** (including gilts and the DMADF)
- **Other Local Authorities, Parish Councils, etc.**
- **Housing Associations**
- **Collective (pooled) investment schemes**

- **Supranational institutions**
- **Corporate Bonds**
- **Certificates of Deposit, Commercial Paper and Floating Rate Notes**

The Council's detailed eligibility criteria for investments with counterparties are included in Annex 2.
All credit ratings will be continuously monitored. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
- in addition to the use of Credit Ratings, the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the external advisers. In addition, this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. The Council forms a view and determines its investment policy and actions after taking all these factors into account.

4.3. Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using these credit criteria as at the date of this report is shown in Annex 2. This list will be amended by officers should ratings change in accordance with this policy.

4.4. Investment Strategy

In-house funds: The Council's core portfolio is around £300m although cashflow variations during the course of the year have the effect from time to time of increasing the total investment portfolio to a maximum of around £360m. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns outlook:
On the assumption that the UK and EU agree a Brexit deal in spring 2019, then Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

Link Asset Services suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.50%

- 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 dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

As at year end	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Principal sums invested > 365 days	170.0	170.0	170.0	170.0

For its cash flow generated balances, the Council will seek to utilise its short notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.5. End of year investment report

After the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.6. Scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

4.7. Role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

5. ANNEXES

1. Economic background
2. Specified and non specified investments – Eligibility Criteria
3. Prudential Indicators – summary for approval by Council

ANNEX 1. Economic Background (Provided by Link Asset Services)

Detailed economic commentary on developments during quarter ended 31 December 2018

- **During the quarter ended 31 December 2018 *(quarter 4 of 2018):***
  - The economy lost some momentum after a strong quarter ended 30.9.18;
  - There was a further acceleration in wage growth;
  - Early signs that lower oil prices will soon depress inflation;
  - The Chancellor delivered a giveaway in the autumn Budget;
  - The MPC was stuck in a state of Brexit inertia;
  - Parliament was deadlocked over Brexit;
  - Equity markets worldwide were hit hard by global growth fears.

GDP growth in the quarter ended 30.9.18 was a solid 0.6% q/q, the strongest rise since late 2016. However, growth was boosted by some temporary factors - the unusually warm summer, the boost to consumer spending from the world cup and construction firms catching up on activity lost during the unusually poor weather earlier in the year. There were also signs of Brexit uncertainty weighing more heavily on growth. The 1.1% q/q fall in business investment in the quarter was the third in a row.

While **household spending** grew by a fairly strong 0.5% q/q, more recent data pointed to slower growth in the last quarter of 2018. GfK's measure of consumer confidence dropped from -9 in September, to a 5-year low of -14 in December. Although the 1.4% monthly rise in retail sales volumes in November looked impressive at first glance, the 3m/3m growth rate ticked down to a fairly subdued 0.3%. What's more, much of the monthly rise in November seems to have been due to consumers bringing forward Christmas purchases in order to take advantage of the price cuts on Black Friday. Indeed, the reported sales balance of the CBI's Distributive Trades Survey, which is a timelier indicator of retail trade, dropped sharply in December.

Production data and activity surveys for Q4 of 2018 also pointed to the economy having lost momentum. 3m/3m GDP growth eased from 0.6% in September to 0.4% in October, as the boost from temporary factors faded and the manufacturing sector continued to struggle. And while the rises in the Markit/CIPS manufacturing PMI in both November and December point to industry faring a little better more recently, the services PMI dropped to just 50.4 in November. The combined PMIs are consistent with quarterly GDP growth of just 0.1% in Q4. That said, the PMIs have overstated the economy's weakness in the past when Brexit uncertainty has been high, and other indicators point to growth coming in at around 0.3%.

However, the **labour market** remained a bright spot for the economy in Q4 of 2018. After a few months of weaker employment growth, 79,000 jobs were created in the three months to October. That pushed up the annual growth rate to 1.2%, which was the strongest rate in six months. Meanwhile, headline regular pay growth excluding bonuses picked up to a fresh post-crisis high of 3.3% during the same period. That was already well above the Bank of England's forecast for Q4 of 2.75%. What's more, surveys of pay settlements point to upward pressure on wage rates.

Inflation held steady at 2.4% in October, as pre-announced hikes in utilities prices were offset by falling food inflation. However, not only did inflation tick down to 2.3% in November, largely on the back of easing energy inflation, but the sharp drop in the oil price since the start of Q4 should soon feed through into larger falls in petrol prices. As such, falling energy costs should provide a large drag on the overall inflation rate in the coming months. A return to the Bank of England's 2% target in December looks quite likely. That should provide a further boost to consumers' real spending power.

Prior to October's autumn Budget, the Chancellor received a helping hand from the Office of Budget Responsibility (OBR). It revised down its forecasts for **public sector borrowing** in the current fiscal year by some £13bn, and carried that improvement forward into future years. That allowed Phillip Hammond to maintain the £15bn of headroom that he has built up against his target of keeping the government's cyclically-adjusted budget deficit below 2% in 2020/21, to deliver the Prime Minister's pre-announced boost to healthcare spending, and to announce a handful of additional fiscal giveaways. In fact, the Chancellor was unusually spendthrift, with 2019/20 now set to see the first discretionary *loosening* of fiscal policy in a decade. The Bank of England judged in December that this should, all else being equal, boost GDP growth by 0.3% over 2019 and 2020. We agree.

Government borrowing data for October and November point to the budget deficit slightly overshooting the OBR's new forecast for 2018/19 of £25.5bn. But worse news for the Chancellor was the Office of National Statistics' recent announcement that from September, it will treat a portion of spending on student loans as grants, rather than lending, reflecting the fact that a large share will eventually not be paid back. That may push up the deficit by roughly 0.6% of GDP each fiscal year and wipe out almost all of the Chancellor's £15bn of 'fiscal headroom'. However, the change is essentially cosmetic. So while it will make the budget deficit look a bit worse, it seems unlikely to be a major influence on the direction of fiscal policy.

Brexit uncertainty kept the Bank of England in a state of inertia in Q4, with the **Monetary Policy Committee (MPC)** voting unanimously to keep policy unchanged in both November and December. After all, despite the recent strength of pay growth, the MPC would not have wanted to vote for a rate hike that may need to be quickly reversed if the UK left the EU without a deal in March. However, November's Inflation Report's projections were fairly hawkish and suggest that if a Brexit deal is secured, the MPC will not sit on its hands for long. In the projections, which were based on the assumption of rates rising twice in the next two years, inflation remains above the 2% target at the end of the Bank's two-year policy horizon. That suggests rates may need to rise more quickly in order to return inflation to target.

The MPC did restate in its December meeting's minutes that Bank Rate would rise "at a gradual pace and to a limited extent" if the economy continued to develop in line with November's projections. However, those projections were made prior to the announcement of looser fiscal policy in 2019 and the acceleration of wage growth to above the Bank's forecasts, which both strengthen the case for monetary tightening. If a Brexit deal is ratified we expect the Bank to raise interest rates three times in 2019 and twice in 2020. The MPC also stressed again in December's minutes that the response of monetary policy to a "no deal" Brexit would, "not be automatic, and could be in either direction". But neither we, nor the financial markets, believe that the Bank would actually raise rates in response. As the implied probability of "no deal" has grown, market-implied interest rate expectations have fallen.

After a few fraught final months of negotiation with the EU, and several ministerial resignations, in mid-November **the Prime Minister managed to agree a Brexit deal with the EU** that mustered the broad support of her Cabinet. But that counted for little when all opposition parties, and over 100 of Theresa May's own MPs, spoke out against the deal. With the deal looking all but certain to be rejected in Parliament, the Government cancelled the key vote scheduled in early December. **While a new vote is now due to take place in the week beginning January 14th**, the Prime Minister seems unlikely to receive the sort of concessions from the EU on the so-called "Irish Backstop", that could unite her party behind the deal. But while British politics has rarely looked more unpredictable, the odds of a "no deal" Brexit seem to have fallen for two reasons. First, Theresa May's survival of a leadership challenge has greatly reduced the chances of a Brexiteer taking the helm as Prime Minister. Second, the European Court of Justice's recent ruling that the UK can choose to remain in the EU by unilaterally revoking Article 50, has probably raised the odds that Parliament pushes for the UK to remain if Britain faces a "no deal" exit in March 2019.

Equity prices across the world fell sharply over the course of Q4, driven lower by fears of a US-led slowdown in global growth. In Amercia, the S&P 500 index finished the quarter down 14%. Meanwhile, US 10-year Treasury yields also fell by roughly 40bps over the quarter, as investors revised down their expectations for rises in the Fed funds rate. Closer to home, volatility in **sterling** continued as the currency traded up or down on the latest Brexit developments. The pound suffered some of its largest single-day falls since the EU referendum on news of Dominic Raab's resignation and that the Government would delay the vote on Theresa May's Brexit deal. At the same time, 10-year gilt yields have fallen some 30bps as investors have revised down their interest rate expectations on the back of growing fears of a "no deal" Brexit.

While **the US Federal Reserve** delivered a widely-expected **ninth rate hike** in its current tightening cycle in December, taking the Fed funds range to 2.25%-2.50%, Fed officials lowered their projections for interest rates in 2019. They now expect only two hikes next year on average, rather than three. Although the US economy was confirmed to have grown at an annualised rate of 3.5% in Q3, down only a touch from Q2's 4.2%, the slowdown in business investment and further contraction in residential investment, suggest that higher interest rates are beginning to take their toll.

Meanwhile in the **eurozone**, supply-side disruptions to car production due to new EU emissions tests appeared responsible for half of the drop in eurozone growth to 0.2% q/q in Q3 from 0.4% in Q2. That pointed to a broader underlying slowdown. Although the ECB pressed ahead with plans to end its monthly net asset purchases in December, the central bank also stated that the balance of risks to the growth outlook was "moving to the downside".

Detailed commentary on interest rate forecasts

1. Quarterly Inflation Report and Monetary Policy Committee (MPC) meeting 1 November

- The biggest issue today when doing our forecasts, is what sort of Brexit will we have? We have to make an assumption one way or the other so our starting point is an assumption that the UK will muddle through to an eventual agreed exit being passed by the UK Parliament and also passed by the EU parliamentary processes.

- The next known unknown that will follow on from that is whether this will be the sort of 'agreement' which just kicks the can down the road until the end of the transition period at the end of 2020, and provides little solid certainty for entrepreneurs to enable them to release the investing decisions that have been pent up since the referendum, or whether it will be a more substantial agreement which will result in a significant boost to GDP in the form of a return to consumer and entrepreneur confidence that sends the economy up a gear. We have taken a cautious view on the ensuing rate of GDP growth.

- All our forecasts will be subject to review once this fog clears.

- The MPC and Inflation Report last week were more hawkish than expected in their words, due to the Chancellor's release of a significant fiscal stimulus which looks like it could add 0.3% to GDP growth, (after netting down for the effect of the economy operating near to full capacity), and consequently boost inflationary pressures. However, the Bank did not have time to undertake an impact analysis of the Chancellor's measures so this will have to wait until their next meeting on 14 December. The MPC are also assuming a reasonable agreed exit.

The flow of positive economic statistics since the end of the first quarter this year has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2; quarter 3 is expected to come in at around +0.6 to 0.7%, *(actual was +0.6%),* but quarter 4 is expected to weaken from that level.

The MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of 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. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also <u>raise</u> Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, depreciation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor has held back some spare capacity to provide a further fiscal stimulus.

Overall, the MPC was more hawkish than expected, i.e. this indicates the likelihood of a faster pace of increases than previously expected: -

- MPC voted 9-0 for no change in Bank Rate and quantitative easing.
- GDP growth 2018 cut to 1.3% from 1.4%; next three years @ 1.7% (2019 previously 1.8%).
- The economy will be operating at a small amount of excess demand in 2020, (previously 2021). This is likely to generate an increase in home grown inflationary pressures, (as opposed to imported due to a one off fall in the value of sterling).
- Unemployment rate to stay at 3.9% over the next three years; (equilibrium rate forecast 4.25%). N.B. the percentage of the population in employment is also at record highs. In addition, there has been much concern at how weak productivity increases have been in recent years.
- Build-up of wage inflation pressures as a result. Wage inflation actual 3.1% excluding bonuses in 3 months June to August; MPC forecast 3.25% 2019, 3.5% 2020, 3.75% 2021.
- CPI inflation up from 2.0% to 2.1% 2 years ahead, i.e. ***above*** their 2% target.
- Key message: the economy is heading into overheating and the fiscal position has changed direction to now be a slight tailwind, i.e. the MPC will be wanting to take action to counter building inflationary pressures as soon as Brexit uncertainty clears.

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. *(2.1.19 The Italian government has now agreed to eliminate its structural deficit in 2019-20, but only by delaying implementation of increases in expenditure plans to a later year!)* 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, *(a new leader has been appointed).* 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 EU governments.** Spain, Portugal, Netherlands, Ireland 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. *(2.1.19 The Belgian coalition collapsed in December but now has a minority government until the EU wide elections scheduled for May 2019.)*
- **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.

2. LINK ASSET SERVICES' FORECASTS

We do not currently think that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. It is likely that getting parliamentary approval on both sides of the Channel will take well into spring next year. However, in view of the hawkish stance of the MPC this time, we have moved forward our first increase in Bank Rate from August to May 2019. The next increases then occur in February and November 2020 before ending up at 2.0% in February 2022.

Financial markets are now expecting a first increase in February 2019 and then further increases only in February 2020 and then May 2021, to end 21/22 at only 1.50%.

PWLB rates, particularly 5 and 10 year rates, have increased slightly in response to the faster pace of Bank Rate increases.

Forecasts for average investment earnings beyond the three year time horizon will be heavily dependent on economic and political developments.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more "risky" assets i.e. equities, or the "safe haven" of government bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently, although there are likely to also be periods of sharp volatility from time to time.

We have pointed out consistently that the Fed. Rate is likely to go up more quickly and more strongly than Bank Rate in the UK. The correlation between the two rates and bond yields in both countries has been weak over the last few years as the US and UK economies are at different points in both the business cycle and in tightening monetary policy.

Our forecasts are also predicated on an assumption that there is no break-up of the eurozone or EU, (apart from the departure of the UK), within our forecasting time period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth. However, the current round of increases in tariff rates sparked by President Trump, both actual and threatened, are causing increasing concern around the potential impact on world growth and also on inflationary pressures, e.g. in the US.

We would, as always, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. Our revised forecasts are based on the Certainty Rate, (the Standard Rate minus 20 bps), which has been accessible to most authorities since 1st November 2012.

ANNEX 2. Specified and Non-Specified Investments

Eligibility Criteria for investment counterparties

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria (i.e. non-sterling and placed for periods greater than 1 year).

A variety of investment instruments will be used. Subject to the credit quality of the institution and depending on the type of investment made, investments will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS
These investments are sterling investments of not more than one-year maturity or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are relatively low risk investments where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, a UK Treasury Bill or a Gilt with a maximum of 1 year to maturity).
2. A local authority, parish council or community council (maximum duration of 1 year).
3. Corporate or supranational bonds of no more than 1 year's duration.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A bank or building society that has been awarded a high credit rating by a credit rating agency (only investments placed for a maximum of 1 year).
6. Certificates of deposit, commercial paper or floating rate notes (maximum duration of 1 year).

Minimum credit ratings (as rated by Fitch, Moody's and Standard & Poors) and monetary and time period limits for all of the above categories are set out below. The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria. The Council will take into account other factors in determining whether an investment should be placed with a particular counterparty, but all investment decisions will be based initially on these credit ratings criteria. The Council will also apply a minimum sovereign rating of A- (or equivalent) to investment counterparties.

NON-SPECIFIED INVESTMENTS
Non-specified investments are any other type of investment (i.e. not defined as Specified above) and can be for any period over 1 year. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

	Non Specified Investment Category	**Limit (£ or %)**
	Bank Deposits with a maturity of more than one year and up to a maximum of 3 years. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	£80m and 3 years limits with RBS (ring-fenced) (Lloyds is also temporarily included until existing investments mature in 2019/20).
	Building Society Deposits with a maturity of more than one year. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	None permitted at present.

	Deposits with other local authorities with a maturity of greater than 1 year and up to a maximum of 3 years. Maximum total investment of £15m with each local authority.	£15m limit with each local authority; maximum duration 3 years.
	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The use of UK Government gilts is restricted to fixed date, fixed rate stock with a maximum maturity of five years. The total investment in gilts is limited to £25m and will normally be held to maturity, but the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. The Director of Finance must personally approve gilt investments. The Council currently has no exposure to gilt investments.	£25m in total; maximum duration 5 years.
	Non-rated subsidiary of a credit-rated institution that satisfies the Council's counterparty list criteria. Investments with non-rated subsidiaries are permitted, but the credit-rated parent company and its subsidiaries will be set an overall group limit for the total of funds to be invested at any time.	Subject to group limit dependent on parent company's ratings.
	Corporate Bonds with a duration of greater than 1 year and up to a maximum of 5 years, subject to satisfaction of credit ratings criteria as set out below.	£25m in total; maximum duration 5 years.
	Collective (pooled) investment schemes with a duration of greater than 1 year. The total investment in collective (pooled) investment schemes is limited to £100m and can include property funds, diversified growth funds and other eligible funds.	£100m in total.
	Certificates of Deposit, Commercial Paper and Floating Rate Notes with a duration of greater than 1 year, subject to satisfaction of credit ratings criteria as set out below.	Subject to group banking limits dependent on bank / building society credit ratings.
	Housing Associations with a duration of between 1 and 2 years, subject to satisfaction of credit ratings criteria as set out below.	£50m in total; maximum duration 2 years.

CRITERIA FOR FUNDS MANAGED INTERNALLY AND EXTERNALLY

- **Banks General** - good credit quality **–** the Council may only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, <u>as a minimum</u>, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

    - Short term – Fitch F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+

- **Banks 1A – UK and Overseas Banks (highest ratings)** - the Council may place investments up to a total of £30m for a maximum period of 1 year with UK banks (and up to a total of £15m for a maximum period of 1 year with Overseas banks) that have, as a minimum, at least at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1+	AA-
Moody's	P-1	Aa3
S & P	A-1+	AA-

- **Banks 1B – UK and Overseas Banks (very high ratings)** - the Council may place investments up to a total of £20m for a maximum period of 1 year with UK banks (and up to a total of £10m for a maximum period of 6 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1	A
Moody's	P-1	A2
S & P	A-1	A

- **Banks 1C – UK and Overseas Banks (high ratings)** – the Council may place investments up to a total of £10m for a maximum period of 1 year with UK banks (and up to a total of £5m for a maximum period of 3 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated):

	Short-Term	Long-Term
Fitch	F3	BBB+
Moodys	P-3	Baa3
S & P	A-3	BBB+

- **Banks 2 - Part nationalised UK banks (Royal Bank of Scotland – ring fenced)** - the Council may place investments up to a total of £80m for up to 3 years with the part-nationalised UK Royal Bank of Scotland (ring-fenced) provided it remain part-nationalised (Lloyds is also temporarily included until existing investments mature in 2019/20).

- **Bank subsidiary and treasury operation** - The Council may use these where the parent bank has provided an appropriate guarantee and has the necessary ratings in Banks 1 above. The total investment limit and period will be determined by the parent company credit ratings.

- **Building societies** - The Council may use all societies that meet the ratings in Banks 1 above.

- **Money Market Funds** – 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."

- **UK Government (including gilts and the DMADF)** – The Council may invest in the government's DMO facility for a maximum of 1 year, but with no limit on total investment. The use of UK Government gilts is restricted to a total of £25m and to fixed date, fixed rate stock with a maximum maturity of 5 years. The Director of Finance must personally approve gilt investments.

- **Local Authorities, Parish Councils etc** – The Council may invest with any number of local authorities, subject to a maximum exposure of £15m for up to 3 years with each local authority.

- **Business Reserve Accounts** - Business reserve accounts may be used from time to time, but value and time limits will apply to counterparties as detailed above.

- **Corporate Bonds** – Investment in corporate bonds with a minimum credit rating of A- is permitted, subject to a maximum duration of 5 years and a maximum total exposure of £25m.

- **Collective (pooled) investment schemes** – these may comprise property funds, diversified growth funds and other eligible funds and are permitted up to a maximum (total) of £100m.

- **Certificates of Deposit, Commercial Paper and Floating Rate Notes** – These are permitted, subject to satisfaction of minimum credit ratings in Banks General above.

- **Housing Associations** – The Council may invest with Housing Associations with a minimum credit rating of A-, for a maximum duration of 2 years, and with a maximum deposit of £10m with any one Housing Association and £50m in total.

- **Sovereign Ratings** – The Council may only use counterparties in countries with sovereign ratings (all 3 agencies) of A- or higher.
  These currently include:

  AAA
  - Australia
  - Canada
  - Denmark
  - Germany
  - Luxembourg
  - Netherlands
  - Norway
  - Singapore
  - Sweden
  - Switzerland

  AA+
  - Finland
  - Hong Kong
  - U.S.A.

  AA
  - U.K
  - Abu Dhabi (UAE)
  - France

  AA-
  - Belgium
  - Qatar

ANNEX 3. Prudential and Treasury Indicators

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. They are included separately in Appendix 1 together with relevant narrative and are summarised here for submission to the Council meeting for approval.

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

PRUDENTIAL INDICATORS	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	actual	**estimate**	**estimate**	**estimate**	**estimate**
Total Capital Expenditure	£40.3m	32.1m	£86.9m	£28.5m	£7.4m
Ratio of financing costs to net revenue stream	0.0%	0.0%	0.0%	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)					
brought forward 1 April	£268.8m	£282.5m	£263.5m	£205.4m	£186.4m
carried forward 31 March	£282.5m	£263.5m	£205.4m	£186.4m	£184.0m
in year borrowing requirement (movement in net investments for Bromley)	+£13.7m	-£19.0m	-£58.0m	-£19.0m	-£2.4m
Capital Financing Requirement as at 31 March	£2.3m	£1.5m	£1.0m	£0.5m	£0.1m
Annual change in Cap. Financing Requirement	-£0.8m	-£0.8m	-£0.5m	-£0.5m	-£0.4m

TREASURY MANAGEMENT INDICATORS	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	actual	**estimate**	**estimate**	**estimate**	**estimate**
Authorised Limit for external debt -					
borrowing	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt -					
borrowing	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 365 days beyond year-end dates	£170.0m	£170.0m	£170.0m	£170.0m	£170.0m

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APPENDIX 4

THE LONDON BOROUGH
www.bromley.gov.uk

Treasury Management Strategy Statement
Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2019/20

Contents

1. Introduction

1.1. Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans, which provide a guide to the borrowing need of the Council. Although the Council does not borrow to finance its capital spending plans, officers still plan and forecast the longer term cash flow position in order to ensure that the Council can meet its capital spending obligations and that it maintains balances (working capital) at a prudent and sustainable level.

CIPFA defines treasury management 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."

1.2. Statutory and reporting requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Members before being recommended to the Council. This role is undertaken by the Executive, Resources and Contracts Policy Development & Scrutiny Committee.

Prudential and Treasury Indicators and Treasury Strategy (this report) - This covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A Part-Year Treasury Management Report (approved by Council in December 2018) – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Capital Strategy

In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

1.3. Treasury Management Strategy for 2019/20

The proposed strategy for 2019/20 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the MRP strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators that limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4. Treasury management consultants

The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.5. Elective professional client status

From 3rd January 2018 the Financial Conduct Authority is obligated to treat all Local Authorities as "retail clients" under European Union legislation, the Markets in Financial Instruments Directive II (MiFID II). The client status of the Local Authority relates to its knowledge and experience with regards to the use of regulated investment products and the decision-making processes it has in place for making such investments. The directive is focused on products such as Certificates of Deposit, Gilts, Corporate Bonds and investment funds, including Money Market Funds.

The Council will opt up to "elective professional" status in order to continue to have access to these funds as an investment option as they are not available to retail clients. The Council had opted up to elective professional status with all relevant counterparties, including its advisers and brokers, prior to the deadline. This will be kept under regular review and counterparties will be added or removed as necessary for the Council's investment needs.

2. The Capital Prudential Indicators 2018/19 to 2021/22

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members to overview and confirm capital expenditure plans.

2.1. Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts (as per the capital monitoring and review report to Executive on 13th February 2019):

Capital Expenditure	**2017/18 Actual**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
Latest estimate at time of writing	£m	£m	£m	£m	£m
Education, Children & Families	15.8	13.6	17.2	0.8	0.0
Adult Care & Health	4.4	0.3	1.4	1.0	1.3
Environment & Community	11.7	14.5	7.0	5.4	2.2
Renewal, Recreation & Housing	3.4	10.1	17.7	14.1	0.0
Resources, Commissioning & Contracts Management	5.0	0.9	34.7	1.7	0.4
Public Protection & Enforcement	0.0	0.0	0.0	0.0	0.0
Sub-Total	**40.3**	**39.4**	**78.0**	**23.0**	**3.8**
Add: Future new schemes	0.0	0.0	3.5	3.5	3.5
Less: Estimated slippage	0.0	-5.0	3.0	2.0	0.0
Grand Total	**40.3**	**34.4**	**84.5**	**28.5**	**7.4**

NB. The above financing need excludes other long term liabilities (finance lease arrangements), which already include borrowing instruments.

The table below shows how the above capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure	**2017/18 Actual**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
Latest estimate at time of writing	**£m**	**£m**	**£m**	**£m**	**£m**
Total Expenditure	**40.3**	**34.4**	**84.5**	**28.5**	**7.4**
Financed by:					
Capital receipts	7.2	7.7	41.2	24.2	3.8
Capital grants/contributions	24.7	23.2	26.3	4.2	3.5
General Fund	-	-	12.7	-	-
Revenue contributions *	8.4	3.5	4.3	0.1	0.1
Net financing need	**40.3**	**34.4**	**84.5**	**28.5**	**7.4**

* These are approved contributions from the revenue budget, earmarked to fund specific schemes.

2.2. The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need.

If the CFR is positive, the Council may borrow from the Public Works Loans Board (PWLB) or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council's CFR represents liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment (primarily equipment in schools and vehicles and plant built into highways and waste contracts). The Council currently has no external borrowing as such. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The Council is asked to approve the CFR projections below:

CFR	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m	£m
Total CFR	**2.3**	**1.6**	**1.1**	**0.6**	**0.1**
Movement in CFR	**-0.7**	**-0.7**	**-0.5**	**-0.5**	**-0.5**
Movement in CFR represented by					
Net financing need for the year (above)	0	0	0	0	0
Less MRP/VRP and other financing movements	-0.7	-0.7	-0.5	-0.5	-0.5
Movement in CFR	**-0.7**	**-0.7**	**-0.5**	**-0.5**	**-0.5**

2.3. MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to make additional voluntary payments (voluntary revenue provision - VRP).

CLG Regulations require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Statement:

MRP will be based on the estimated lives of the assets, in accordance with the regulations, and will follow standard depreciation accounting procedures. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

In practice, the Council's capital financing MRP is assessed as 4% of the outstanding balance on the finance leases the Council has entered into. A Voluntary Revenue Provision (VRP) may also be made in respect of additional repayments.

2.4. Core funds and expected investment balances

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m	£m
General Fund balance	20.0	20.0	18.9	18.9	18.9
Capital receipts	25.7	32.2	0.9	0.6	0.0
Capital grants	33.1	10.2	14.5	0.4	0.4
Provisions	14.6	14.5	14.5	14.5	14.5
Other (earmarked reserves)	126.0	111.7	111.2	81.3	78.7
Total core funds	**219.4**	**188.6**	**145.5**	**115.7**	**112.5**
Working capital*	65.4	69.8	69.8	69.8	69.8
Under/over borrowing	0.0	0.0	0.0	0.0	0.0
Investments	**284.8**	**258.4**	**215.3**	**185.5**	**182.3**

*Working capital balances shown are estimated year end; these may be higher mid-year.

2.5. Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. In practice, these indicators are virtually irrelevant for Bromley, as it has no external borrowing other than residual finance leases. The Council is asked to approve the following indicators:

2.5.1. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	%	%	%	%	%
Non-HRA	-	-	-	-	-

3. Treasury Management Strategy

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1. Current Portfolio Position

The Council's treasury portfolio position at 31 March 2018 is summarised below, together with forward projections. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	**£m**	**£m**	**£m**	**£m**
External borrowing					
Borrowing at 1 April	-	-	-	-	-
Expected change in borrowing	-	-	-	-	-
Other long-term liabilities (OLTL)	2.3	1.6	1.1	0.6	0.1
Expected change in OLTL	-0.7	-0.7	-0.5	-0.5	-0.5
Actual borrowing at 31 March	**-**	**-**	**-**	**-**	**-**
CFR – the borrowing need	2.3	1.6	1.1	0.6	0.1
Under / (over) borrowing	2.3	1.6	1.1	0.6	0.1
Investments	**257.3**	**268.8**	**294.8**	**246.9**	**214.2**
Net investments	**255.0**	**267.2**	**293.7**	**246.3**	**214.1**
Change in Net investments	-11.8	12.2	26.5	--47.4	-32.2

Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage non-compliance in the future. This view takes into account current commitments, existing plans, and the proposals in this year's budget report.

3.2. Treasury Indicators: Limits to Borrowing Activity

3.2.1. The Operational Boundary

This is the total figure that external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Borrowing	10.0	10.0	10.0	10.0
Other long term liabilities	20.0	20.0	20.0	20.0
Total Operational Boundary	30.0	30.0	30.0	30.0

3.2.2. The Authorised Limit for external borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following Authorised Limit:

Authorised limit £m	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
	£m	£m	£m	£m
Borrowing	30.0	30.0	30.0	30.0
Other long term liabilities	30.0	30.0	30.0	30.0
Total Authorised Limit	60.0	60.0	60.0	60.0

3.3. Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and narrative gives Link Asset Services central view.

	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
Mar 2019	0.75	2.10	2.90	2.70
Jun 2019	1.00	2.20	3.00	2.80
Sep 2019	1.00	2.20	3.10	2.90
Dec 2019	1.00	2.30	3.10	2.90
Mar 2020	1.25	2.30	3.20	3.00
Jun 2020	1.25	2.40	3.30	3.10
Sep 2020	1.25	2.50	3.30	3.10
Dec 2020	1.50	2.50	3.40	3.20
Mar 2021	1.50	2.60	3.40	3.20
Jun 2021	1.75	2.60	3.50	3.30
Sep 2021	1.75	2.70	3.50	3.30
Dec 2021	1.75	2.80	3.60	3.40
Mar 2022	2.00	2.80	3.60	3.40

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%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates:

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4. Borrowing Strategy

The Council currently does not borrow to finance capital expenditure and finances all expenditure from external grants and contributions, capital receipts or internal balances. The Council does, however, have a Capital Financing Requirement (CFR) of £2.3m (as at 31st March 2018), which is the outstanding liability on finance leases taken out in respect of plant, equipment and vehicles.

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy and will monitor interest rates in financial markets.

3.4.1. Treasury indicators for debt

There are three debt-related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2018/19	2019/20	2020/21
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	20%	20%	20%
Maturity Structure of fixed interest rate borrowing 2018/19			
		Lower	**Upper**
Under 12 months (temporary borrowing only)		100%	100%
12 months to 2 years		N/A	N/A
2 years to 5 years		N/A	N/A
5 years to 10 years		N/A	N/A
10 years and above		N/A	N/A

3.5. Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4. Annual Investment Strategy

4.1. Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 5.3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.2. Creditworthiness policy

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Investment Counterparty Selection Criteria - The primary principles governing the Council's investment criteria are the security and liquidity of its investments, although the yield or return on the investment is also a key consideration. After these main principles, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those that determine which types of investment instrument are either Specified or Non-Specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria. This approach is supported by Link and is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by Link, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.

In addition, the Council receives weekly credit lists as part of the creditworthiness service provided by Link. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings (these provide an indication of the likelihood of bank default);
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties and a recommendation on the maximum duration for investments. The Council would not be able to replicate this level of detail using in-house resources, but uses this information, together with its own view on the acceptable level of counterparty risk, to inform its creditworthiness policy. The Council will also apply a minimum sovereign rating of A- to investment counterparties.

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

- **Banks 1** - good credit quality **–** the Council will only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, as a minimum, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

    - Short term – Fitch F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+

- **Banks 2** – Part nationalised UK bank – Royal Bank of Scotland (ring fenced). This bank can be included provided it continues to be part nationalised (Lloyds is also temporarily included until existing investments mature in 2018/19).

- **Bank subsidiary and treasury operation** - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings in Banks 1 above.

- **Building societies** - The Council will use all societies that meet the ratings in Banks 1 above.

- **Money Market Funds** – The Council will use AAA-rated Money Market Funds, including VNAV funds.

- **UK Government** (including gilts and the DMADF)

- **Other Local Authorities, Parish Councils, etc.**

- **Housing Associations**

- **Collective (pooled) investment schemes**

- **Supranational institutions**
- **Corporate Bonds**
- **Certificates of Deposit, Commercial Paper and Floating Rate Notes**

The Council's detailed eligibility criteria for investments with counterparties are included in Annex 2.
All credit ratings will be continuously monitored. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
- in addition to the use of Credit Ratings, the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the external advisers. In addition, this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. The Council forms a view and determines its investment policy and actions after taking all these factors into account.

4.3. Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using these credit criteria as at the date of this report is shown in Annex 2. This list will be amended by officers should ratings change in accordance with this policy.

4.4. Investment Strategy

In-house funds: The Council's core portfolio is around £300m although cashflow variations during the course of the year have the effect from time to time of increasing the total investment portfolio to a maximum of around £360m. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns outlook:
On the assumption that the UK and EU agree a Brexit deal in spring 2019, then Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

Link Asset Services suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.50%

- 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 dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

As at year end	2018/19	2019/20	2020/21	2021/232
	£m	£m	£m	£m
Principal sums invested > 365 days	170.0	170.0	170.0	170.0

For its cash flow generated balances, the Council will seek to utilise its short notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.5. End of year investment report

After the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.6. Scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

4.7. Role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

5. ANNEXES

1. Economic background
2. Specified and non specified investments – Eligibility Criteria
3. Prudential Indicators – summary for approval by Council

ANNEX 1. Economic Background (Provided by Link Asset Services)

Detailed economic commentary on developments during quarter ended 31 December 2018

- **During the quarter ended 31 December 2018 *(quarter 4 of 2018):***
  - The economy lost some momentum after a strong quarter ended 30.9.18;
  - There was a further acceleration in wage growth;
  - Early signs that lower oil prices will soon depress inflation;
  - The Chancellor delivered a giveaway in the autumn Budget;
  - The MPC was stuck in a state of Brexit inertia;
  - Parliament was deadlocked over Brexit;
  - Equity markets worldwide were hit hard by global growth fears.

GDP growth in the quarter ended 30.9.18 was a solid 0.6% q/q, the strongest rise since late 2016. However, growth was boosted by some temporary factors - the unusually warm summer, the boost to consumer spending from the world cup and construction firms catching up on activity lost during the unusually poor weather earlier in the year. There were also signs of Brexit uncertainty weighing more heavily on growth. The 1.1% q/q fall in business investment in the quarter was the third in a row.

While **household spending** grew by a fairly strong 0.5% q/q, more recent data pointed to slower growth in the last quarter of 2018. GfK's measure of consumer confidence dropped from -9 in September, to a 5-year low of -14 in December. Although the 1.4% monthly rise in retail sales volumes in November looked impressive at first glance, the 3m/3m growth rate ticked down to a fairly subdued 0.3%. What's more, much of the monthly rise in November seems to have been due to consumers bringing forward Christmas purchases in order to take advantage of the price cuts on Black Friday. Indeed, the reported sales balance of the CBI's Distributive Trades Survey, which is a timelier indicator of retail trade, dropped sharply in December.

Production data and activity surveys for Q4 of 2018 also pointed to the economy having lost momentum. 3m/3m GDP growth eased from 0.6% in September to 0.4% in October, as the boost from temporary factors faded and the manufacturing sector continued to struggle. And while the rises in the Markit/CIPS manufacturing PMI in both November and December point to industry faring a little better more recently, the services PMI dropped to just 50.4 in November. The combined PMIs are consistent with quarterly GDP growth of just 0.1% in Q4. That said, the PMIs have overstated the economy's weakness in the past when Brexit uncertainty has been high, and other indicators point to growth coming in at around 0.3%.

However, the **labour market** remained a bright spot for the economy in Q4 of 2018. After a few months of weaker employment growth, 79,000 jobs were created in the three months to October. That pushed up the annual growth rate to 1.2%, which was the strongest rate in six months. Meanwhile, headline regular pay growth excluding bonuses picked up to a fresh post-crisis high of 3.3% during the same period. That was already well above the Bank of England's forecast for Q4 of 2.75%. What's more, surveys of pay settlements point to upward pressure on wage rates.

Inflation held steady at 2.4% in October, as pre-announced hikes in utilities prices were offset by falling food inflation. However, not only did inflation tick down to 2.3% in November, largely on the back of easing energy inflation, but the sharp drop in the oil price since the start of Q4 should soon feed through into larger falls in petrol prices. As such, falling energy costs should provide a large drag on the overall inflation rate in the coming months. A return to the Bank of England's 2% target in December looks quite likely. That should provide a further boost to consumers' real spending power.

Prior to October's autumn Budget, the Chancellor received a helping hand from the Office of Budget Responsibility (OBR). It revised down its forecasts for **public sector borrowing** in the current fiscal year by some £13bn, and carried that improvement forward into future years. That allowed Phillip Hammond to maintain the £15bn of headroom that he has built up against his target of keeping the government's cyclically-adjusted budget deficit below 2% in 2020/21, to deliver the Prime Minister's pre-announced boost to healthcare spending, and to announce a handful of additional fiscal giveaways. In fact, the Chancellor was unusually spendthrift, with 2019/20 now set to see the first discretionary *loosening* of fiscal policy in a decade. The Bank of England judged in December that this should, all else being equal, boost GDP growth by 0.3% over 2019 and 2020. We agree.

Government borrowing data for October and November point to the budget deficit slightly overshooting the OBR's new forecast for 2018/19 of £25.5bn. But worse news for the Chancellor was the Office of National Statistics' recent announcement that from September, it will treat a portion of spending on student loans as grants, rather than lending, reflecting the fact that a large share will eventually not be paid back. That may push up the deficit by roughly 0.6% of GDP each fiscal year and wipe out almost all of the Chancellor's £15bn of 'fiscal headroom'. However, the change is essentially cosmetic. So while it will make the budget deficit look a bit worse, it seems unlikely to be a major influence on the direction of fiscal policy.

Brexit uncertainty kept the Bank of England in a state of inertia in Q4, with the **Monetary Policy Committee (MPC)** voting unanimously to keep policy unchanged in both November and December. After all, despite the recent strength of pay growth, the MPC would not have wanted to vote for a rate hike that may need to be quickly reversed if the UK left the EU without a deal in March. However, November's Inflation Report's projections were fairly hawkish and suggest that if a Brexit deal is secured, the MPC will not sit on its hands for long. In the projections, which were based on the assumption of rates rising twice in the next two years, inflation remains above the 2% target at the end of the Bank's two-year policy horizon. That suggests rates may need to rise more quickly in order to return inflation to target.

The MPC did restate in its December meeting's minutes that Bank Rate would rise "at a gradual pace and to a limited extent" if the economy continued to develop in line with November's projections. However, those projections were made prior to the announcement of looser fiscal policy in 2019 and the acceleration of wage growth to above the Bank's forecasts, which both strengthen the case for monetary tightening. If a Brexit deal is ratified we expect the Bank to raise interest rates three times in 2019 and twice in 2020. The MPC also stressed again in December's minutes that the response of monetary policy to a "no deal" Brexit would, "not be automatic, and could be in either direction". But neither we, nor the financial markets, believe that the Bank would actually raise rates in response. As the implied probability of "no deal" has grown, market-implied interest rate expectations have fallen.

After a few fraught final months of negotiation with the EU, and several ministerial resignations, in mid-November **the Prime Minister managed to agree a Brexit deal with the EU** that mustered the broad support of her Cabinet. But that counted for little when all opposition parties, and over 100 of Theresa May's own MPs, spoke out against the deal. With the deal looking all but certain to be rejected in Parliament, the Government cancelled the key vote scheduled in early December. **While a new vote is now due to take place in the week beginning January 14th**, the Prime Minister seems unlikely to receive the sort of concessions from the EU on the so-called "Irish Backstop", that could unite her party behind the deal. But while British politics has rarely looked more unpredictable, the odds of a "no deal" Brexit seem to have fallen for two reasons. First, Theresa May's survival of a leadership challenge has greatly reduced the chances of a Brexiteer taking the helm as Prime Minister. Second, the European Court of Justice's recent ruling that the UK can choose to remain in the EU by unilaterally revoking Article 50, has probably raised the odds that Parliament pushes for the UK to remain if Britain faces a "no deal" exit in March 2019.

Equity prices across the world fell sharply over the course of Q4, driven lower by fears of a US-led slowdown in global growth. In Amercia, the S&P 500 index finished the quarter down 14%. Meanwhile, US 10-year Treasury yields also fell by roughly 40bps over the quarter, as investors revised down their expectations for rises in the Fed funds rate. Closer to home, volatility in **sterling** continued as the currency traded up or down on the latest Brexit developments. The pound suffered some of its largest single-day falls since the EU referendum on news of Dominic Raab's resignation and that the Government would delay the vote on Theresa May's Brexit deal. At the same time, 10-year gilt yields have fallen some 30bps as investors have revised down their interest rate expectations on the back of growing fears of a "no deal" Brexit.

While **the US Federal Reserve** delivered a widely-expected **ninth rate hike** in its current tightening cycle in December, taking the Fed funds range to 2.25%-2.50%, Fed officials lowered their projections for interest rates in 2019. They now expect only two hikes next year on average, rather than three. Although the US economy was confirmed to have grown at an annualised rate of 3.5% in Q3, down only a touch from Q2's 4.2%, the slowdown in business investment and further contraction in residential investment, suggest that higher interest rates are beginning to take their toll.

Meanwhile in the **eurozone**, supply-side disruptions to car production due to new EU emissions tests appeared responsible for half of the drop in eurozone growth to 0.2% q/q in Q3 from 0.4% in Q2. That pointed to a broader underlying slowdown. Although the ECB pressed ahead with plans to end its monthly net asset purchases in December, the central bank also stated that the balance of risks to the growth outlook was "moving to the downside".

Detailed commentary on interest rate forecasts

1. Quarterly Inflation Report and Monetary Policy Committee (MPC) meeting 1 November

- The biggest issue today when doing our forecasts, is what sort of Brexit will we have? We have to make an assumption one way or the other so our starting point is an assumption that the UK will muddle through to an eventual agreed exit being passed by the UK Parliament and also passed by the EU parliamentary processes.

- The next known unknown that will follow on from that is whether this will be the sort of 'agreement' which just kicks the can down the road until the end of the transition period at the end of 2020, and provides little solid certainty for entrepreneurs to enable them to release the investing decisions that have been pent up since the referendum, or whether it will be a more substantial agreement which will result in a significant boost to GDP in the form of a return to consumer and entrepreneur confidence that sends the economy up a gear. We have taken a cautious view on the ensuing rate of GDP growth.

- All our forecasts will be subject to review once this fog clears.

- The MPC and Inflation Report last week were more hawkish than expected in their words, due to the Chancellor's release of a significant fiscal stimulus which looks like it could add 0.3% to GDP growth, (after netting down for the effect of the economy operating near to full capacity), and consequently boost inflationary pressures. However, the Bank did not have time to undertake an impact analysis of the Chancellor's measures so this will have to wait until their next meeting on 14 December. The MPC are also assuming a reasonable agreed exit.

The flow of positive economic statistics since the end of the first quarter this year has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2; quarter 3 is expected to come in at around +0.6 to 0.7%, *(actual was +0.6%),* but quarter 4 is expected to weaken from that level.

The MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of 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. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also <u>raise</u> Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, depreciation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor has held back some spare capacity to provide a further fiscal stimulus.

Overall, the MPC was more hawkish than expected, i.e. this indicates the likelihood of a faster pace of increases than previously expected: -

- MPC voted 9-0 for no change in Bank Rate and quantitative easing.
- GDP growth 2018 cut to 1.3% from 1.4%; next three years @ 1.7% (2019 previously 1.8%).
- The economy will be operating at a small amount of excess demand in 2020, (previously 2021). This is likely to generate an increase in home grown inflationary pressures, (as opposed to imported due to a one off fall in the value of sterling).
- Unemployment rate to stay at 3.9% over the next three years; (equilibrium rate forecast 4.25%). N.B. the percentage of the population in employment is also at record highs. In addition, there has been much concern at how weak productivity increases have been in recent years.
- Build-up of wage inflation pressures as a result. Wage inflation actual 3.1% excluding bonuses in 3 months June to August; MPC forecast 3.25% 2019, 3.5% 2020, 3.75% 2021.
- CPI inflation up from 2.0% to 2.1% 2 years ahead, i.e. *above* their 2% target.
- Key message: the economy is heading into overheating and the fiscal position has changed direction to now be a slight tailwind, i.e. the MPC will be wanting to take action to counter building inflationary pressures as soon as Brexit uncertainty clears.

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. *(2.1.19 The Italian government has now agreed to eliminate its structural deficit in 2019-20, but only by delaying implementation of increases in expenditure plans to a later year!)* 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, *(a new leader has been appointed).* 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 EU governments.** Spain, Portugal, Netherlands, Ireland 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. *(2.1.19 The Belgian coalition collapsed in December but now has a minority government until the EU wide elections scheduled for May 2019.)*
- **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.

2. LINK ASSET SERVICES' FORECASTS

We do not currently think that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. It is likely that getting parliamentary approval on both sides of the Channel will take well into spring next year. However, in view of the hawkish stance of the MPC this time, we have moved forward our first increase in Bank Rate from August to May 2019. The next increases then occur in February and November 2020 before ending up at 2.0% in February 2022.

Financial markets are now expecting a first increase in February 2019 and then further increases only in February 2020 and then May 2021, to end 21/22 at only 1.50%.

PWLB rates, particularly 5 and 10 year rates, have increased slightly in response to the faster pace of Bank Rate increases.

Forecasts for average investment earnings beyond the three year time horizon will be heavily dependent on economic and political developments.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more "risky" assets i.e. equities, or the "safe haven" of government bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently, although there are likely to also be periods of sharp volatility from time to time.

We have pointed out consistently that the Fed. Rate is likely to go up more quickly and more strongly than Bank Rate in the UK. The correlation between the two rates and bond yields in both countries has been weak over the last few years as the US and UK economies are at different points in both the business cycle and in tightening monetary policy.

Our forecasts are also predicated on an assumption that there is no break-up of the eurozone or EU, (apart from the departure of the UK), within our forecasting time period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth. However, the current round of increases in tariff rates sparked by President Trump, both actual and threatened, are causing increasing concern around the potential impact on world growth and also on inflationary pressures, e.g. in the US.

We would, as always, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. Our revised forecasts are based on the Certainty Rate, (the Standard Rate minus 20 bps), which has been accessible to most authorities since 1st November 2012.

ANNEX 2. Specified and Non-Specified Investments

Eligibility Criteria for investment counterparties

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria (i.e. non-sterling and placed for periods greater than 1 year).

A variety of investment instruments will be used. Subject to the credit quality of the institution and depending on the type of investment made, investments will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS
These investments are sterling investments of not more than one-year maturity or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are relatively low risk investments where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, a UK Treasury Bill or a Gilt with a maximum of 1 year to maturity).
2. A local authority, parish council or community council (maximum duration of 1 year).
3. Corporate or supranational bonds of no more than 1 year's duration.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A bank or building society that has been awarded a high credit rating by a credit rating agency (only investments placed for a maximum of 1 year).
6. Certificates of deposit, commercial paper or floating rate notes (maximum duration of 1 year).

Minimum credit ratings (as rated by Fitch, Moody's and Standard & Poors) and monetary and time period limits for all of the above categories are set out below. The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria. The Council will take into account other factors in determining whether an investment should be placed with a particular counterparty, but all investment decisions will be based initially on these credit ratings criteria. The Council will also apply a minimum sovereign rating of A- (or equivalent) to investment counterparties.

NON-SPECIFIED INVESTMENTS
Non-specified investments are any other type of investment (i.e. not defined as Specified above) and can be for any period over 1 year. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

	Non Specified Investment Category	**Limit (£ or %)**
	Bank Deposits with a maturity of more than one year and up to a maximum of 3 years. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	£80m and 3 years limits with RBS (ring-fenced) (Lloyds is also temporarily included until existing investments mature in 2019/20).
	Building Society Deposits with a maturity of more than one year. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	None permitted at present.
	Deposits with other local authorities with a maturity of greater than 1 year and up to a maximum of 3 years. Maximum	£15m limit with each local authority; maximum duration

	total investment of £15m with each local authority.	3 years.
	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The use of UK Government gilts is restricted to fixed date, fixed rate stock with a maximum maturity of five years. The total investment in gilts is limited to £25m and will normally be held to maturity, but the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. The Director of Finance must personally approve gilt investments. The Council currently has no exposure to gilt investments.	£25m in total; maximum duration 5 years.
	Non-rated subsidiary of a credit-rated institution that satisfies the Council's counterparty list criteria. Investments with non-rated subsidiaries are permitted, but the credit-rated parent company and its subsidiaries will be set an overall group limit for the total of funds to be invested at any time.	Subject to group limit dependent on parent company's ratings.
	Corporate Bonds with a duration of greater than 1 year and up to a maximum of 5 years, subject to satisfaction of credit ratings criteria as set out below.	£25m in total; maximum duration 5 years.
	Collective (pooled) investment schemes with a duration of greater than 1 year. The total investment in collective (pooled) investment schemes is limited to £100m and can include property funds, diversified growth funds and other eligible funds.	£100m in total.
	Certificates of Deposit, Commercial Paper and Floating Rate Notes with a duration of greater than 1 year, subject to satisfaction of credit ratings criteria as set out below.	Subject to group banking limits dependent on bank / building society credit ratings.
	Housing Associations with a duration of between 1 and 2 years, subject to satisfaction of credit ratings criteria as set out below.	£50m in total; maximum duration 2 years.

CRITERIA FOR FUNDS MANAGED INTERNALLY AND EXTERNALLY

- **Banks General** - good credit quality **–** the Council may only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, as a minimum, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

  - Short term – Fitch F3; Moody's P-3; S&P A-3
  - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+

- **Banks 1A – UK and Overseas Banks (highest ratings)** - the Council may place investments up to a total of £30m for a maximum period of 1 year with UK banks (and up to a total of £15m for a maximum period of 1 year with Overseas banks) that have, as a minimum, at least at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1+	AA-
Moody's	P-1	Aa3
S & P	A-1+	AA-

- **Banks 1B – UK and Overseas Banks (very high ratings)** - the Council may place investments up to a total of £20m for a maximum period of 1 year with UK banks (and up to a total of £10m for a maximum period of 6 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1	A
Moody's	P-1	A2
S & P	A-1	A

- **Banks 1C – UK and Overseas Banks (high ratings)** – the Council may place investments up to a total of £10m for a maximum period of 1 year with UK banks (and up to a total of £5m for a maximum period of 3 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated):

	Short-Term	Long-Term
Fitch	F3	BBB+
Moodys	P-3	Baa3
S & P	A-3	BBB+

- **Banks 2 - Part nationalised UK banks (Royal Bank of Scotland – ring fenced)** - the Council may place investments up to a total of £80m for up to 3 years with the part-nationalised UK Royal Bank of Scotland (ring-fenced) provided it remain part-nationalised (Lloyds is also temporarily included until existing investments mature in 2019/20).

- **Bank subsidiary and treasury operation** - The Council may use these where the parent bank has provided an appropriate guarantee and has the necessary ratings in Banks 1 above. The total investment limit and period will be determined by the parent company credit ratings.

- **Building societies** - The Council may use all societies that meet the ratings in Banks 1 above.

- **Money Market Funds** – 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."

- **UK Government (including gilts and the DMADF)** – The Council may invest in the government's DMO facility for a maximum of 1 year, but with no limit on total investment. The use of UK Government gilts is restricted to a total of £25m and to fixed date, fixed rate stock with a maximum maturity of 5 years. The Director of Finance must personally approve gilt investments.

- **Local Authorities, Parish Councils etc** – The Council may invest with any number of local authorities, subject to a maximum exposure of £15m for up to 3 years with each local authority.

- **Business Reserve Accounts** - Business reserve accounts may be used from time to time, but value and time limits will apply to counterparties as detailed above.

- **Corporate Bonds** – Investment in corporate bonds with a minimum credit rating of A- is permitted, subject to a maximum duration of 5 years and a maximum total exposure of £25m.

- **Collective (pooled) investment schemes** – these may comprise property funds, diversified growth funds and other eligible funds and are permitted up to a maximum (total) of £100m.

- **Certificates of Deposit, Commercial Paper and Floating Rate Notes** – These are permitted, subject to satisfaction of minimum credit ratings in Banks General above.

- **Housing Associations** – The Council may invest with Housing Associations with a minimum credit rating of A-, for a maximum duration of 2 years, and with a maximum deposit of £10m with any one Housing Association and £50m in total.

- **Sovereign Ratings** – The Council may only use counterparties in countries with sovereign ratings (all 3 agencies) of A- or higher.

  These currently include:

  AAA
  - Australia
  - Canada
  - Denmark
  - Germany
  - Luxembourg
  - Netherlands
  - Norway
  - Singapore
  - Sweden
  - Switzerland

  AA+
  - Finland
  - Hong Kong
  - U.S.A.

  AA
  - U.K
  - Abu Dhabi (UAE)
  - France

  AA-
  - Belgium
  - Qatar

ANNEX 3. Prudential and Treasury Indicators

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. They are included separately in Appendix 1 together with relevant narrative and are summarised here for submission to the Council meeting for approval.

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

PRUDENTIAL INDICATORS	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	actual	**estimate**	**estimate**	**estimate**	**estimate**
Total Capital Expenditure	£40.3m	47.1m	£51.5m	£42.0m	£12.3m
Ratio of financing costs to net revenue stream	0.0%	0.0%	0.0%	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)					
brought forward 1 April	£257.3m	£268.8m	£294.8m	£246.9m	£214.2m
carried forward 31 March	£268.8m	£294.8m	£246.9m	£214.2m	£207.0m
in year borrowing requirement (movement in net investments for Bromley)	+£11.5m	-£26.0m	-£47.9m	-£32.7m	-£7.2m
Capital Financing Requirement as at 31 March	£2.3m	£1.6m	£1.1m	£1.6m	£0.1m
Annual change in Cap. Financing Requirement	-£0.8m	-£0.7m	-£0.5m	-£0.5m	-£0.5m

TREASURY MANAGEMENT INDICATORS	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	actual	**estimate**	**estimate**	**estimate**	**estimate**
Authorised Limit for external debt -					
borrowing	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt -					
borrowing	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 365 days beyond year-end dates	£170.0m	£170.0m	£170.0m	£170.0m	£170.0m

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Report No.
CSD19033

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 25th February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**THIRD REPORT OF THE EDUCATION, CHILDREN & FAMILIES SELECT COMMITTEE 2018/19 - SUSTAINABILITY OF THE EDUCATION BUDGET**
Contact Officer:	Philippa Gibbs, Democratic Services Officer Tel: 020 8461 7638 E-mail: Philippa.Gibbs@bromley.gov.uk
Chief Officer:	Director of Corporate Services
Ward:	(All Wards);

1. Reason for report

To report the recommendations made by the Education, Children and Families Select Committee following its third meeting held on 12th December 2018

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2. RECOMMENDATION(S)

That Council be recommended to:

1. Comment on the second report of the Education, Children and Families Select Committee 2018/19;

2. Invite the Leader and appropriate Portfolio Holders to consider the recommendations and

(a) refer the recommendations within the report to Service Directors and Partners where appropriate; and

(b) Provide a written response to the Education, Children & Families Select Committee for consideration at a future meeting of the Select Committee.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The recommendations in this report may have an impact on vulnerable adults children across the Borough although any impact has not been quantified.

Corporate Policy

1. Policy Status: Not Applicable:
2. BBB Priority: Not Applicable:

Financial

1. Cost of proposal: Not Applicable:
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:

Personnel

1. Number of staff (current and additional): 8 posts (6.87fte)
2. If from existing staff resources, number of staff hours:

Legal

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

Procurement

1. Summary of Procurement Implications:

Customer Impact

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

Ward Councillor Views

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

Summary of Ward Councillors comments:

Background Documents: (Access via Contact Officer)	Minutes of the Education, Children and Families Select Committee held on 12.12.18

REPORT OF THE EDUCATION, CHILDREN & FAMILIES SELECT COMMITTEE
2018/19

SUSTAINABILITY OF THE EDUCATION BUDGET

Meeting Date: Wednesday 12 DECEMBER 2018

The Committee gives its sincere thanks to the witnesses for their contribution to the Select Committee's Review.

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<u>Foreword</u>

This is the second of two reports on the sustainability of the budgets controlled by the Portfolio Holder for Education, Children and Families. Although education expenditure is £283 million only 2% (£5,775 Million is controlled by the Council, the remainder is ring fenced as part of the delegated schools' budget. Nonetheless even though it is a small fraction of the total budget we believe that every line of spending which is under Council control should be scrutinised to ensure, Economy, Efficiency and effectiveness. We highlight in this report five key areas for further work

Cllr Nicholas Bennett JP
Chairman
Education, Children and Families Select Committee

1. Introduction

1.1 The Education Children and Families Select Committee met on 12th December 2018 to undertake Scrutiny of the Education Budget.

1.2 The Committee also received a presentation from the Interim Director of Education concerning Educational Outcomes in Bromley, as well as a detailed update from the Portfolio Holder for Children, Education and Families. Details can be found in the minutes[1] from the meeting.

2. Executive Summary of Recommendations

2.1 Consider whether new provision could provided locally in conjunction with neighbouring authorities to replace the need for expensive independent provision out of borough.

2.2 That the Portfolio Holder convene a meeting of the School Places Working Group to consider what further provision of school places will be required.

2.3 That a in depth examination of the prevalence of speech, language and communication difficulties be undertaken in order to ensure that issues are identified at an early stage.

2.4 That the Select Committee be provided with more information concerning any ongoing work with the Health Visiting Service to identify speech, language and communication difficulties at an early stage.

2.5 That a specialist Education Lawyer be appointed as soon as practicable.

2.6 That the Council lobbies through London Councils for additional resources from the DfE for the High Needs Block.

2.7 That the Council continues to lobby the DfE concerning the issue of lagged funding for Free Schools opening in the Borough as the impact of the current arrangements is having a disproportionate impact in Bromley.

2.8 That further consideration be given to combining Adult Passenger Transport and Children's Passenger Transport fleets and to amend the times of adult day services to enable the use of the same vehicles for both services.

2.9 That the Local Authority consults with parents regarding any proposals in relation to the new SEN Transport Contract.

[1] Minutes can be found on the London Borough of Bromley Website at: https://cds.bromley.gov.uk/ieListDocuments.aspx?CId=584&MId=6578

2.10 That where it is possible to charge for services, any changes that are levied fully cover the cost of the Service.

2.11 That the Council discuss with neighbouring authorities the possibility of sharing some administrative functions and centrally controlled services.

3. Scrutiny of the Education Budget

3.1. The Select Committee's main enquiry for this meeting focused on scrutiny of the Education Budget. The purpose of the review was to aid Member's understanding of the pressures within the Education Budget.

3.2. A range of written evidence was provided to Members in advance of the meeting. This included a report providing an overview of the Education Budget, the current 2018/19 budget forecast, and information around pressures facing the High Needs Block of the Dedicated Schools' Grant.

3.3 The Committee heard evidence from four witnesses at the meeting:

- Ade Adetosoye, Deputy Chief Executive and Executive Director for Education, Care and Health Services (LBB)
- Gillian Palmer, Interim Director of Education (LBB)
- David Bradshaw, Head of ECHS Finance (LBB)
- Rob Bollen, Head of Strategic Place Planning (LBB)

3.4 Background to the Education Budget

3.4.1 The vast majority of the Education Budget is covered by the Dedicated Schools Grant (DSG) which will amount to an estimated £277m in 2019/20 before any recoupment. The controllable budget funded by the Council amounts to £5,775K mainly SEN Transport, a contribution from the Council of £1m for costs in the High Needs DSG block and some statutory functions/staffing.

3.4.2 Baseline budgets are realistic, but taken at a point in time with an assumption that the appropriate agreed management actions will take place. Budgetary issues may arise if management action is not achieved or there is a slight deviation from plans.

3.4.3 In net terms, the Education Budget is a small proportion of the Council's overall budget. However, with continued demand, especially in the High Needs area of the budget and the fact that the DSG appears to be insufficient to meet expenditure requirements, Education is a risk area with growth emerging. This needs to be considered as part of the medium term financial strategy (MTFS).

3.4.4 Ongoing austerity and reductions in Government funding mean that the Council needs to find efficiencies and savings across the organisation. Education is a small part of the overall budget. It has in the past contributed to the overall position either by making savings or by limiting growth as far as possible thereby offsetting the need for reductions elsewhere in the Department/Council.

3.5 Current 2018/19 Forecast

3.5.1 The Committee notes that the total Council budget for Education is £5,775k. There is a projected overspend for 2018/19 of £34k.

2018/19			
	Budget	**Outturn**	**Difference**
	£'000	**£'000**	**£'000**
Adult Education	-525	-373	152
Schools and Early Years Commissioning & QA	529	496	-33
SEN & Inclusion	6,555	6,439	-116
Strategic Place Planning	96	96	0
Access and Inclusion	130	161	31
Schools Budgets	-1,348	-1,348	0
Other Strategic Functions	338	338	0
	5,775	**5,809**	**34**

3.5.2 The overspend in Adult Education results from a failure to achieve income targets since the reorganisation of the service. . The provision has been judged to 'Require Improvement' at both of the last two inspections. Investment of £80k in 2017/18 marked a step change in the drive to tackle the improvements, enabling the purchase of basic learning resources and, critically, Curriculum Leader capacity to improve the quality of teaching and learning. The Committee notes that the impact of this investment is evident in the marked improvement in educational outcomes in 2018 and an up-turn in learner numbers and retention rates.

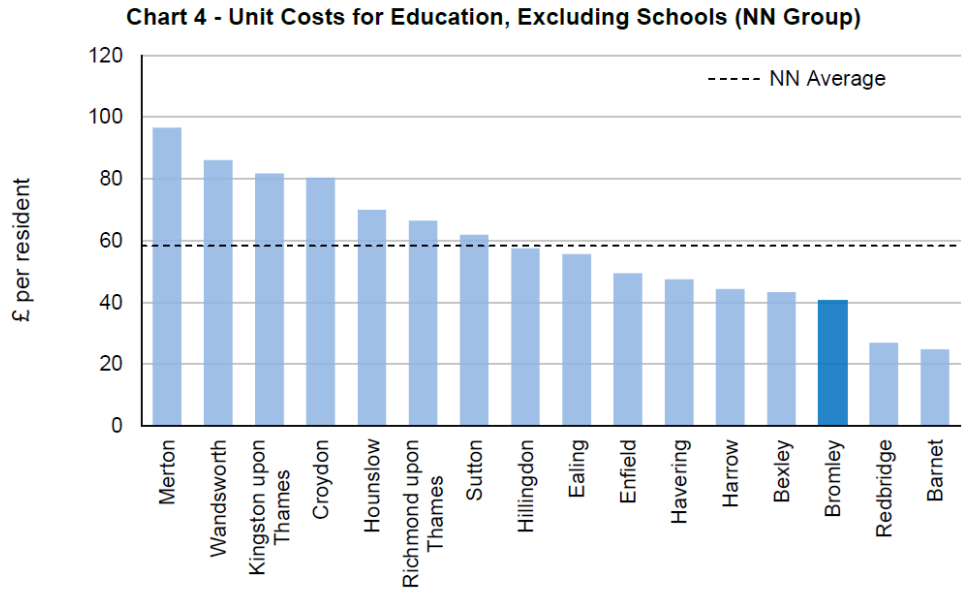
3.5.3 The DGG is currently predicted to overspend by £354k:

Bulge Classes	-128
Classroom Hire	224
Early Year Support	-8
Primary Support Team	-43
Home & Hospital	112
Alternative Provision	-205
Education Welfare Officers	18
Late Adjustment to DSG Recoupment	83
Other Small Balances	-10
SEN Provision	311
Total	**354**

3.5.4 The Council currently has £1,180k of unspent DSG carried forward into 2018/19. The grant conditions allow that the grant can be carried forward to support future years' expenditure. Of the £1,180k available, £188k has been allocated to support the central DSG services in year. Additionally £166k of the carry forward amount has been set aside for a claw back of the early years funding. This, together with the £354k in year overspend gives an estimated DSG balance at the end of the financial year of £472k.

3.5.5 The Committee notes that forecasting is robust and that using data sources and knowledge from the Service at the time of budget preparation an accurate figure can be ascertained. However, for the most part, the Service is responding to the special educational and other additional needs of the cohort of children and is demand-led, making precise projections challenging. It is possible however to analyse trends and predict on that basis.

3.5.6 The findings of the LGFutures Financial Intelligence Toolkit2 using Revenue Account (RA) data for 2018/19 show that LB Bromley spends £41 per 0-19 resident on Education (excluding schools, 30% lower when compared to our nearest neighbours.



3.5.7 Levels of expenditure can also be derived from S251 data, which looks at all expenditure including all schools (Academies as well). Whilst Bromley has low spend (one of the lowest in London) there are pockets of expenditure where we spend above the average for London. For example, expenditure on non-maintained and Independent provision is £174 per head (based on the 0-19 aged population) compared with the lowest at £32 (Newham) and the highest at £213 (Merton). Bromley's spend is 4th highest in London.

3.5.8 The Committee notes that Average costs of independent placements are:-

Independent Provision			
		Total	**Average**
	Number	**Cost**	**Cost**
Independent Day	185	6,921,180	37,331
Independent boarding	26	2,185,618	84,387

3.5.9 This compares to an average cost of a place in a special school of £27k. It is worth noting that the quality of Bromley special schools (all judged 'Good' and 'Outstanding' by Ofsted) is frequently better than the quality of provision in non-maintained and independent schools.

Recommendation 1: Consider whether new provision could provided locally in conjunction with neighbouring authorities to replace the need for expensive independent provision out of borough.

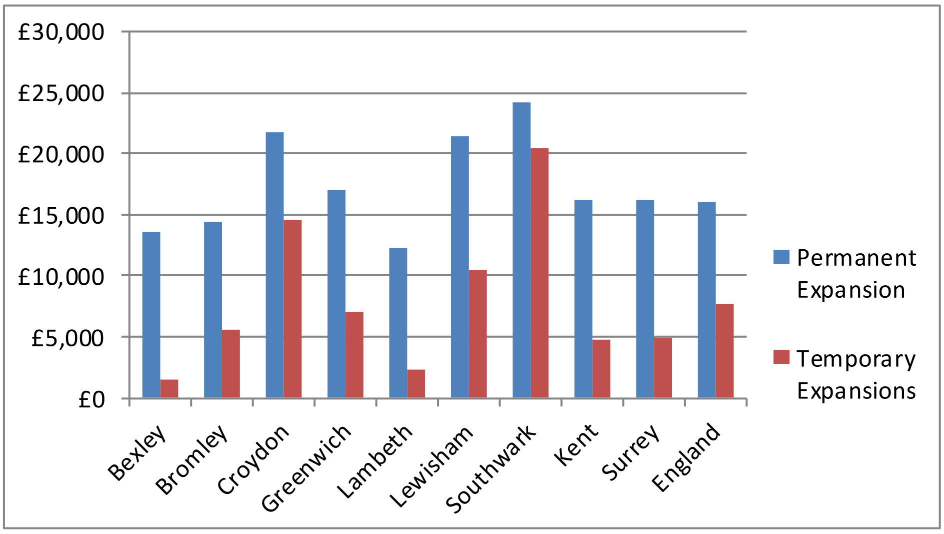
3.6 Population Growth and School Expansion

3.6.1 The Committee notes that in Bromley, the population is set to grow by around 10% in the next ten years from 333,017 in 2017 to 364,600 in 2027. Children and young people (0-25 years) make up more than one in four of the population (96,400, 28.9%) and this is projected to continue through to 2027 (106,200, 29.1%).

3.6.2 Between 2010 and 2018 the population of school aged children grew by 8.45% (56,189-60,939). It is predicted to grow by a further 8.45% by 2025 (66,089).

3.6.3 The Council has received £77.8m in Basic Need funding since 2011 to enable it to meet its statutory duty for providing sufficient school places. As of July 2018 projects with a value of £60.8m had been completed through the Council's Basic Need programme. £47.9m of this funding came from Basic Need Capital Grant and £12.9m from other sources. Between 2009/10 and 2018/19 this has delivered 3,015 new permanent and 1,635 temporary places.

3.6.4 Based on most recent data the cost of creating a permanent school place in Bromley is £14,376 compared to a national average of £16,088 and a temporary place £5,334 compared with £7,751.



Source: DFE 2017 Basic Need Scorecard

3.6.6 The Committee notes that as Bromley has moved through the delivery of its Basic Need programme, the projects have become more complex with the need to increasingly in-fill and build above existing premises as opposed to making use of surplus capacity and providing new discreet blocks.

3.6.7 Within the Primary sector, a key feature of the effectiveness of Bromley's programme is the ability to forecast demand effectively. As part of their monitoring of school capacity data (SCAP) the DfE provides a measure of the accuracy of Council's forecasting the need for new school places through its basic need scorecard. Bromley short and medium term forecasts for primary school places are both accurate within 1.5%, with both showing a small over forecast. This margin of error compares favourably with other authorities.

3.6.8 Within the secondary sector whilst the short term forecast is in-line with other authorities the DfE have identified an over forecast in future growth. This has been reflected in recent data from the GLA that whilst still projecting significant increase in need is below the projections provided in 2015 and 2019.

3.6.9 Government policy is that wherever possible new places should be created in 'Good' or 'Outstanding' schools. It is not always possible to achieve this aim and in the past Bromley has expanded schools that have subsequently been categorised as Requires Improvement. In the most recent period all new places created were in good or outstanding schools.

Recommendation 2 :That the Portfolio Holder convene a meeting of the School Places Working Group to consider what further provision of school places will be required.

3.7 Children with Special Educational Needs and/or Disabilities

3.7.1 Between 2010 and 2018, the number of children with special educational needs requiring an Education, Health and Care Plan (EHCP) has increased by 12%, above the rate of population growth, with a steeper increase (15%) since 2014. Although, the increase in Bromley has been lower than national (40%), the rate nationally is slowing while in Bromley it continues to rise.

3.7.2 There were 422 requests for statutory assessment during 2017, a 56% increase on the previous year. Of these 105 (25%) were refused (against 23% nationally) but 31 of these decisions were subsequently challenged successfully at the SEN/D Tribunal. The Committee notes the plans to recruit a dedicated lawyer who will be a position to provide expert advice concerning the rules and procedures to be followed when assessments are completed. It is hoped that that valuable resource will assist with enhancing the experience of children and their families who are going through the statutory assessment process whilst also reducing the number of tribunal cases that are conceded by the Local Authority as a result of the failure to follow procedures. The ability of Council officers to secure informed legal advice at an early stage of the assessment process will, it is hoped, ensure that policies are followed and a good service is provided from the outset of the process.

3.7.3 Speech, language and communication are identified as the primary need for 41% of children in Bromley who have an ECHP and two thirds of the children with an EHCP require speech and language therapy. This is a much higher proportion than nationally, and is in marked contrast with the outcomes of developmental checks at two years, and educational assessments of children at five years. The Committee agrees with the Interim Director of Education that a deep dive into these issues is required. This will assist with ensuring that any issues with speech and language that exist are identified at an early stage by Health Visitors; ideally at developmental checks for two year olds and educational assessments of children aged five years.

Recommendation 3 : That a in depth examination of the prevalence of speech, language and communication difficulties be undertaken in order to ensure that issues are identified at an early stage.

Recommendation 4: That the Select Committee be provided with more information concerning any ongoing work with the Health Visiting Service to identify speech, language and communication difficulties at an early stage.

3.7.4 This group of children is more likely to be placed in non-maintained and independent special schools.

3.7.5 Responding to the needs of children, Bromley has increased places in its good and outstanding special schools (236 more places since 2010) but this provision is now full, resulting in more children being placed outside the Borough and, frequently in non-maintained and independent schools because provision in other LA schools is also full. Bromley places more children with EHCPs in the non-maintained and independent sector than nationally (6% of Bromley children in 2017 compared with 3.8% nationally). The cost of these placements has increased by 20% since 2014 and accounts for 26% of Bromley's spend on SEN placements for 11% of the children with EHCPs.

3.7.6 Recognising the gap in local provision for children with ASD and associated needs (including high levels of anxiety and behaviours that challenge), the Local Authority has bid for DfE funding to establish a new junior special school providing 54 places. If the bid is successful, the new school is planned to open for the 2020/21 academic year.

3.7.7 Despite increase demand for statutory assessment of special educational needs since 2014, the structure of the SEN Service has not been reviewed. The result is that the service is overstretched, with high caseloads and inefficient processes reliant on paper records. Existing resources have been re-aligned to create a new post of Casework Manager to oversee and improve quality of assessments, decision making and plans. This will provide a more robust basis from which to challenge the rate of conversion of assessments to plans

3.7.8 There are two further areas where mitigation action is required to improve the efficiency and effectiveness of arrangements for special educational needs and to ensure that children are placed in the provision they need to support their progress and development.

3.7.9 Appeals to the SEN/D Tribunal are increasing in Bromley and nationally and the financial risk from each challenge can be significant. The average additional cost incurred from failing to defend a Tribunal case in 2017/18 was £24k per year. When considering that many of the cases lead to a change in placement for 10 or more years, the cost can be very substantial. Bromley Legal Services are seeking to recruit a suitably experienced lawyer (filling a vacant post). A dedicated lawyer for education would allow work to begin as soon as appeals are lodged and should reduce the cost of counsel.

Recommendation 5: That a specialist Education Lawyer be appointed as soon as practicable.

3.7.10 Many parents report that they would prefer their children to attend a local school, in their local community. The Committee notes that the intention is to develop local provision to meet the changing needs of our population. This means not just educational provision but health services, particularly integrated therapies and wrap around activities out of school hours and respite care (i.e., short breaks) which improves the quality of life for some of our most vulnerable children and their families.

3.7.11 During the 2016/17 school year, 17 children under the age of 11 of were excluded permanently from school. This is a much higher rate than nationally and led to challenge by the DfE. In 2017/18, two children were excluded permanently (plus one carried over from 2016/17). The challenge now is for schools and the Local Authority to sustain the progress in primary schools with support from Primary Outreach Service (funded by the Local Authority for two years). Permanent exclusions from secondary schools, having reduced to below London and national rates, are increasing and similar intervention through alternative provision is being considered.

3.7.12 The Committee congratulates Officers who, in partnership with Bromley CCG, made a successful CAMHS Trailblazer application for DoH grant to develop school-based CAMHS support. One of the expected outcomes of the funding is to help sustain the placements of children with social, emotional and mental health needs in their local mainstream school.

3.8 Dedicated Schools' Grant

3.8.1 The Committee recognises that there are growth issues. Over the last few years there has been increased pressure on the DSG, especially the High Needs Block. The introduction of the National Funding Formula (NFF) has further restricted the Council's flexibility in what it can do with DSG funding. In 2017/18 the Local Authority recognised the increasing demand for provision for children with special educational needs and the consequent cost pressures on the High Needs Block, and put £1m of growth into that budget from Council resources.

3.8.2 The Dedicated Schools Grant (DSG) is estimated to be £278m in 2019/20. It is split into four distinct blocks:-

1) Schools Block - £207m - (goes to all mainstream schools including academies)
2) High Needs Block - £48m - (goes to SEN schools/settings but also pays for independent provision and other SEN services)
3) Early Years Block - £21m - (pays for early years provision across the borough)
4) Central Block - £2m - (pays for residual central LA services, statutory/regulatory duties)

3.8.3 The funding blocks are now very rigid in terms of the flexibility available to move funding between blocks to assist with funding issues. Prior to 2018/19 there was the ability to do this; however, with the introduction of the National Funding Formula (NFF), this is now more difficult to achieve.

3.8.4 In 2018/19, the Department for Education (DfE) agreed that Bromley could transfer £1m from the Schools Block to the High Needs Block in order to balance the budget and meet ongoing pressures (a disapplication request). This was a one year agreement only. In 2019/20, the pressures remain and although we are expecting £1m of additional DSG funding, Bromley are expecting further demand challenges to be filtering through. Therefore a request to continue the transfer will be made in 2019/20.

3.8.5 In response to mounting pressures in the High Needs Block the Local Authority contributed £1m of Council funds to the budget in addition to the £1m transferred from the Schools Block.

3.8.6 As a result of increasing demand, pupil growth and additional in-Borough placements there continues to be additional pressures across DSG. The service has identified some mitigation to this growth but this does not cover all of the growth issues.

3.8.7 Early indications suggest that LBB will get an additional £1m of DSG High Needs Block grant in 2019/20. This is assumed in the budget. It is assumed in the budget that the £1m funding from 2018/19 from the Local Authority continues for the High Needs Block. It is also assumed that the £1m from the Schools (via the Schools Block) that was utilised in 2018/19 also continues in the High Needs Block. Even with these assumptions, there is still a shortfall of around £856k (after mitigation identified so far) in the High Needs Block which the Council will have to fund as growth in 2019/20.

3.8.8 The Committee notes that the issue of a funding shortfall in the High Needs Block is not just a Bromley issue. Nationally there are problems with High

Needs expenditure due to increasing demands, greater need and grant funding not aligning with expenditure. Securing adequate local provision will be an important step towards addressing the funding pressures. Less reliance on more expensive independent provision would have a positive impact on the budget position as a local provision would be more cost effective than independent provision.

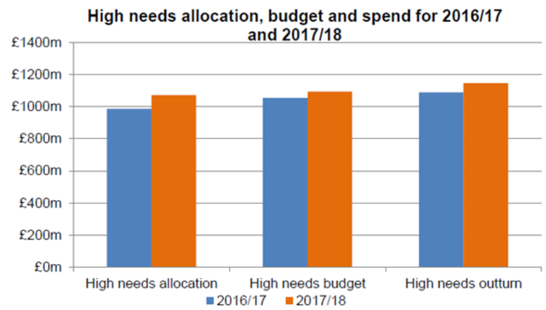
3.8.9 Members note with interest the work carried out in this area by London Councils. This demonstrates that, in London at least, this is a major cause for concern amongst the Boroughs. Across London there was a £74.4m shortfall in funding with a 36% reduction in funding since 2016/17 across the 30 London Boroughs sampled. The Bromley figure was a deficit of £1.3m (or 3.5% of the allocation).

High needs block – 2017/18 shortfall

LONDON COUNCILS

	Allocation shortfall	Budget overspend
Total shortfall/overspend (of boroughs overspending)	£74.4m	£55.7m
Overspend as a % of allocation/budget	7%	6%
Number of boroughs overspending	31	27

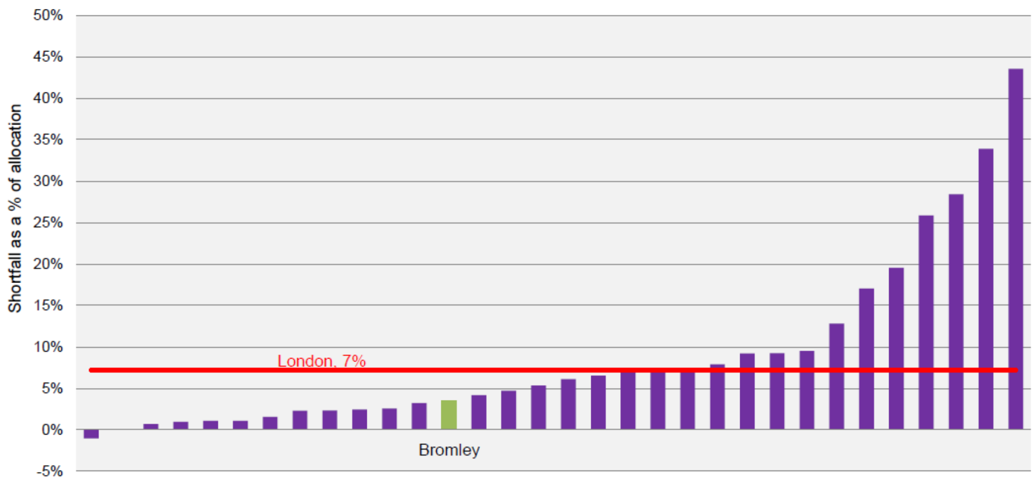
Sample: 32 boroughs



Sample: 32 boroughs

- All but one LBs reported an overspend vs allocations in 2017/18 (an increase of five since 2016/17)
- The aggregate funding shortfall is **£74.4m** (down by 36% since 2016/17 across those 30 LBs)
- Allocations increased by 8.6% and outturn spend by 5.2% from 2016/17 to 2017/18
- This year (2018-19) allocations have only increased by 3.7%

High needs block – 2017/18 outturn v allocation by borough

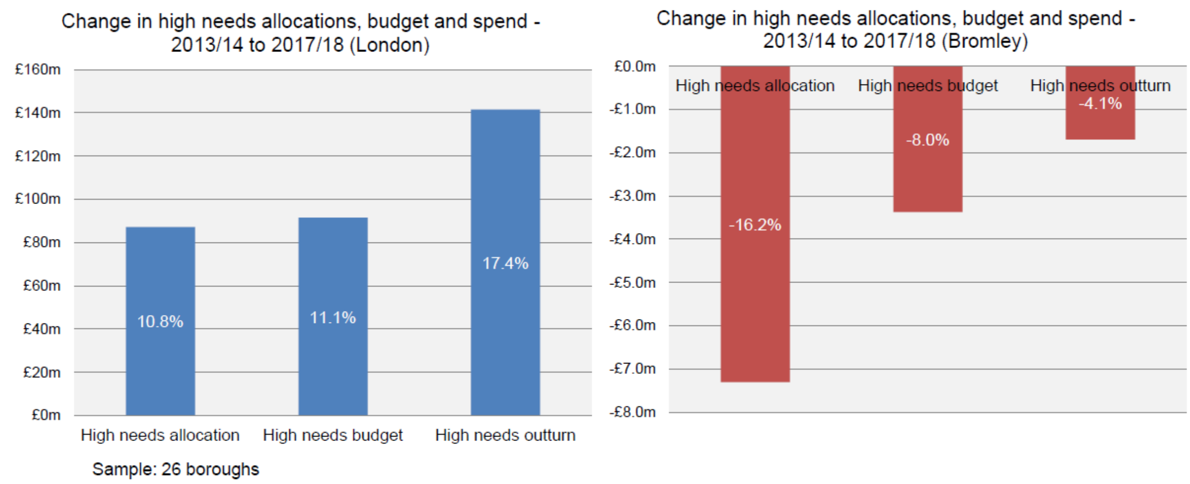


- Borough ranged from a surplus of 1% of allocation to a shortfall of 44% of allocation.
- Seven boroughs have a shortfall of over 10%

3.8.10 The London Council's research shows how funding for the High Needs Block has moved over the last five years and the adverse impact for Bromley compared to other London Boroughs. In 2016/17, the High Needs Block was effectively supporting an overspend in the Schools Block – the DSG was set with an overall overspend in that year as it was agreed with the Schools Forum and Members in order to redistribute some of the DSG underspend from previous years to schools. However in March 2017, the DFE undertook a re-baselining exercise which resulted in too much funding moving from the High Needs Block to the Schools Block as it did not take account of the reserves that were being used to support the overspend in the Schools Block. This in effect froze allocations across the different DSG blocks. As a result of this there were insufficient funds in the High Needs Block to cover the expenditure for 2017/18 which required a movement of approximately £1m from the Schools Block to cover this.

3.8.11 The table below outlines this and shows the reduction in grant, budget and outturn that Bromley have had to manage compared to other London Boroughs.

High needs block – trend since 2013/14



- Across 26 boroughs providing high needs data for 2013/14 and 2017/18, high needs allocations have increased by £87.2m (11%), budgets by £91.5m (11%) and outturn by £141.6m (17%)

3.8.12 There is significant growth being predicted even after mitigating actions. It is assumed at this stage there will be no further increases in DSG grant and therefore any financial burden will rest with the Council who will have to fund this from Council funds.

Recommendation 6: That the Council lobbies through London Councils for additional resources from the DfE for the High Needs Block.

3.8.13 A further pressure on the DSG is that of lagged funding for new Free Schools in the borough. Any funding for new Free Schools is 'top sliced' from the DSG thus impacting on the funding available for existing schools in the Borough. Head Teachers across the Borough have highlighted the impact of this on all pupils in Bromley school who receive less funding. It is essential that Bromley Council continues to lobby the DfE concerning this issue as it is clear that the current arrangements are having a disproportionate impact in Bromley. The Committee notes that the Portfolio Holder, Head Teacher representatives, and local MP Bob Neill had written to the Minister of State, Nick Gibb, seeking a meeting at which this issue can be discussed. It is essential that lobby continues and involves all four of the MPs representing the Borough in order to ensure a fairer funding settlement for Bromley.

Recommendation 7: That the Council continues to lobby the DfE concerning the issue of lagged funding for Free Schools opening in the Borough as the impact of the current arrangements is having a disproportionate impact in Bromley.

3.9 SEN Transport

3.9.1 The Committee notes that overspends within the budget are primarily around Transport.

3.9.2 Over the past few years Members of the Committee have supported a continued drive to supporting greater independent travel and transport. It is noted that one key issue going forward is that of rising fuel costs. With this in mind it is imperative that, in order to control cost increases as much as possible, each bus is utilised to the maximum. This necessitates further consideration of combining Adult Passenger Transport and Children's Passenger Transport.

Recommendation 8: That further consideration be given to combining Adult Passenger Transport and Children's Passenger Transport fleets and to amend the times of adult day services to enable the use of the same vehicles for both services.

3.9.3 The Committee emphasise that travel is an important part of children's school experience and the quality of that experience. The Committee have received assurances that there will be full consultation with parents at the point at which the Local Authority makes a proposal in relation to the provision of SEN Transport.

Recommendation 9 : That the Local Authority consults with parents regarding any proposals in relation to the new SEN Transport Contract.

3.10 Conclusion

3.10.1 Historically Bromley has been poorly funded and as a result it has been necessary to identify ways to efficiently deliver services. This has meant that fewer opportunities are remaining to identify significant savings within the Education Budget. The Committee acknowledges that in the main Bromley has remained a low cost authority. The Education Budget is predicated on the need for the Local Authority to deliver its statutory duties and these are the minimum services that the Local Authority is required to deliver.

3.10.2 The budget under consideration is not big within the context of the Council's overall budget. One of the key challenges for officers going forward is to identify further opportunities for traded services and ensure that where it is possible to charge for services, any changes that are levied fully cover the cost of providing the Service.

Recommendation 10 : that where it is possible to charge for services, any changes that are levied fully cover the cost of the Service.

Recommendation 11 : That the Council discuss with neighbouring authorities the possibility of sharing some administrative functions and centrally controlled services.

Report No.
CSD19044

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 25 February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**2019/20 PAY AWARD**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	(All Wards);

1. Reason for report

1.1 At its meeting on 12th February 2019, the General Purposes and Licensing Committee considered the attached report making a recommendation for full Council on the staff pay award for 2019/20. Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks. The Committee supported the proposed increase - the report and additional documents received by the Committee are attached.

2. RECOMMENDATIONS

(1) General Purposes and Licensing Committee recommends approval of the following -

(i) A flat 2.25% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process.)

(ii) A further increase for lower paid staff as follows inclusive of the flat rate 2.25% increase.

Spinal Points	Proposed increase inclusive of the flat rate pay award of 2.25%
4-17	6%
18	5%
19-22	4%
23-30	3%

(ii) That the Trade Union's pay claim for staff be rejected (see paragraph 3.7 and appendices of the attached report.)

(2) Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2019/20 pay increase in time for the April pay.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: £1,731k p.a.
2. Ongoing costs: Recurring Cost: £1,713k p.a.
3. Budget head/performance centre: Staffing budgets across the Council
4. Total current budget for this head: Not Applicable
5. Source of funding: See attached report

Personnel

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

Legal

1. Legal Requirement: Non statutory requirement
2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable

Ward Councillor Views

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

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

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London Borough of Bromley

Report No.HR	PART I – PUBLIC	Agenda Item No.:

Decision Maker:	**General Purposes & Licensing**		
Date:	**12th February 2019**		
Decision Type:	Non-Urgent	Non-Executive	Non-Key
TITLE:	**2019/20 PAY AWARD**		
Contact Officer:	Charles Obazuaye, Director of Human Resources Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk		
Chief Officer:	Director of Human Resources		
Ward:	N/A		

1. REASON FOR REPORT

1.1 Under the local terms and conditions of employment framework, the General Purposes & Licensing Committee (GP&L) is required to make a recommendation on pay awards to Full Council.

1.2 Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks.

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2. RECOMMENDATION(S)

2.1 Members are asked to recommend that Full Council approve the following:

(i) A flat 2.25% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process)

(ii) A further increase for lower paid staff as follows inclusive of the flat rate 2.25% increase.

Spinal Points	Proposed increase inclusive of the flat rate pay award of 2.25%
4-17	6%
18	5%
19-22	4%
23-30	3%

(ii) That the Trade Union's pay claim for staff be rejected (see para 3.7 below and attached Appendices)

2.2 Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2019/20 pay increase in time for the April pay.

Corporate Policy

1. Policy Status: Existing Policy

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: £1,731k p.a

2. On-going costs: £1,731k p.a

3. Budget Head/Performance Centre: Staffing budgets across the council

4. Total current budget for this Head:

5. Source of Funding: Central contingency

Staff

1. Number of staff (current and additional): All Council staff, except teachers.

2. If from existing staff resources, number of staff hours:

Legal

1) Legal Requirement: Non-Statutory Requirement
2) Call In: Call in is not applicable

Customer Impact

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

Ward Councillor Views

1) Have Ward Councillors been asked for comments: N/A

2) Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12th November 2012. The key elements of the localised arrangements are as follows:

- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
- Merited reward (non-consolidated/non-pensionable) for exceptional performers;
- Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.

3.2 The Council continues to face financial challenges going forward with a significant budget gap in 20/21 and beyond. The Council's approach to this pressure and the challenges and opportunities it faces to balance the budget is comprehensively addressed in the report "Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23" to Executive on 16th January 2019. A copy of the report can be found at the following link:

https://cds.bromley.gov.uk/documents/s50065719/Executive%20160119%20Draft%202019-20%20Budget%20report%20Jan%20Exec%2016-1-19%20Final%20080119.pdf

3.3 Delivering sustainable finances is increasingly important during a period of national and international economic issues which creates uncertainty over the longer term.

3.4 In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities and mitigate against the cost pressures currently being forecast. The interim Chief Executive's Transformation Agenda seeks to address these issues. Staff perspectives are key to the transformation agenda.
The Interim Chief Executive has already set out his vision in an email to all staff following his appointment. Staff and their representatives will be engaged on these programmes at the right time.

3.5 Against this background, the Council proposed for staff and Trade Union consultation purposes a flat 2.25% pay award increase for all staff, except teachers who are covered by a separate statutory pay negotiating process. Further increases were proposed for lower paid staff ranging between 3% and 6% inclusive of the flat rate proposed pay award of 2.25%

3.6 The proposal was communicated by the Director of Human Resources and Customer Services to all staff on 18 January 2018 and the Unions, including Unison, GMB and Unite branch and regional officers were also advised. Feedback received from Staff has in the main been positive. One response was received requesting further information regarding the comparison of pay for managers in Children's Social Care in relation to other Borough's but this has already been previously addressed by the Recruitment and Retention Board and Bromley's salaries are competitive when considered like for like in terms of responsibilities and job role.

A further response was received regarding the award of higher percentage salaries to lower graded staff.

3.7 On their part, the three Unions, namely Unison, GMB and Unite, submitted a joint pay claim. The Unions' claim stated, *inter alia*, as follows (Management's response is indicated in italics) A full copy of the Union's claim and supporting documentation can be found at Appendix A. In addition the Unions also submitted a separate letter regarding the settlement process for citizens requesting that the Council consider funding the cost of the settlement fee for employees. A copy of the letter from the Trade Unions can be found at Appendix B.

SUMMARY OF CLAIM

- An increase on all salary points and allowances sufficient to equal, or better, their equivalents on the GLPC/NJC Framework Arrangements. (See attached information regarding the 2 year agreed Pay Award for the period April 2018 to March 2020 and how to assimilate onto them**).*(The Bromley proposed award of 2.25% is better than that agreed nationally for this year as a flat rate award and Bromley proposes to recognise and pay additional awards to those on lower graded salaries.)***
- A review of the pay and grades structures to create a clearer and more equitable distribution across all grades following realignment of the lowest bandings to achieve headroom above the Living Wage (National Minimum Wage) and the Foundation Living Wage (London Living Wage). ***(As stated one of the key principles of adopting a local pay framework allows democratically elected Members/Councillors to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks)***
- An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Foundation Living Wage (London Living Wage) which is currently set at £10.55 per hour for 2019 (£10.20 for 2018*). **(Bromley is proposing to offer increases of between 3% and 6% (inclusive of the flat rate 2.25%) to those on lower graded salaries).***
- A review of payments and consideration of improvements to conditions in relation to additional components such as unsocial hours, gender pay, terms for working parents, and adjustments to hours. (***Bromley will be meeting its statutory obligation to publish its gender pay information and continues to seek to address the gap. At present there are a number of women employed in senior management positions within the Council. Bromley also has a range of flexible working and benefits for working parents. Bromley's pay arrangement is equality compliant).***
- Special London Allowance for Residential Staff (should this apply) in accordance with the GLPC agreement as follows;

The agreed rate from 1 April 2018 to be £1,144 and from 1 April 2019 £1,167 (increased from the 31 March 2018 rate of £1,122).

- Planned overtime rates in line with the GLPC recommendations as follows;

	1 April 2017	1 April 2018	1 April 2019
Rate a)	£20.20	£20.60	£21.02
Rate b)	£21.63	£22.06	£22.50
Rate c)	£23.47	£23.94	£24.42

These rates are relevant from spinal column point 29 and above. See paragraph 2.4 of the Gold Book for guidance on the application of these rates.

- An agreement with the joint unions on behalf of staff in relation to the management of workloads across the Council. ***(The Council recognises the need to ensure an adequate work life balance for its staff and empowers its managers and staff to ensure that this happens. Monitoring by Senior Management helps to reinforce this best practice. An example of this would be the "Case Load Promise" that exists for Qualified Social Workers in Children's Social Care. The introduction of a formal workload agreement between the Council and the Trade Unions is not therefore required).***

- ***The Council has also considered the request of the Trade Unions to fund the settlement fee for EU citizens however it has since been announced by the Government that the Fee is no longer being introduced.***

3.8 **How does the Council's 2019/20 pay award increase offer compare?**

3.9 The National Joint Council (NJC) agreed a pay award last year based on a 2 year period. This comprised a 2% pay award from April 2018 and a 2% pay award for 2019. The pay award also addressed staff on lower graded spinal points by awarding additional increases.

3.10 Nationally many Council's have committed to paying the London Living Wage. This is different to the statutory minimum wage. The former is not a statutory requirement.

3.11 Bromley Council staff received a pay award of 2% last year and the proposed award of 2.25% therefore compares favourably with the flat rate 2% award agreed nationally for 2019/20.

3.12 Whilst acknowledging the difference in the lower graded salary points compared with National, the Council has committed to a tailored increased award to those Bromley Pay points between 4 and 30 to help address this. In real terms these increases are between 3 and 6% inclusive of the flat rate pay award of 2.25%. The Council will continue to monitor staff recruitment and retention and where appropriate additional pay including the use of market supplements and any other proportionate responses will be adopted e.g. hard to fill and retain posts in children/adult services.

4. Public Sector pay forecast 2019/20

4.1 The 1% cap on Public Sector pay was lifted in September 2017 and in July 2018 the Government announced that around one million public sector workers would benefit from the biggest pay rise in almost 10 years.

4.2 Based on recommendations by independent pay review bodies:

- In 2018 Police Officers received a pay rise of 2% and Prison Officers received 2.75% 1.7%.

- The Teacher main pay range rose by 3.5% from 1 September 2018 with separate increases of 2% to the upper pay range and 1.5% to Leadership. The Council agreed its own central pay policy for Teacher's in 2018 following the STRB's recommendation.

- In March 2018 a 6.5% pay rise over three years was announced for more than a million nurses, midwives and agenda for change staff in return for modernisation of terms and conditions.

(i) The Bromley offer if agreed by Full Council represents an increased flat rate percentage increase for Bromley staff, compared to the London pay settlement.

(ii) It is acknowledged that the London pay award previously agreed represents a higher percentage for lower graded staff however the Council has sought to address this by proposing an increased tailored percentage increase to those staff on lower graded salaries.

(iii) Whilst pay awards for 19/20 are in the process of being negotiated elsewhere in both other Public and Private Sector, other pay data gathered from Council's outside of London show increases in 18/19 between 1.2% and 2.5% with the majority of increases around 2%.

4.3 The Council continues to operate in an economic climate of national financial uncertainty whilst having to face enormous pressures to deliver services where demand for growth is high particularly in relation to care services to vulnerable children and adults. This is also set against the backdrop of global financial uncertainty as the United Kingdom leaves the European Union.

4.4 The Council will continue to respond positively and flexibly to the labour markets regarding critical skills and hard to recruit and retain posts, in particular by offering enhanced packages if appropriate. Staff employed by the Council are also able to access the “Real Benefits” Scheme. Through the scheme the Council has negotiated favourable discounts with a range of retailers in Bromley. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.

4.5 Additionally, the Leader, the Portfolio Holder for Resources and their Cabinet colleagues and the Chairman of General Purposes and Licensing Committee are still committed to the Merited Pay Reward scheme for exceptional performers

- A separate amount of £200k for Merited Award vouchers for exceptional performers has been set aside. In 2018/19 a total of 193 awards ranging from circa £200 to £1,000 were awarded to staff. Also, a total of 180 mini rewards circa £50 (average) were awarded to staff. This brings to more than a million pounds having been set aside since the Scheme’s inception.

- Members have also reiterated their commitment to Staff Training and Development including the Graduate Internship Scheme and the Apprenticeship Levy. Since the Levy was introduced with additional funding by the Council a total of 22 apprentices have been recruited.

- Every year the Council recruits up to 6 graduate interns and many of them have been promoted into permanent senior positions in the organisation. In terms of the Apprenticeship Levy, HR is developing a plan to use the levy to upskill existing staff in the organisation partly to address areas of recruitment and retention difficulty.

- In addition key Members and Departmental Representatives remain committed to and continue to work on the ‘Dream Organisation’ agenda to ensure that the Council remains an employer of choice. The Departmental Representatives are a conduit between the Members and Chief Officers and our workforce. They are taking forward matters as diverse as the Transformation Agenda and reduction of plastic consumption and their role is appreciated by all Members.

5. POLICY IMPLICATIONS

5.1 As stated in paragraph 3.1 above, the annual pay award review is one of the key drivers for adopting the localised terms and conditions of employment framework for staff, except teachers. It enables the Council to set its own pay award free from nationally/regionally negotiated arrangements, usually divorced from local pressures and circumstances.

5.2 Aligning the pay review process with the budget setting process means that the cost of the pay increase is not viewed in isolation from the other significant cost pressures impacting on the Council’s overall budget

6. FINANCIAL IMPLICATIONS

6.1 A 2.25% increase to all staff as well as the additional increase for lower graded staff as detailed in recommendation 2.1 (ii), will cost the Council £1,731k p.a.

6.2 This is at a time when the Council is facing a continuing period of unprecedented reduction in public funding and over the next few years significant savings are still required.

6.3 The increase to pay as set out in para 2.1 therefore represents a reasonable pay award in the current financial climate.

7. LEGAL IMPLICATIONS

7.1 As set out in the report, there are no specific implications, including equal pay arising from the proposed pay award recommendations as detailed in para 2.1 above.

8. PERSONNEL IMPLICATIONS

8.1 As set out in the report.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

DRAFT PAY CLAIM FOR 2019 - 2020
SUBMITTED BY JOINT UNIONS TO THE LONDON BOROUGH OF BROMLEY

1. INTRODUCTION

This pay claim is submitted by UNISON, GMB and UNITE on behalf of staff working for Bromley Council.

The claim is set at a level that we believe recognises the following key points:

- Major increases in the cost of living over recent years have significantly reduced the value of staff wages;
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services;
- Appropriate reward is needed for the increased workload and stress placed on staff against a background of major budget cuts;
- Average pay settlements across the economy have been running ahead of those received by Bromley Council staff over recent years, increasing the likelihood of recruitment and retention problems in the long term;
- Increased vacancy rates across the economy make a competitive wage rate ever more crucial;
- Nobody should be paid less than the nationally recognised Foundation Living Wage (London Living Wage) rate, which has become a benchmark for the minimum level of decent pay across the UK and is now paid by large sections of the public services and many major private companies.

2. SUMMARY OF CLAIM

We are seeking:

- An increase on all salary points and allowances sufficient to equal, or better, their equivalents on the GLPC/NJC Framework Arrangements. (See attached information regarding the 2 year agreed Pay Award for the period April 2018 to March 2020 and how to assimilate onto them).

- A review of the pay and grades structures to create a clearer and more equitable distribution across all grades following realignment of the lowest bandings to achieve headroom above the Living Wage (National Minimum Wage) and the Foundation Living Wage (London Living Wage).

- An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Foundation Living Wage (London Living Wage) which is currently set at £10.55 per hour for 2019 (£10.20 for 2018).
- A review of payments and consideration of improvements to conditions in relation to additional components such as unsocial hours, gender pay, terms for working parents, and adjustments to hours.
- Special London Allowance for Residential Staff (should this apply) in accordance with the GLPC agreement as follows;

  The agreed rate from 1 April 2018 to be £1144 and from 1 April 2019 £1167 (increased from the 31 March 2018 rate of £1122).
- Planned overtime rates in line with the GLPC recommendations as follows;

	1 April 2017	1 April 2018	1 April 2019
Rate a)	£20.20	£20.60	£21.02
Rate b)	£21.63	£22.06	£22.50
Rate c)	£23.47	£23.94	£24.42

  These rates are relevant from spinal column point 29 and above. See paragraph 2.4 of the Gold Book for guidance on the application of these rates.
- An agreement with the joint unions on behalf of staff in relation to the management of workloads across the Council.

The NJC Two Year Award - Implications for Employers with Locally Determined pay spines

Unions are asking the Council, as a non-NJC employer, to look again at their arrangements in the light of the new national pay structures. The advantages of the NJC pay spine are;

- The NJC pay spine is transparent

- Using the NJC pay spines aids comparability with other NJC employers

- It becomes easier to apply future NJC pay awards

- Using the NJC pay spine future proofs the employer against National Living Wage increases and so provides stability

- The NJC pay spine provides a sound basis for future pay and grading exercises.

3. FALLING VALUE OF PAY

The table below demonstrates the major fall in living standards suffered by staff over recent years.

	London Borough of Bromley pay increases – note, this does not apply to *all* staff – see **	Rise in cost of living[1] (as measured by Retail Prices Index)
2010	**0%**	4.6%
2011	**0%**	5.2%
2012	**0%**	3.2%
2013	**1.2%**	3.0%
2014	**1.2%**	2.4%
2015	**1.2%**	1.0%
2016	**1.2%**	1.8%
2017	**1.2%**	3.6%
2018	**2.0%**	*3.4% est*

This means that, while the cost of living has risen by and estimated 31.0 % over the last nine years, for many LBB staff pay has risen by just 8.0%, which means that thousands of pounds have been cut out of the value of staff wages**.**

Latest inflation figures have now hit 3.4% and Treasury forecasts indicate that the cost of living is set to average 3.4% throughout 2018, followed by four further years of inflation running at 3% or above, in line with the graph overleaf.

** The table above does not reflect the tiered pay award for staff on lower pay, however it is recognised that;

In 2013/14 and 2014/15 the LBB pay award was between 1.2-1.7%,

In the 2017/18 pay award the LBB gave a one off consolidated £300 payment to staff earning below £18,000 PA, and

The 2018/19 pay award applied the following for staff earning between

£17,000 - £19,000 FTE PA - £600 uplift

£16,000 - £17,000 FTE PA - £800 uplift

Less than £16,000 FTE PA - £1,000 uplift

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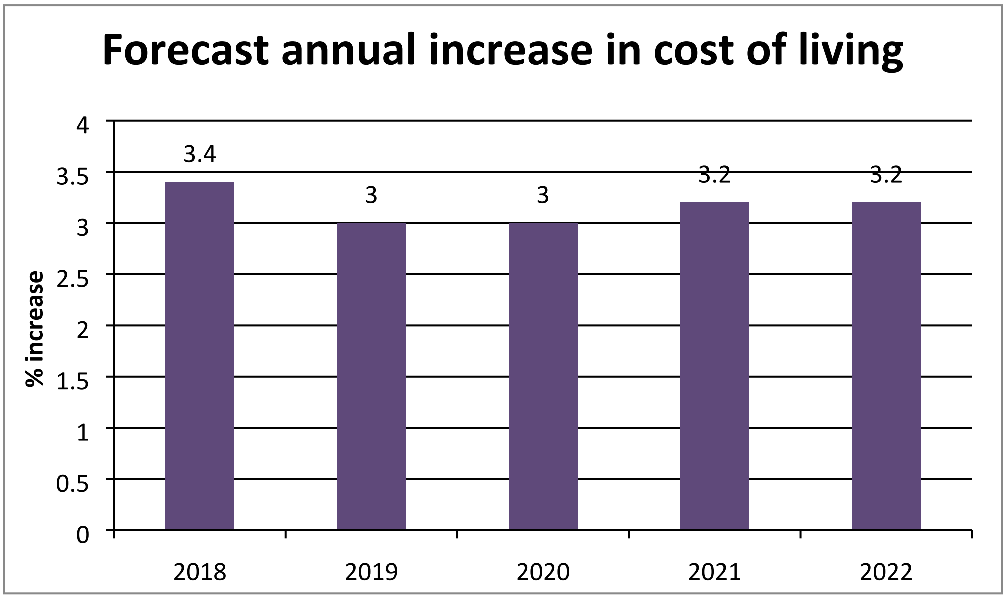
[1] Office for National Statistics, Consumer Price Inflation Reference Tables, December 2014



Source: HM Treasury, Forecasts for the UK Economy, May 2018

4. FALLING BEHIND AVERAGE PAY RATES

The ability of Bromley Council to attract and retain support staff in the long term will be damaged if the pay of its staff falls behind the going rate in the labour market.

The table below shows that pay settlements over the last year across the economy have been running at 2.6%, which stands in contrast to the most recent Council settlement of 2% for the majority of staff.

A sample of economic sectors that can provide alternative career options for Bromley Council staff shows that pay settlements are running at the rates shown below.

Sector	Average pay settlements
Across economy	2.6%
Private sector	2.7%
Public sector	2.0%
Not for profit	2.4%
Energy & gas	3.0%
Water & waste management	2.5%
Retail & wholesale	2.4%
Transport & storage	3.3%
Information & communication	2.5%
Admin & support services	2.5%

Source: Labour Research Department, settlements year to May 2018

In order to remain competitive with wages across the economy during 2018, Bromley Council will need to keep up with average pay settlements that are expected to average 3.1% over the year, according to the Bank of England[2].

5. LIVING WAGE BECOMING STANDARD MINIMUM PAY BENCHMARK

The Foundation Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a “basic but acceptable” standard of living.

Bromley Council is now competing in a labour market where the Foundation Living Wage of £9.00 an hour outside London and £10.55 an hour in London (London Living Wage) is becoming an increasingly common minimum point in the pay scale.

Studies supported by Barclays Bank have shown that Foundation Living Wage employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation.

Consequently, there are now over 4,300 employers accredited as Living Wage employers by the Living Wage Foundation, including some of the largest private companies in the UK, such as Barclays, HSBC, IKEA and Lidl.

Across the public sector, the Scotland government has established the Living Wage within all its public sector organisations and the most recent pay deal has taken minimum rates above the Living Wage across the NHS in England. This development adds to existing agreements for Living Wage minimums throughout the NHS and Further Education College staff in Wales, as well as all universities across the UK (for staff on a 35-hour week). Support staff in more than 12,000 schools across the UK are also set to be paid the Living Wage as a result of national agreements.

Furthermore, even where national agreements have not achieved a Living Wage settlement, a major proportion of individual councils, NHS trusts, schools and academies have taken up the Living Wage on their own initiative. A UNISON Freedom of Information survey covering local government, the NHS, universities, further education colleges and police authorities that drew over 900 responses found that 51% of employers across these sectors already pay at least the Living Wage to their lowest paid staff.

Greater London Local Government Living Wage Employers

The following 17 London Councils, along with the GLA, have voluntarily entered into agreements to pay the FLW/LLW as a minimum;

Brent

Camden

City of London

Croydon

Ealing

Enfield

Greenwich

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[2] Bank Of England, Agents’ Summary Of Business Conditions, February 2018

Hackney

Hammersmith & Fulham

Haringey

Hounslow

Islington

Lewisham

Redbridge

Southwark

Tower Hamlets

Waltham Forest

Unions are calling on Bromley Council to do the same for their staff.

6. RECRUITMENT AND RETENTION PRESSURES BUILDING

With the unemployment rate at its lowest level in 43 years and vacancies escalating across the economy, competitive wage rates are becoming ever more crucial.

The general unemployment rate has been in decline from a peak of 8.5% in 2011 to 4.2% over the three months to March 2018, while the number of unemployed people per vacancy has fallen from 5.8 to 1.7 over the same period.

Unemployment rates are forecast to remain around current levels over the next two years, averaging 4.2% in 2018[3] and 4.3% in 2019.

7. MORALE UNDER THREAT

Working against a background of budget cuts, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long term threat to the Council's ability to provide a consistent quality of service.

Analysis by the Social Market Foundation has shown workers in the public sector and the energy sector are experiencing some of the highest levels of stress across the economy.

Since 2008 government spending cuts have lead to over half a million job losses across the entire public sector. As a result of these funding cuts and job losses there is a higher prevalence of job insecurity amongst the workforce along with an increase in turnover of staff. Many organisations now have a smaller workforce to do the same, or an increased, amount of work.

Unions are therefore asking the LB of Bromley to use this pay review process as the starting point in entering into a **Workload Agreement** in support of their staff.

See Appendix 1 for further information in this regard.

[3] HM Treasury, Forecasts for the UK Economy, May 2018

8. AFFORDABILITY

The affordability of this claim is clear from the latest LB of Bromley accounts, which show a surplus for 2017/18 – see Appendix 2.

Bromley Council is reporting reserves in excess of £20 million pounds. See also Appendix 2.

Against this figure, the accounts suggest that a pay rise in accordance with this claim would cost [£_]. TBC

On the basis of the above, unions are asking Bromley Council to make pay awards in accordance with this claim as a minimum.

9. GENDER AND PAY

The joint unions request that all information in this regard is shared with the trade unions in order to facilitate an equal pay audit and action plan being agreed, if necessary, and to open discussions on how the organisation will work to close any pay gap and create a transparent pay system.

Publication of other data – As well as the gender pay gap data, unions are asking Bromley Council to publish other data in order to provide a fuller picture of the gender pay gap breakdown within the organisation, as follows:

☐ Number of full time male and female employees;

☐ Number of part time female and full time male employees;

☐ The distribution of men and women by grade and job role and age;

☐ The gap in basic pay and additional earnings – bonus payments, honoraria, overtime, expenses and other supplements which can hard the true figure;

☐ Hidden earnings – for example additional annual leave based on seniority or continuous service.

☐ Pay information by ethnicity and disability.

If any pay gaps are, or have been, identified the unions want to be working with the employer to establishing the reasons for them. This might mean that the pay structure, pay progression within the organisation, performance related pay procedures, premium pay and allowances subsequently require a jointly conducted review in this respect.

10. CONCLUSION

There can be no doubt that all Bromley Council staff have seen the value of their earnings fall considerably over recent years and evidence suggests that they are also falling behind pay settlements for comparable jobs in other London Boroughs.

Combined with these developments, the last year has seen intensified pressures placed on staff at the same time as greater job choices are opening up for staff in an improving labour market.

Therefore, this pay claim represents a very reasonable estimate of the reward staff deserve for their dedication, skill and hard work and the minimum improvement in pay needed to maintain workforce morale for delivering consistently high quality services.

APPENDIX 1

Workload Agreements - Background

It is well documented that work intensification can have a detrimental impact on the health and wellbeing of staff. UNISON surveys across public sector service groups have consistently highlighted the fact that excessive workloads have resulted in workforces with high levels of stress, increased sickness absence rates, poor staff morale and work/life balance, and ultimately increased staff turnover:

 A 2015 UNISON survey of School Business managers found that over 87% usually work more than their contracted hours with nearly one in four doing more than ten extra hours per week.

 In a survey of over 15,000 school support staff UNISON found that over 40% of staff work more than two additional hours per week with more than 10% working more than 7 extra hours per week (the same as working an extra per week). Nearly 80% of these staff said it was because their workload demands it.

A local workload agreement would help to protect employees against excessive workloads. The agreement would be designed to support workplace health and safety by regulating excessive working hours. It should seek to establish a framework to assist managers in supporting employees, and give practical guidance on reducing excessive workloads.

 A national agreement 'raising standards and tackling workload' was established in 2003 for school staff in England to support reform in the sector; the agreement also explicitly covered support staff roles. The principles in the agreement recognise the contribution support staff make in raising school standards and states that all staff have a right to a reasonable work/life balance. The agreement puts in place a time-line with actions to reduce staff working excessive hours.

The University of Bristol has worked with joint staff-side unions and agreed a local workload policy. The central purpose of this agreement is to 'maintain and enhance the quality or work delivered at the University by its staff'. Although the policy only covers academic staff, in essence the policy covers some key principles which are the bedrock of any workload policy.

The policy states that staff have the right to

- reasonable workloads,
- a fair distribution of work,
- socially acceptable working hours,
- regular daily, weekly and annual breaks from work,
- the ability to challenge excessive workloads.
-

Within the policy there are procedures to review the overall allocation of work of staff.

Establishing an agreement

Many organisations will already recognise the health and safety implications posed by staff working excessive hours with unmanageable workloads and will want to discuss with unions how to alleviate stress on staff by managing workloads. Other reasons to establish a local workload agreement include:

I. Health and Safety
Workload agreements are part of safe working practice. Regulation 3 and 4 of The Management of Health and Safety at Work Regulations require employers to risk assess any hazards posed staff and that it is the responsibility of the employer to put measures in place to eliminate any risks to staff and their health. Employers also have a responsibility to ensure safe working practices under The Working Time Regulations 1998.

II. Improved morale and retention
Benefits include improved health and congenial working conditions for all staff, a reduction in sickness absence rates and improved staff morale and retention of staff. Better moral leads to greater productivity – so everyone wins! The agreement should include ways to monitor excessive workloads and allow employers to be able to identify any issues before they become unmanageable.

Unions could work with HR to identify levels of staff turnover in the various service areas and explore the reasons why staff are leaving the organisation – this could be down to work related stress, staff shortages and workload issues.

III. Change the workplace culture
Workload agreements can provide a safe and fair mechanism for staff to speak out about excessive workloads and unsafe working conditions instead of remaining silent and isolated in the workplace trying to complete a job which may be impossible and unsafe for them.

The agreement should apply to all staff and include the following key principles:

a. Regulate excessive working hours
As there is already legislation covering excessive working hours the agreement should recognise that the working time directive sets out minimum standards of employment in relation to monitoring working time and promotes staff having a healthy work/life balance.

b. Regulate excessive workloads
The agreement should aim to make sure that staff have the right to reasonable workloads and a fair distribution of work.

c. Management training and supporting staff
The agreement should set out how managers should manage workloads in a fair and transparent manner. Managers should also be offered training on supporting employees with their workloads and use the appraisal system as a tool to discuss and identify workload issues. Other training managers could be offered include strategies for managing cover and staff absence and planning and preparation of work allocations.

d. Mechanism to discuss workload
The policy needs to have a mechanism for employees to dispute unfair or unreasonable workloads. Where workloads are disputed staff should be invited to attend a meeting with their manager and are entitled to be accompanied by their trade union representative or full time trade union official.

Though any locally negotiated workload agreement may set out agreed key principles, it is important that managers are trained to understand the agreement in order for them to support staff with workload issues. If a member of staff is raising concerns about workloads, working excessive hours and there are incidents of staff absences due to work related stress, these are all very serious health and safety concerns and should be a warning sign for organisations that there are issues. As well as training managers to understand the workload agreement, managers should also be trained in delivering effective development reviews, which will identify any workload issues.

APPENDIX 2

APPENDIX 3

GLPC PAY AWARD INFORMATION

GLPC Employers' London Pay Offer January 2018 - Outer London Pay Spine

GLPC Circular 1/2018, dated 24/04/2018

NJC Letter to Chief Executives, dated 14/06/2018 (FAQs)

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APPENDIX 3

GLPC PAY AWARD INFORMATION

GLPC Employers' London Pay Offer January 2018 - Outer London Pay Spine

GLPC Circular 1/2018, dated 24/04/2018

NJC Letter to Chief Executives, dated 14/06/2018 (FAQs)

LONDON COUNCILS

Helen Reynolds, Onay Kasab,
Dave Powell
London Trade Union Side Secretaries
c/o Unison Greater London Region
1st Floor, Congress House
23-28 Great Russell St
London WC1B 3LS

Contact: **Steve Davies**
Direct line: 020 7934 9963
Email: Steve.davies@londoncouncils.gov.uk

Date: **22 January 2018**

Emailed to h.reynolds@unison.co.uk

Dear Helen, Onay and Dave

Special Salary Arrangements for London 2018 -2019

I am writing on behalf of the Employers' Side of the Greater London Provincial Council (GLPC) to formally outline the pay offer for London in response to the Trade Union Side's pay claim nationally and the National Employers for Local Government Services pay offer December 2017.

The GLPC Employers wish to make the following final offer.

From 1 April 2018 for the Outer London Pay Spine

Spine Point	Outer London 2018 Cash increase	Outer London 2018 equivalent % increase
6	£1,650	9.19%
7	£1,650	9.17%
8	£1,650	9.14%
9	£1,650	9.11%
10	£1,550	8.46%
11	£1,540	8.39%
12	£1,540	8.38%
13	£1,540	8.37%
14	£1,350	7.24%
15	£1,200	6.34%
16	£900	4.67%
17	£850	4.33%
18	£750	3.77%
19	£600	2.91%

On Outer London spinal points 20 and above a 2% increase

From 1 April 2018 for the Inner London Pay Spine

Spine Point	Inner London 2018 Cash increase	Inner London 2018 equivalent % increase
6	£1,780	9.77%
7	£1,720	9.36%
8	£1,490	7.95%
9	£1,320	6.93%
10	£1,160	6.01%
11	£1,270	6.56%
12	£1,120	5.70%
13	£950	4.75%
14	£880	4.33%
15	£850	4.13%
16	£820	3.92%
17	£830	3.91%
18	£830	3.85%
19	£640	2.88%

On Inner London spinal points 20 and above a 2% increase

In line with national offer the GLPC Employers' propose a revised number pay spine together with relevant assimilation arrangements for both Outer and Inner London. The GLPC Employers' detailed offer is outlined in Annex 1 for Outer London and Annex 2 for Inner London.

The proposed 2019 London spines are based on the following key principles.

- No one gets less than 2% in either year
- Bottom loading in both years with higher than 2% increases each year up to old spine point 20, and in 2019 better than 2% increases for old spine points 20–30 on the Outer London spine and better than 2% increases for old spine points 20–32 on the Inner London spine
- The new 2019 spines each have even increment increases of 1.8% up to old spine point 28
- Retains integrity of the London pay spines, although by adopting the assimilation principles of the national offer the number of pay points in grades will change. The GLPC Employers therefore suggest that the joint secretaries' work together to consider appropriate advice as such issues arise.
- Remains within the NJC national bargaining arrangements

Yours sincerely

Steve Davies
Head of Regional Employers Organisation

Cc Heather Wakefield, Rehana Azam, Jim Kennedy, Trade Union Side Secretaries of NJC for Local Government Services

Annex 1 - Outer London Pay Spines

Note - London convention of rounding up or down to nearest multiple of 3

London Spine	Outer London 2017 Current Rate	Outer London 2018 New Rate	Outer London 2019 New Assimillation Spine Point	2019 Outer Pay after Assim (no grade change)	Outer London 2019 New Spine	Outer London 2019 New Rate
6	£17,961	£19,611	1	£20,103	1	£20,103
7	£17,985	£19,635	1	£20,103	2	£20,466
8	£18,051	£19,701	2	£20,466	3	£20,835
9	£18,105	£19,755	2	£20,466	4	£21,210
10	£18,330	£19,881	3	£20,835	5	£21,591
11	£18,357	£19,896	3	£20,835	6	£21,981
12	£18,375	£19,914	4	£21,210	7	£22,377
13	£18,396	£19,935	4	£21,210	8	£22,779
14	£18,657	£20,007	5	£21,591	9	£23,187
15	£18,936	£20,136	5	£21,591	10	£23,607
16	£19,281	£20,181	6	£21,981	11	£24,030
17	£19,623	£20,472	6	£21,981	12	£24,462
18	£19,917	£20,667	7	£22,377	13	£24,903
19	£20,598	£21,198	8	£22,779	14	£25,353
20	£21,276	£21,702	9	£23,187	15	£25,809
21	£21,984	£22,425	10	£23,607	16	£26,274
22	£22,506	£22,956	12	£24,462	17	£26,745
23	£23,115	£23,577	13	£24,903	18	£27,228
24	£23,802	£24,279	14	£25,353	19	£27,717
25	£24,510	£24,999	15	£25,809	20	£28,215
26	£25,242	£25,746	18	£27,228	21	£28,725
27	£26,019	£26,538	19	£27,717	22	£29,241
28	£26,805	£27,342	20	£28,215	23	£29,766
29	£27,801	£28,356	23	£29,766	24	£30,213

30	£28,668	£29,241	24	£30,213	25	£30,708
31	£29,517	£30,108	25	£30,708	26	£31,548
32	£30,324	£30,930	26	£31,548	27	£32,430
33	£31,170	£31,794	27	£32,430	28	£33,291
34	£31,998	£32,637	28	£33,291	29	£33,945
35	£32,628	£33,282	29	£33,945	30	£34,794
36	£33,444	£34,113	30	£34,794	31	£35,724
37	£34,338	£35,025	31	£35,724	32	£36,711
38	£35,286	£35,991	32	£36,711	33	£37,842
39	£36,372	£37,098	33	£37,842	34	£38,799
40	£37,293	£38,040	34	£38,799	35	£39,774
41	£38,229	£38,994	35	£39,774	36	£40,728
42	£39,147	£39,930	36	£40,728	37	£41,706
43	£40,086	£40,887	37	£41,706	38	£42,681
44	£41,025	£41,847	38	£42,681	39	£43,590
45	£41,898	£42,735	39	£43,590	40	£44,607
46	£42,876	£43,734	40	£44,607	41	£45,585
47	£43,815	£44,691	41	£45,585	42	£46,560
48	£44,751	£45,645	42	£46,560	43	£47,511
49	£45,666	£46,578	43	£47,511	44	£48,492
50	£46,608	£47,541	44	£48,492	45	£49,464
51	£47,544	£48,495	45	£49,464	46	£50,448
52	£48,489	£49,458	46	£50,448	47	£51,450
53	£49,452	£50,442	47	£51,450	48	£52,482
54	£50,445	£51,453	48	£52,482	49	£53,544
55	£51,465	£52,494	49	£53,544	50	£54,597
56	£52,476	£53,526	50	£54,597	51	£55,638
57	£53,478	£54,549	51	£55,638	52	£56,682
58	£54,480	£55,569	52	£56,682	53	£57,735
59	£55,494	£56,604	53	£57,735	54	£58,779
60	£56,496	£57,627	54	£58,779	55	£59,823
61	£57,501	£58,650	55	£59,823	56	£60,879
62	£58,515	£59,685	56	£60,879	57	£61,929
63	£59,523	£60,714	57	£61,929	58	£62,970
64	£60,525	£61,737	58	£62,970	59	£64,023
65	£61,536	£62,766	59	£64,023	60	£65,367
66	£62,829	£64,086	60	£65,367	61	£66,732
67	£64,140	£65,424	61	£66,732	62	£68,127
68	£65,481	£66,792	62	£68,127	63	£69,561
69	£66,861	£68,199	63	£69,561	64	£71,016
70	£68,259	£69,624	64	£71,016	65	£72,438

Annex 2 - Inner London Pay Spines

Note - London convention of rounding up or down to nearest multiple of 3

London Spine	Inner London 2017 Current Rate	Inner London 2018 New Rate	Inner London 2019 New Assimillation Spine Point	2019 Inner Pay after Assim (no grade change)	Inner London 2019 New Spine	Inner London 2019 New Rate
6	£18,222	£20,001	1	£21,231	1	£21,231
7	£18,384	£20,103	1	£21,231	2	£21,612
8	£18,747	£20,238	2	£21,612	3	£22,002
9	£19,050	£20,370	2	£21,612	4	£22,398
10	£19,311	£20,472	3	£22,002	5	£22,800
11	£19,347	£20,616	3	£22,002	6	£23,211
12	£19,665	£20,784	4	£22,398	7	£23,628
13	£20,001	£20,952	4	£22,398	8	£24,054
14	£20,310	£21,189	5	£22,800	9	£24,486
15	£20,580	£21,429	5	£22,800	10	£24,927
16	£20,907	£21,726	6	£23,211	11	£25,377
17	£21,252	£22,083	6	£23,211	12	£25,833
18	£21,546	£22,377	7	£23,628	13	£26,298
19	£22,218	£22,857	8	£24,054	14	£26,772
20	£22,902	£23,361	9	£24,486	15	£27,255
21	£23,610	£24,081	10	£24,927	16	£27,744
22	£24,135	£24,618	12	£25,833	17	£28,245
23	£24,738	£25,233	13	£26,298	18	£28,752
24	£25,437	£25,947	14	£26,772	19	£29,271
25	£26,136	£26,658	15	£27,255	20	£29,796
26	£26,865	£27,402	18	£28,752	21	£30,333
27	£27,654	£28,206	19	£29,271	22	£30,879
28	£28,440	£29,010	20	£29,796	23	£31,434
29	£29,424	£30,012	23	£31,434	24	£32,001
30	£30,294	£30,900	24	£32,001	25	£32,577
31	£31,140	£31,764	25	£32,577	26	£33,162
32	£31,953	£32,592	27	£33,759	27	£33,759
33	£32,802	£33,459	28	£34,128	28	£34,128
34	£33,627	£34,299	29	£34,986	29	£34,986
35	£34,254	£34,938	30	£35,637	30	£35,637
36	£35,070	£35,772	31	£36,486	31	£36,486
37	£35,961	£36,681	32	£37,413	32	£37,413
38	£36,912	£37,650	33	£38,403	33	£38,403
39	£38,007	£38,766	34	£39,543	34	£39,543

40	£38,919	£39,696	35	£40,491	35	£40,491
41	£39,855	£40,653	36	£41,466	36	£41,466
42	£40,785	£41,601	37	£42,432	37	£42,432
43	£41,718	£42,552	38	£43,404	38	£43,404
44	£42,651	£43,503	39	£44,373	39	£44,373
45	£43,530	£44,400	40	£45,288	40	£45,288
46	£44,496	£45,387	41	£46,293	41	£46,293
47	£45,438	£46,347	42	£47,274	42	£47,274
48	£46,377	£47,304	43	£48,252	43	£48,252
49	£47,292	£48,237	44	£49,203	44	£49,203
50	£48,234	£49,200	45	£50,184	45	£50,184
51	£49,176	£50,160	46	£51,162	46	£51,162
52	£50,115	£51,117	47	£52,140	47	£52,140
53	£51,069	£52,089	48	£53,133	48	£53,133
54	£52,071	£53,112	49	£54,174	49	£54,174
55	£53,088	£54,150	50	£55,233	50	£55,233
56	£54,102	£55,185	51	£56,289	51	£56,289
57	£55,107	£56,208	52	£57,333	52	£57,333
58	£56,112	£57,234	53	£58,380	53	£58,380
59	£57,114	£58,257	54	£59,421	54	£59,421
60	£58,131	£59,295	55	£60,480	55	£60,480
61	£59,127	£60,309	56	£61,515	56	£61,515
62	£60,135	£61,338	57	£62,565	57	£62,565
63	£61,158	£62,382	58	£63,630	58	£63,630
64	£62,145	£63,387	59	£64,656	59	£64,656
65	£63,159	£64,422	60	£65,712	60	£65,712
66	£64,449	£65,739	61	£67,053	61	£67,053
67	£65,769	£67,083	62	£68,427	62	£68,427
68	£67,101	£68,442	63	£69,813	63	£69,813
69	£68,490	£69,861	64	£71,256	64	£71,256
70	£69,882	£71,280	65	£72,705	65	£72,705

Greater London Provincial Council

DATE: 24 April 2018

GLPC CIRCULAR 1/2018

Dear Colleague

SPECIAL SALARY ARRANGEMENTS FOR LONDON 2018 - 2020

Agreement has been reached between the Employers and Union sides of the Greater London Provincial Council on the rates of pay applicable within the London Agreement.

The rates of pay applicable from **1 April 2018 and 1 April 2019** for the Outer and Inner London pay spines are attached respectively at **Annex 1** and **Annex 2**.

The new rates for allowances up-rated in line with the headline pay increase of two per cent in each year are set out below.

Planned overtime rates

The GLPC recommends planned overtime rates as follows:

	1 April 2017	1 April 2018	1 April 2019
Rate a)	£20.20	£20.60	£21.02
Rate b)	£21.63	£22.06	£22.50
Rate c)	£23.47	£23.94	£24.42

These rates are relevant from spinal column point 29 and above. See paragraph 2.4 of the Gold Book for guidance on the application of these rates.

Special London Allowance for Residential Staff

The agreed rate from 1 April 2018 is **£1144** and from 1 April 2019 **£1167** (increased from the 31 March 2018 rate of £1122).

Yours sincerely

HCReynolds   Onay Kasab

Helen Reynolds   Onay Kasab   Vaughan West   Steve Davies
Joint Secretaries

To: The Chief Executives of the London boroughs
The Heads of Human Resources of the London boroughs
The Finance Directors of the London boroughs
GLEF Employers' Side representatives
London Councils Pay & ER Forum
London Councils Political Advisers
The constituent trade unions

Helen Reynolds
Union Side Co-Secretary
1st Floor, Congress House
23-28 Great Russell Street
London WC1B 3LS

Steve Davies
Employers' Side Secretary
London Councils
59½ Southwark Street
London SE1 OAL

From 1 April 2018 the Outer London Pay Spine will increase as follows

Spine Point	Outer London 2018 Cash increase	Outer London 2018 equivalent % increase
6	£1,650	9.19%
7	£1,650	9.17%
8	£1,650	9.14%
9	£1,650	9.11%
10	£1,551	8.46%
11	£1,539	8.39%
12	£1,539	8.38%
13	£1,539	8.37%
14	£1,350	7.24%
15	£1,200	6.34%
16	£900	4.67%
17	£849	4.33%
18	£750	3.77%
19	£600	2.91%

Outer London spinal points 20 and above increase by two percent.

From 1 April 2018 the Inner London Pay Spine will increase as follows

Spine Point	Inner London 2018 Cash increase	Inner London 2018 equivalent % increase
6	£1,779	9.77%
7	£1,719	9.36%
8	£1,491	7.95%
9	£1,320	6.93%
10	£1,161	6.01%
11	£1,269	6.56%
12	£1,119	5.70%
13	£951	4.75%
14	£879	4.33%
15	£849	4.13%
16	£819	3.92%
17	£831	3.91%
18	£831	3.85%
19	£639	2.88%

Inner London spinal points 20 and above increase by two percent.

From 1 April 2019 the London pay spines increase is based on the following principles:

- No one gets less than a 2% rise in either year
- Bottom loading in both years with higher than 2% increases each year up to old spine point 20 and, in 2019, better than 2% increases for old spine points 20–30 on the Outer London spine and better than 2% increases for old spine points 20–32 on the Inner London spine
- The new 2019 spines each have even increment increases of 1.8% up to old spine point 28

Annex 1 - Outer London Pay Spines

Note - London convention of rounding up or down to nearest multiple of 3

London Spine	Outer London 2017 Current Rate	Outer London 2018 New Rate	Outer London 2019 New Assimilation Spine Point	2019 Outer Pay after Assim (no grade change)	Outer London 2019 New Spine	Outer London 2019 New Rate
6	£17,961	£19,611	1	£20,103	1	£20,103
7	£17,985	£19,635	1	£20,103	2	£20,466
8	£18,051	£19,701	2	£20,466	3	£20,835
9	£18,105	£19,755	2	£20,466	4	£21,210
10	£18,330	£19,881	3	£20,835	5	£21,591
11	£18,357	£19,896	3	£20,835	6	£21,981
12	£18,375	£19,914	4	£21,210	7	£22,377
13	£18,396	£19,935	4	£21,210	8	£22,779
14	£18,657	£20,007	5	£21,591	9	£23,187
15	£18,936	£20,136	5	£21,591	10	£23,607
16	£19,281	£20,181	6	£21,981	11	£24,030
17	£19,623	£20,472	6	£21,981	12	£24,462
18	£19,917	£20,667	7	£22,377	13	£24,903
19	£20,598	£21,198	8	£22,779	14	£25,353
20	£21,276	£21,702	9	£23,187	15	£25,809
21	£21,984	£22,425	10	£23,607	16	£26,274
22	£22,506	£22,956	12	£24,462	17	£26,745
23	£23,115	£23,577	13	£24,903	18	£27,228
24	£23,802	£24,279	14	£25,353	19	£27,717
25	£24,510	£24,999	15	£25,809	20	£28,215
26	£25,242	£25,746	18	£27,228	21	£28,725
27	£26,019	£26,538	19	£27,717	22	£29,241
28	£26,805	£27,342	20	£28,215	23	£29,766
29	£27,801	£28,356	23	£29,766	24	£30,213
30	£28,668	£29,241	24	£30,213	25	£30,708
31	£29,517	£30,108	25	£30,708	26	£31,548
32	£30,324	£30,930	26	£31,548	27	£32,430
33	£31,170	£31,794	27	£32,430	28	£33,291
34	£31,998	£32,637	28	£33,291	29	£33,945
35	£32,628	£33,282	29	£33,945	30	£34,794
36	£33,444	£34,113	30	£34,794	31	£35,724
37	£34,338	£35,025	31	£35,724	32	£36,711
38	£35,286	£35,991	32	£36,711	33	£37,842

39	£36,372	£37,098	33	£37,842	34	£38,799
40	£37,293	£38,040	34	£38,799	35	£39,774
41	£38,229	£38,994	35	£39,774	36	£40,728
42	£39,147	£39,930	36	£40,728	37	£41,706
43	£40,086	£40,887	37	£41,706	38	£42,681
44	£41,025	£41,847	38	£42,681	39	£43,590
45	£41,898	£42,735	39	£43,590	40	£44,607
46	£42,876	£43,734	40	£44,607	41	£45,585
47	£43,815	£44,691	41	£45,585	42	£46,560
48	£44,751	£45,645	42	£46,560	43	£47,511
49	£45,666	£46,578	43	£47,511	44	£48,492
50	£46,608	£47,541	44	£48,492	45	£49,464
51	£47,544	£48,495	45	£49,464	46	£50,448
52	£48,489	£49,458	46	£50,448	47	£51,450
53	£49,452	£50,442	47	£51,450	48	£52,482
54	£50,445	£51,453	48	£52,482	49	£53,544
55	£51,465	£52,494	49	£53,544	50	£54,597
56	£52,476	£53,526	50	£54,597	51	£55,638
57	£53,478	£54,549	51	£55,638	52	£56,682
58	£54,480	£55,569	52	£56,682	53	£57,735
59	£55,494	£56,604	53	£57,735	54	£58,779
60	£56,496	£57,627	54	£58,779	55	£59,823
61	£57,501	£58,650	55	£59,823	56	£60,879
62	£58,515	£59,685	56	£60,879	57	£61,929
63	£59,523	£60,714	57	£61,929	58	£62,970
64	£60,525	£61,737	58	£62,970	59	£64,023
65	£61,536	£62,766	59	£64,023	60	£65,367
66	£62,829	£64,086	60	£65,367	61	£66,732
67	£64,140	£65,424	61	£66,732	62	£68,127
68	£65,481	£66,792	62	£68,127	63	£69,561
69	£66,861	£68,199	63	£69,561	64	£71,016
70	£68,259	£69,624	64	£71,016	65	£72,438

Annex 2 - Inner London Pay Spines

Note - London convention of rounding up or down to nearest multiple of 3

London Spine	Inner London 2017 Current Rate
6	£18,222
7	£18,384
8	£18,747
9	£19,050
10	£19,311
11	£19,347
12	£19,665
13	£20,001
14	£20,310
15	£20,580
16	£20,907
17	£21,252
18	£21,546
19	£22,218
20	£22,902
21	£23,610
22	£24,135
23	£24,738
24	£25,437
25	£26,136
26	£26,865
27	£27,654
28	£28,440
29	£29,424
30	£30,294
31	£31,140
32	£31,953
33	£32,802
34	£33,627
35	£34,254
36	£35,070
37	£35,961
38	£36,912
39	£38,007
40	£38,919
41	£39,855
42	£40,785
43	£41,718
44	£42,651
45	£43,530
46	£44,496

Inner London 2018 New Rate
£20,001
£20,103
£20,238
£20,370
£20,472
£20,616
£20,784
£20,952
£21,189
£21,429
£21,726
£22,083
£22,377
£22,857
£23,361
£24,081
£24,618
£25,233
£25,947
£26,658
£27,402
£28,206
£29,010
£30,012
£30,900
£31,764
£32,592
£33,459
£34,299
£34,938
£35,772
£36,681
£37,650
£38,766
£39,696
£40,653
£41,601
£42,552
£43,503
£44,400
£45,387

Inner London 2019 New Assimilation Spine Point	2019 Inner Pay after Assim (no grade change)
1	£21,231
1	£21,231
2	£21,612
2	£21,612
3	£22,002
3	£22,002
4	£22,398
4	£22,398
5	£22,800
5	£22,800
6	£23,211
6	£23,211
7	£23,628
8	£24,054
9	£24,486
10	£24,927
12	£25,833
13	£26,298
14	£26,772
15	£27,255
18	£28,752
19	£29,271
20	£29,796
23	£31,434
24	£32,001
25	£32,577
27	£33,759
28	£34,128
29	£34,986
30	£35,637
31	£36,486
32	£37,413
33	£38,403
34	£39,543
35	£40,491
36	£41,466
37	£42,432
38	£43,404
39	£44,373
40	£45,288
41	£46,293

Inner London 2019 New Spine	Inner London 2019 New Rate
1	£21,231
2	£21,612
3	£22,002
4	£22,398
5	£22,800
6	£23,211
7	£23,628
8	£24,054
9	£24,486
10	£24,927
11	£25,377
12	£25,833
13	£26,298
14	£26,772
15	£27,255
16	£27,744
17	£28,245
18	£28,752
19	£29,271
20	£29,796
21	£30,333
22	£30,879
23	£31,434
24	£32,001
25	£32,577
26	£33,162
27	£33,759
28	£34,128
29	£34,986
30	£35,637
31	£36,486
32	£37,413
33	£38,403
34	£39,543
35	£40,491
36	£41,466
37	£42,432
38	£43,404
39	£44,373
40	£45,288
41	£46,293

47	£45,438	£46,347	42	£47,274	42	£47,274
48	£46,377	£47,304	43	£48,252	43	£48,252
49	£47,292	£48,237	44	£49,203	44	£49,203
50	£48,234	£49,200	45	£50,184	45	£50,184
51	£49,176	£50,160	46	£51,162	46	£51,162
52	£50,115	£51,117	47	£52,140	47	£52,140
53	£51,069	£52,089	48	£53,133	48	£53,133
54	£52,071	£53,112	49	£54,174	49	£54,174
55	£53,088	£54,150	50	£55,233	50	£55,233
56	£54,102	£55,185	51	£56,289	51	£56,289
57	£55,107	£56,208	52	£57,333	52	£57,333
58	£56,112	£57,234	53	£58,380	53	£58,380
59	£57,114	£58,257	54	£59,421	54	£59,421
60	£58,131	£59,295	55	£60,480	55	£60,480
61	£59,127	£60,309	56	£61,515	56	£61,515
62	£60,135	£61,338	57	£62,565	57	£62,565
63	£61,158	£62,382	58	£63,630	58	£63,630
64	£62,145	£63,387	59	£64,656	59	£64,656
65	£63,159	£64,422	60	£65,712	60	£65,712
66	£64,449	£65,739	61	£67,053	61	£67,053
67	£65,769	£67,083	62	£68,427	62	£68,427
68	£67,101	£68,442	63	£69,813	63	£69,813
69	£68,490	£69,861	64	£71,256	64	£71,256
70	£69,882	£71,280	65	£72,705	65	£72,705

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National Joint Council for Local Government Services

Employers' Secretary:
Simon Pannell

Trade Union Secretaries
Rehana Azam, GMB
Jim Kennedy, Unite
Heather Wakefield, UNISON

Address for correspondence:
Local Government Association
18 Smith Square
London SW1P 3HZ
Tel: 020 7187 7373
info@local.gov.uk

Address for correspondence:
UNISON Centre
130 Euston Road
London NW1 2AY
Tel: 0845 3550845
localgovernment@unison.co.uk

To: **Chief Executives in England, Wales and N Ireland**
(copy to Finance Director and HR Director)
Members of the National Joint Council

14 June 2018

Dear Chief Executive,

New Pay Spine 1 April 2019

The NJC pay agreement for 2018-20 includes the introduction of a new pay spine on 1 April 2019 that is based on the following:

- A bottom rate of £9.00 per hour (£17,364) on new Spinal Column Point (SCP)1 (equivalent to old SCPs 6 & 7)
- 'Pairing off' old SCPs 6-17 incl. to create new SCPs 1-6 incl.
- Equal steps of 2.0% between each new SCPs 1 to 22 incl. (equivalent to old SCPs 6-28 incl.)
- By creating equal steps between these pay points, new SCPs 10, 13, 16, 18 and 21 are generated to which no old SCPs will assimilate. This means that in some organisations the current number of pay points in a grade might change
- On new SCPs 23 and above (equivalent to old SCPs 29 and above), 2.0% increase on 2018 rate

This circular provides technical advice on issues related to assimilating employees to the new pay spine next April. However, this is not an exhaustive list and we will provide further guidance as necessary over the coming months. This circular does not discuss the wider issues around strategic approaches to pay and reward and development of good quality career structures linked to progression frameworks. Councils should take the opportunity to review their approach to career development in the light of any changes to grading structures they may need to make.

1. We use the NJC spine without any local variations in individual spine point values and our contracts provide for automatic link to the NJC settlement. Is the 2019 pay spine in the pay circular mandatory?

Yes. Agreements reached by the NJC are collective agreements and if they are incorporated into employees' contracts of employment then the changes will take effect automatically. The new spine will replace entirely the current spine and accordingly employees should assimilate across from their current SCP to the new corresponding SCP in April 2019.

2. How do we go about achieving the necessary changes to our grading structure?

Local employers should consider various options and present formal proposals around which there would be local negotiations with a view to reaching agreement. Discussions should start well in advance and reasonable facility time arrangements should be agreed.

In terms of measuring the impact of any changes, an equality impact assessment (EIA) will need to be carried out on proposals prior to implementation. Joint advice on carrying out EIAs is set out in the Green Book Part 4.11. This includes a recommended template for this exercise – see *template 3*.

Once assimilation has happened, employers will continue to have to meet gender pay reporting requirements, but it is recommended they also do a broader equal pay audit. Further advice on carrying out Equal Pay Audits is set out in the Green Book Part 4.10.

3. As an example, our current SCPs 8 and 9 are in different grades within our organisation. They are merged into a single point in the new pay spine. How can we address this?

It was recognised that by merging two pay points together at the lower end of the spine that this was likely to be a result. It was recognised by employers and unions during both the technical discussions and negotiations that a structure that has a pay point that is both the top of one grade and the bottom of another would be an acceptable approach to dealing with this.

4. We pay the Living Wage Foundation (LWF) rate as a supplement. What impact might this have on our arrangements?

This should be relatively straightforward; the bottom-loading in the NJC pay deal in 2018 and 2019 should significantly narrow the gap with the LWF rate, so you will merely reduce the level of the supplement.

5. We introduced the Living Wage Foundation rate by removing all pay points below that rate from our pay structure. Some of those pay points may now be above the LWF rate by 2019. What are our options?

In April 2017 the LWF rate was between SCPs 12 and 13. In April 2018 it was between SCPs 10 and 11. The LWF rate for next April is not yet known but we would expect it to be below the hourly value of SCP 2 on the new pay spine. This highlights the potential problems that can be caused by removing pay points from the structure. A council that used SCP 11 as its minimum point as a way of dealing with the LWF rate would find that point assimilating on to new SCP 3. It would need to consider whether to reintroduce the lower points as part of the broader assimilation process. This would be likely to assist with the erosion of differentials between the bottom two grades within a typical pay structure. However, care should be taken to ensure introducing lower points does not give rise to claims for unlawful deduction of wages.

Those councils that have some alternative ‘low pay supplement’ will need to consider the basis on which it has been paid and whether it can be included as part of the assimilation process

6. Our council contractually applies NJC settlements, but for historical reasons has some variations in the cash value of particular spine points. How do we apply the new pay spine?

You have a number of choices. You could calculate the percentage increase from 2018 to 2019 for a relevant NJC spine point and apply the same percentage increase to your cash value. However, it is recognised that this may produce some anomalous results such as individual pay points leapfrogging one another. Alternatively you could identify the nearest 'matching' point and use that as the basis to fully return to using the NJC spine. If you do the latter we would advise that you need to ensure that the pay increase is a minimum 2% from 2018 to 2019, but recognise that could also produce anomalies which could be addressed by an assimilation adjustment. There will no doubt be other options based on specific local circumstances and it is not possible to give an answer to all of those in such general guidance

7. Our existing pay structure was built on a principle of grades that were all the same number of pay points. The new spine would create much shorter grades at the bottom end.

This is an almost inevitable consequence of having to address the impact of the National Living Wage. To have evened out gaps in pay points and not merged some existing points would have been far too costly. It is of course open to councils to look to use linked or career grades, providing they represent genuine steps in the demands of the job (see Green Book Part 4.9 and NJC JE Technical Note 7 for more detailed joint advice).

Breadth of grades should recognise the time period required for an employee to become fully competent in their role. We would therefore advise that good practice (particularly where incremental progression is largely automatic) would limit incremental progression to five years which is the case with a six point grade.

8. We have local pay bargaining with an entirely locally determined pay spine. Does the new NJC spine have any implications for us?

From a contractual point of view it is unlikely to have any impact. Clearly any arrangements you have in place will need to be compliant with the level of the National Living Wage. More broadly you may wish to look again at your arrangements in the light of the new national structure. The advantages of the NJC pay spine are:

- The NJC pay spine is transparent
- Using the NJC pay spine aids comparability with other NJC employers
- It becomes easier to apply future NJC pay awards
- Using the NJC pay spine future proofs the employer against National Living Wage increases and so provides stability
- The NJC pay spine provides a sound basis for future pay and grading exercises

9. Do we have to use all the points in the spine?

This isn't a requirement at present and will not be so in the future. Some councils will already not use particular spine points, although the creation of points that do not link into the assimilation process (new SCPs 10, 13, 16, 18 and 21) is likely to raise such issue again.

You may well have to use pay points that currently sit outside any local grading structures eg. Grade ‘x’ = SCPs 13-16 and Grade ‘y’ = SCPs 18-21.

If consideration is being given to not using particular points within a grade that of course will result in unequal steps and as with other changes this will need it to be part of your equality impact assessment.

10. If an employee is due an increment on 1 April 2019 how do we interpret the assimilation table?

The NJC agreement is silent on the approach to be taken with regard to the chronology of assimilation and increments when moving to the new pay spine on 1 April 2019. The two potential approaches produce different outcomes at some pay points – those in red in the third column.

Either of the approaches below are acceptable but it is important to use the same approach for the entire workforce covered by the agreement.

At the lower end at the six points which are the result of merging two existing points in to one, deciding what pay point an employee would have been on after getting an increment and then assimilating them to that one produces a lower outcome. Further up the spine there are five points where the result is the opposite. Clearly where increments are paid on a service anniversary date this won’t be an issue

SCP at 31 March 2019	**Approach A** ***New SCP if “assimilate first and then increment”***	**Approach B** ***New SCP if “increment first and then assimilate”***
6	2	**1**
7	2	2
8	3	**2**
9	3	3
10	4	**3**
11	4	4
12	5	**4**
13	5	5
14	6	**5**
15	6	6
16	7	**6**
17	7	7
18	8	8
19	9	9
20	10*	**11**
21	12	12
22	13*	**14**

23	15	15
24	16*	**17**
25	18*	**19**
26	20	20
27	21	**22**
28	23	23

***Pay points not used for direct assimilation

A specific example is shown below where a current four point grade (SCP 18 – SCP 21) would become a five point grade in 2019 (New SCP 7 – SCP 11). Using ‘Approach A’ above, new SCP 10 is not used in the assimilation table. Old SCP 20 becomes new SCP 9. An employee on SCP 20 would therefore automatically move across to SCP 9 and if pay progression is applicable would then move up to SCP 10.

Current grade 31 March 2019	**Assumed new grade 1 April 2019**
SCP 18	SCP 7
SCP 19	SCP 8
SCP 20	SCP 9
	SCP 10
SCP 21	SCP 11

Similarly, a specific example using ‘Approach B’ would result in an employee on SCP 20 first receiving an increment to SCP 21 and then assimilating to SCP 11.

From SCP 28 on the existing pay spine this is more straightforward. Effectively the new pay spine merely re-numbers existing pay points. For example, an employee who was on SCP 30 on 31 March 2019 would automatically move across on to new SCP 24. If an increment is due on 1 April 2019 then that movement would be to new SCP 25.

An example that shows the different outcomes at the lower end of the spine is set out below:

Current grade 31 March 2019	**Assumed new grade 1 April 2019**
SCP 10	SCP 3
SCP 11	SCP 3
SCP 12	SCP 4
SCP 13	SCP 4
SCP 14	SCP 5

Using ‘Approach A’ an employee on existing SCP 10 would be assimilated to new SCP 3 and then receive an increment taking them to new SCP 4. Using ‘Approach B’, the employee would have been moved to existing SCP 11 to show the incremental progression and then assimilated across on to SCP 3.

11. Some of our existing four point grades could become five or six point grades if we apply the assimilation table with no adaptation to our grading structure. What could we do about this?

One option would be to have some longer grades. We would advise that good practice (particularly where incremental progression is largely automatic) would limit incremental progression to five years which is the case with a six point grade.

You may wish to consider losing either one or two SCPs from the grade by removing either the top and / or bottom point in the grade. This would raise issues about future costs if you are removing the bottom point. If the top point has been used to assimilate existing employees, you could initially seek to 'red circle' those employees, but not allow further progression to that pay point. Such an approach could at some point raise equality issues, so this would require an equality impact assessment and regular monitoring over time.

12. We link particular spine points to other conditions of service e.g. the level of premia payments, what do we do about that?

The recently updated Green Book (see particularly pages 26-29) has highlighted the necessary changes to take effect next April. You will need to ensure that these changes (and any relating to other spine points) are reflected in your contractual documents locally.

Yours sincerely,

Simon Pannell	Rehana Azam	Jim Kennedy	
Simon Pannell	**Rehana Azam**	**Jim Kennedy**	**Heather Wakefield**

Joint Secretaries

Appendix B

Mr. Doug Patterson

Chief Executive

London Borough of Bromley

Civic Centre

Stockwell Close

Bromley

BR1 3UH

CC: Charles Obazuaye, Director of Human Resources

Tammy Eglinton, Head of HR Consultancy

Angela Huggett, Head of HR Strategy & Education

Alan Copley, Branch Secretary, Bromley UNISON LG Branch

17th December 2018

Dear Doug,

Re: Employer reimbursement to EU employees for the cost to apply for UK Settled Status, in the government's EU Settlement Scheme[1] .

UNISON is writing to ask that you agree to pay the cost for EU employees who will need to apply for Settled Status.

The EU Settlement Scheme will enable EU citizens resident in the UK and their family members to obtain the necessary UK immigration status they require in order to live and work in the UK after the end of the planned EU exit implementation period on 31 December 2020.

The UK government aims to register 3.4 million EU nationals through the Settled Status application process. Some EU citizens can apply whilst the scheme is currently a pilot and all EU citizens will be able to apply from the 30 march 2019, the day after the UK exits the EU and they will have until June 2021 to register.

From late August 2018 the Home Office began its first pilot phase of testing of the EU Settlement Scheme with staff from 12 NHS Trusts and 3 universities in the North West of England.

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[1] https://www.gov.uk/settled-status-eu-citizens-families

On the 11 October 2018 the Home Office announced the second phase of the private pilot. It will run from 1 November 2018 to 21 December 2018 and will test the full application process.

- From **1 November 2018,** staff from 3 NHS Trusts in Greater Manchester as well as the 12 NHS Trusts and 3 universities in the North West of England which participated in the first phase will be eligible.
- From **15 November 2018**, staff in the higher education sector across the UK, and some vulnerable individuals being supported by 5 local authorities and seven civil society organisations in England will be eligible.
- From **29 November 2018**, staff in the health and social care sectors across the UK will be eligible

Employers who are listed in the 'eligibility list' and the dates that employees can apply for the settled status in the pilot phase are in the appendix and further information on Immigration Rules can be found on the governments website[2].

Alongside the employment sector criteria above, to apply for settled status under the pilot an employee will need to be:

- a resident EU citizen with a valid passport; or
- a non-EU citizen family member of an EU citizen with a biometric residence card

Family members won't be able to apply during this phase of the pilot unless they are also eligible through their employment with a participating organisation or they are also being supported by one of the participating community organisations.

This phase of the pilot is only open to people who meet the eligibility rules set out above. By 30 March 2019, the EU Settlement Scheme [3] will be open to all eligible applicants, including family members.

UNISON asks that employers pay the application cost for EU workers, which is £65 for adults. It will be free for those who already have valid indefinite leave to remain or a valid permanent residence document.

UNISON also asks that employers work with UNISON to assist EU nationals getting ready for settled status.

Employers can assist EU workers to get ready for settled status:

- Give time off for employees to apply for Settled Status or to seek legal advice
- Offer to pay employees application costs of settled status
- hold a joint meeting with UNISON branches or stewards to let EU workers know we are jointly supporting them through the process of applying for settled status
- Attend meetings to speak about how they will assist members with the roll out of settled status.
- Use the UK government's employer toolkit and communications resources to support EU citizens https://www.gov.uk/government/publications/eu-

[2] https://www.gov.uk/government/publications/statement-of-changes-to-the-immigration-rules-hc-1534-11-october-2018

[3] https://www.gov.uk/settled-status-eu-citizens-families

settlement-scheme-employer-toolkit

- Distribute UNISON Guidance on the EU Settlement Scheme and Settled Status: https://www.unison.org.uk/settledstatusguidance/

Benefits to employers

UNISON believes that EU workers play a vital and valuable role in the delivery of UK public services in our local communities, in particular in the health and social care sectors.

EU workers help keep our public services running; make a net contribution to the exchequer, have filled vacancy gaps where there is no current supply of a domestic workforce and are valued members of our communities. This is equally true of migrant workers from different generations from the rest of the world. UNISON has approximately 80,000 EU members and like other migrant worker members they are active at all levels of public service delivery.

Here we provide information on the benefits of assisting and retaining EU workers:

1. Fewer EU citizens are migrating to the UK for work, and more are emigrating

Since the EU referendum in late June 2016, the estimated number of EU nationals migrating to the UK fell from 284,000 the year before the vote to 223,000 in the year after. This figure has picked up slightly for the year 2017 as a whole though—240,000.[4]

Meanwhile the number of EU citizens emigrating has increased from an estimated 95,000 in the year before the referendum to 139,000 now. Whilst we can't say that Brexit has determined these changes, these could be the biggest shifts in EU migration we've seen in recent years.

2. Increased uncertainties

The uncertainty of a 'No deal' scenario, questions of how long the Settled Status scheme will guarantee existing EU citizens rights in the UK[5] and the ending of Freedom of Movement for future EU citizens are all likely to negatively impact further on the future labour supply of EU citizens coming to the UK.

3. The evidence in health and social care sectors

UNISON has been working with the Cavendish Coalition[6] a group of health and social care organisations united in their commitment to provide the best care to communities, patients and residents. The coalition acts as a shared voice which influences and lobbies on post-EU referendum matters. It also provides those leading the negotiations with expertise and knowledge on the issues affecting the health and social care workforce.

- The NHS absolutely needs workers from EU countries. UNISON supports EU workers concerns and recognises the upset and uncertainty they feel given the fact that it's taken so long for workers from EU countries to be given reassurances about their future in the UK as the country prepares to leave the EU.

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4 https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/july2018revisedfrommaycoveringtheperiodtodecember2017

5 https://www.the3million.org.uk/settled-status

6 http://www.nhsemployers.org/your-workforce/need-to-know/brexit-and-the-nhs-eu-workforce/the-cavendish-coalition

- In the time between the Brexit referendum and March 2018 there has been an 87% fall in new EU registrations to the Nursing & Midwifery Council (NMC).

- In the two years since the referendum over 7,000 established EU nurses left the UK nursing profession compared to just under 5,000 who left in the three years preceding the referendum.

- While the contribution of EEA nationals to the NHS is important, it is arguably even more so in social care services across the UK. In 2016, EU nationals made up 5.4% of the workforce, though in absolute terms their number grew by 68%, or 30,600 individuals, since 2011. Interestingly the strongest growth was in Northern Ireland (206%), followed by Scotland (61%), Wales (56%) and then England (40%).

- Recruitment and retention into the care sector is extremely challenging and is a growing problem. At any one time approximately 6.6% of roles within the sector are vacant which equates to 90,000 posts.

- Vacancy levels are now at 8% equating to 110,000 jobs.
- The Skills for Care[7] data shows that there are 104,000 social care workers from the EU in England (7% of total workforce) and states "Depending on the rules, there is still a risk in terms of workforce supply depending on what restrictions are in place [after the UK leaves the EU]."

- If the adult social care workforce grows proportionally to the projected number of people aged 65 and over in the population, then the number of adult social care jobs will increase by 40 percent by 2035. This is 650,000 extra jobs.[8]

4. Post EU exit, a sensible, fair and accessible immigration policy for workers will be an important contribution to maintain services.

Currently it is not clear what the new immigration system, for EU and non- EU workers will be. At the moment there's no easy low-skilled visa route for non-EU workers to come to the UK. The Migrant Advisory Committee (MAC) recently advised the UK government that in any new system £30,000 should be the annual earnings threshold for all migrants given visas with no exemptions for public service lower paid workers such as care workers or nurses.

UNISON has serious concerns about this advice. For example with 110,000 vacancies and the possibility of needing another 650,000 care staff by 2035 to care for our elders, we will doubtless need to continue to rely on colleagues from both the EU and overseas.

5. While we still await clarity about post EU exit migration rules, there is still a risk in terms of workforce labour supply.

If the doors close too quickly and not enough time and funding is given for the UK government, skills agencies and employers etc to plan and grow a replacement

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[7] care www.skillsforcare.org.uk/NMDS-SC-intelligence/Workforce-intelligence/publications/Topics/Workforce-nationality.aspx
[8] The size and structure of the adult social care sector and workforce in England, Skills for Care, 2017

domestic UK workforce in those sectors, which are dependent on EU workers, then there will be a likely increase in labour shortages.

6. The value of retention and recruitment of EU citizens until December 2020

Paying for EU Settled status employer fees will help to recruit and retain EU staff at this critical time of exiting the EU. Employers have until December 2020 to retain and recruit EU workers until any new immigration system begins on January 1st 2021.

We are happy to meet at your convenience to discuss this further and through the collective bargaining forums available.

Yours sincerely

Sally Tsoukaris
UNISON Regional Organiser

Appendix One

Employers whose employees can apply for Settled Status between 1 November and 21 December

From 1 November 2018:

(i) A person employed or engaged by one of the following institutions:
Liverpool Hope University;
Liverpool John Moores University; or
The University of Liverpool; or

(ii) A person employed or engaged by one of the following institutions:
Aintree University Hospital NHS Foundation Trust;
Blackpool Teaching Hospitals NHS Foundation Trust;
Countess of Chester Hospital NHS Foundation Trust;
East Lancashire Hospitals NHS Trust;
Lancashire Teaching Hospitals NHS Foundation Trust;
Liverpool Heart and Chest Hospital NHS Foundation Trust;
Liverpool Women's NHS Foundation Trust;
Manchester University NHS Foundation Trust;
Salford Royal NHS Foundation Trust
Southport and Ormskirk Hospital NHS Trust;
Stockport NHS Foundation Trust;
The Royal Liverpool and Broadgreen University Hospitals NHS Trust;
The Walton Centre NHS Foundation Trust;
Warrington and Halton Hospitals NHS Foundation Trust; or
Wirral University Teaching Hospital NHS Foundation Trust; or

In addition, from 15 November 2018:

(iii) A person employed or engaged by a Higher Education Institution or Overseas Higher Education Institution on the Tier 4 Register of Licensed Sponsors; or

(iv) A child being looked after (within the meaning of section 22(1) of the Children Act 1989) by, or a person who was such a child and is eligible for support or assistance under the Children Act 1989 (or under regulations made under that Act) from, one of the following local authorities:
Kent County Council;
Lincolnshire County Council;
London Borough of Haringey;
London Borough of Waltham Forest; or
Sheffield City Council; or

(v) A person receiving support from one of the following organisations:
Ashiana Sheffield, Knowle House, 4 Norfolk Park Road, Sheffield, S2 3QE;

Coram Children's Legal Centre, Riverside Office Centre, Century House North, North Station Road, Colchester, CO1 1RE;
East European Resource Centre, Room 18-19, 238-246 King Street, London, W6 0RF;
Rights of Women, 52-54 Featherstone Street, London, EC1Y 8RT;
St Vincent Support Centre, Curtis Building, 4 Barking Avenue, Leeds, LS9 9LF;
The Cardinal Hume Centre, 3-7 Arneway Street, Horseferry Road, London, SW1P 2BG; or
The Roma Support Group, Alan Shelley House, 318 Barking Road, London, E13 8HL; or

In addition, from 29 November 2018:

(vi) A person employed or engaged by one of the following institutions or organisations:
An NHS Foundation Trust in England;
An NHS Trust in England;
Care Quality Commission;
Health Education England;
Health Research Authority;
Human Fertilisation and Embryology Authority;
Human Tissue Authority;
Medicines and Healthcare Products Regulatory Agency;
National Institute for Health and Care Excellence;
NHS Blood and Transplant;
NHS Business Services Authority;
NHS Counter Fraud Authority;
NHS Digital (the Health and Social Care Information Centre);
NHS England (the NHS Commissioning Board);
NHS Improvement (Monitor and the NHS Trust Development Authority);
NHS Resolution (the NHS Litigation Authority); or
Public Health England; or

(vii) A person employed or engaged by one of the following institutions or organisations:
A Local Health Board in Wales;
Health Education & Improvement Wales;
Public Health Wales;
The Welsh Ambulance Service; or
Velindre NHS Trust; or

(viii) A person employed or engaged by one of the following institutions or organisations:
A Health Board or Special Health Board constituted under section 2 of the National Health Service (Scotland) Act 1978;
Common Services Agency for the Scottish Health Service (established under section 10 of that Act);
Healthcare Improvement Scotland (established by section 10 of that Act);
Social Care and Social Work Improvement Scotland (known as the Care Inspectorate) established under section 44 of the Public Services (Reform)

(Scotland) Act 2010; or
Scottish Social Services Council established under section 43 of the Regulation of Care (Scotland) Act 2001; or

(ix) A person employed or engaged by one of the following institutions or organisations:
A Health and Social Care Trust in Northern Ireland;
Northern Ireland Blood Transfusion Service;
Northern Ireland Guardian Ad Litem Agency;
Northern Ireland Medical and Dental Training Agency;
Northern Ireland Practice and Education Committee;
Northern Ireland Social Care Council;
Patient and Client Council;
Regional Agency for Public Health and Social Well-being (the Public Health Agency);
Regional Business Services Organisation;
Regional Health and Social Care Board; or
Regulation and Quality Improvement Authority; or

(x) A person who is employed:
(a) To provide, or to support the provision of, regulated activities as prescribed in Schedule 1 (read with Schedule 2) to the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (S.I. 2014/2936), and who is also employed or engaged by an institution or organisation registered with the Care Quality Commission; or
(b) For the purposes of an establishment or agency in Wales regulated under Part 2 of the Care Standards Act 2000; or
(c) For the purposes of a service regulated under Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016; or

(xi) A person who is employed or engaged by a party to:
(a) A general medical services contract to provide primary medical services, or an agreement for the provision of primary medical services under section 50 of the NHS (Wales) Act 2006; or
(b) A general dental services contract to provide primary dental services, or an agreement for the provision of primary dental services under section 64 of the NHS (Wales) Act 2006; or

(xii) A person who:
(a) Is providing care services as defined in section 47(1) of the Public Services Reform (Scotland) Act 2010 and registered under that Act; or
(b) Is employed or engaged by an organisation registered with Social Care and Social Work Improvement Scotland; or
(c) Is, or who is employed or engaged in connection with the provision of services under the National Health Service (Scotland) Act 1978 by, a party (other than a Health Board) to:
- an arrangement to provide services under section 2C of that Act;
- an agreement to provide services under section 17C of that Act;
- a contract to provide services under section 17J of that Act; or
- an arrangement to provide services under section 25, 26 or 27 of that Act;

or

(xiii) A person who is employed or engaged by a General Practitioner Federation or by any entity with which the Northern Ireland Regional Health and Social Care Board has a contract or an arrangement under the Health and Personal Social Services (Northern Ireland) Order 1972 to provide Family Practitioner Services; or

(xiv) A person who is employed or engaged by a body registered with, or monitored or inspected by, the Regulation and Quality Improvement Authority, and who, if that body were in England and they were employed or engaged by it, would meet the criteria set out in (x)(a), above; or

(xv) A person employed or engaged by, or registered with, one of the following organisations:
General Chiropractic Council;
General Dental Council;
General Medical Council;
General Optical Council;
General Osteopathic Council;
General Pharmaceutical Council;
Health and Care Professions Council;
Northern Ireland Social Care Council;
Nursing and Midwifery Council;
Pharmaceutical Society of Northern Ireland;
Scottish Social Services Council (under the Regulation of Care (Scotland) Act 2001); or
Social Care Wales.

UNISON Members' Response to the Employer's Pay Offer 2019/20

INTRODUCTION

In November 2018, UNISON, GMB and UNITE submitted a joint Pay Claim on behalf of the London Borough of Bromley employed trade union members which was broadly in line with the equivalent national award (NJC).

SUMMARY OF THE CLAIM

Unions were seeking:

- **An across the board increase on all salary points and allowances to achieve the equivalent of the Year 2 NJC Pay Award (which achieved between 4.04% and 11.93% across the periods 2018/19 and 2019/20, the lowest pay bands getting the highest increases)**

- **Increases in pay rates for staff on the bottom pay scales to achieve the London Living Wage (£10.55/hr for 2019) as a minimum, and to maintain a position well above the National Minimum Wage (also known as the National Living Wage) level (£7.83/hr from 01/04/2018)**

- **A review of the LB of Bromley's pay an grades structures to create a clearer and more equitable distribution across all grades following realignment of the lowest bandings as above**

- **An agreement with the joint unions on behalf of LBB staff in relation to the management of workloads across the Council**

- **Planned overtime rates in line with the GLPC recommendations as follows;**

  Rate A - £21.02 (from 01/04/2019)
  Rate B - £22.50 (ditto)
  Rate C - £24.42 (ditto)

  These rates apply to NJC spinal column point 29 and above.

- **Special London Allowance for Residential Staff (where this applies) in accordance with the GLPC agreement as follows;**

  The agreed rate from 01/04/2018 to be £1144 and from 01/04/2019 to be £1167

OUTCOME TO THE CONSULTATION MEETINGS WITH UNION REPRESENTATIVES

Bromley Council recently emailed all Council staff regarding the increases they are to receive from 1st April 2019. UNISON has now balloted the members directly employed by Bromley Council on the offer from their employer.

UNISON MEMBERS' RESPONSE TO THE EMPLOYER'S PAY OFFER

The UNISON members' view is that the award is disappointing in falling short of the joint unions' original claim, and in that it fails to match the current inflation rate. It is also significantly worse than the current 2 year pay award from the NJC/GLPC (national) employers (including other London councils) - for staff on the lower pay grades in particular.

It is saddening that, despite the relatively low cost implications, the Council has again insisted that it will not be signing up to the Living Wage Foundation in paying the London Living Wage as a minimum to all directly employed staff. Seventeen other London Councils, along with the GLA, have now voluntarily made this undertaking.

We are disappointed that the Council has responded to our workload agreement request the effect that it does not see any need to work with staff representatives on the management of workload to ensure that reasonable and sustainable workloads are maintained across the Council. Our request was made in response to a significant number of UNISON members telling us that they are suffering from ill health as a result work-induced stress, further propagated by a 'bullying management style' and 'long hours working culture' in some areas of the services.

Nevertheless, despite the above, UNISON members have indicated that they will be reluctantly accepting the Council's Pay Offer for 2019/20 in view of the current funding constraints facing local government employers.

Sally Tsoukaris, UNISON Regional Organiser
12/02/2019

Bromley Unison LG Branch can be contacted by emailing contact@unisonbromley.co.uk

GENERAL PURPOSES & LICENSING COMMITTEE

12TH February 2019

From: Mick Butler [mailto:Mick.Butler@gmb.org.uk]
Sent: 12 February 2019 12:14
To: Huggett, Angela
Subject: Re: FW: MESSAGE SENT ON BEHALF OF CHARLES OBAZUAYE DIRECTOR OF HUMAN RESOURCES RE: PROPOSED PAY AWARD

Hi Angela

Just to let you know and confirm :

GMB members have voted to accept proposed LBB Pay Award 2019/20.

All the best

Mick Butler
GMB Organiser
Southern Region
GMB Welling Office: 020 8303 3407
email: mick.butler@gmb.org.uk

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Report No.
CSD19045

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 25 February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**PAY POLICY STATEMENT 2019/20**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	(All Wards);

1. Reason for report

1.1 At its meeting on 12th February 2019 the General Purposes and Licensing Committee considered the attached report on the Council's Pay Policy Statement for 2019/20. The statement is required to be approved by full Council each year. The Committee supported the proposed statement for 2019/20.

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2. RECOMMENDATION

General Purposes and Licensing Committee recommends that Council approves the 2019/20 Pay Policy Statement.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Estimated Cost: Within existing budget

2. Ongoing costs: Not Applicable: Staffing budgets across the Council

3. Budget head/performance centre: All

4. Total current budget for this head: Not Applicable

5. Source of funding: Not Applicable

Personnel

1. Number of staff (current and additional): Chief and Deputy Chief Officers as defined in the Local Government and Housing Act

2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Statutory Requirement:

2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable

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Ward Councillor Views

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

2. Summary of Ward Councillors comments: Not Applicable

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

London Borough of Bromley

Report No. HR | PART I – PUBLIC | Agenda Item No.:

Decision Maker:	**General Purposes & Licensing Committee**
Date:	**12th February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
TITLE:	**PAY POLICY STATEMENT 2019/20**
Contact Officer:	Charles Obazuaye Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk
Chief Officer:	Director of Human Resources
Ward:	N/A

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1. **REASON FOR REPORT**

1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by Full Council every year. The 2019/20 Pay Policy Statement is attached for Members consideration and approval.

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2. **RECOMMENDATION(S)**

2.1 Members are asked to:

(i) recommend that Full Council approve the 2019/20 Pay Policy Statement attached to this report.

Corporate Policy

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

Financial

1. Cost of proposal: Within existing budget

2. On-going costs: Within existing budget

3. Budget Head/Performance Centre:

4. Total current budget for this Head:

5. Source of Funding:

Staff

1. Number of staff (current and additional): Chief Officers and Deputy Chief Officers as defined in the Local Government & Housing Act.

2. If from existing staff resources, number of staff hours:

Legal

1) Legal Requirement: Statutory Requirement

2) Call In: Call in is not applicable

Customer Impact

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

Ward Councillor Views

1) Have Ward Councillors been asked for comments: N/A

2) Summary of Ward Councillors comments:

3. COMMENTARY

3.1 The Localism Act requires the Council to prepare and publish a Pay Policy Statement every year. The statement must set out the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.

3.2 The objective of this aspect of the Act is to require authorities to be more open and transparent about local policies and how local decisions are made.

The first Pay Policy Statement which was approved by Full Council on 26th March 2012 has been up-dated every year to reflect Member decisions to adopt a localised terms and conditions of employment framework for all staff, except teachers. The attached Pay Policy statement for 2019/20 is not materially different to the last years statement. A key aspect of the localised pay framework is the local determination of the annual pay award as part of the financial budget planning process. As before, Bromley pay award will also be paid on time in April.

3.3 Another key aspect of the localised pay framework is the emphasis on individual pay and performance. There is no automatic pay uplift or increment or pay award without satisfactory individual performance. To further localise its terms and conditions of employment, the Council has with effect from 1st April 2015 appointed new staff (including internal promotions) on spot salaries. It offers greater flexibility and managerial empowerment not always possible under the traditional incremental pay progression system.

3.4 As stated above, Bromley employees are clear on how performance is linked to pay. A new appraisal process "Discuss" was implemented from the 1st April 2017 replacing the previous PADS appraisal process. The new process uses a "structured conversation" delivered in a coaching style with a view to improving employee engagement and empowerment whilst supporting managers to undertake a more proactive approach to managing performance and developing potential of staff.

3.5 The new scheme enables each employee's contributions to Building a Better Bromley strategic objectives to be individually assessed and, where appropriate, recognised through the award of the discretionary merited reward payment. £200k is allocated in the base budget to support the scheme. To date a total of 879 merited rewards have been made.

3.6 The Appraisal process for Chief Officers, including the Chief Executive, normally includes a 360-degree feedback from peers, direct reports, partner organisations and key Members. The Chief Executive is responsible for appraising his Chief Officers.

The Chief Executive's appraisal is managed by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and any other Members, including the Leaders of the minority parties or their representatives. The Panel is supported by the Director of Human Resources. The attached proposed Pay Policy Statement 2019/20 also sets out the pay review and performance appraisal arrangements for the Chief Executive. The Member Panel will undertake the appraisal of the Chief Executive. Following the appraisal and any feedback to the Chief Executive the panel will reconvene as a formally constituted committee of Council to determine the Chief Executive's pay to conclude his annual performance appraisal.

4. POLICY IMPLICATIONS

4.1 The Pay Policy Statement is legally required pursuant to the Localism Act 2011. It requires the Council to annually prepare and publish its statement on pay and remuneration, mainly for Chief Officers, as defined in the Local Government and Housing Act.

4.2 Since coming out of the national/regional collective bargaining frameworks, the Council's Pay Policy Statements have reflected the key drivers for localised terms and conditions of employment, namely:

- A single local annual pay review mechanism aligned with the budget setting process;
- A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance;
- Annual pay increases linked to satisfactory performance for all staff; no automatic pay increases.

5. FINANCIAL IMPLICATIONS

5.1 All decisions taken in accordance with this policy statement will be contained within existing budgets.

6. LEGAL IMPLICATIONS

6.1 The requirement to adopt and publish a Pay Policy Statement arises under the Localism Act 2011. The Policy Statement is consistent with the statutory guidance published by the Secretary of State for Communities and Local Government to which all relevant authorities must have regard. The guidance does not limit the general statutory provisions on delegation under Section 101 of the Local Government Act 1972.

7. PERSONNEL IMPLICATIONS

7.1 As set out in the report and the accompanying Policy Statement. In addition however it should be noted that the Government is planning to introduce some reforms around exit payments in the Public Sector including an Exit Pay Cap and Recovery Regulations in relation to those re-joining the Public Sector having received an exit payment previously.

7.2 The Exit Pay Cap and the Recovery regulations are expected to come into force soon. A summary of the key issues is as follows:

- a maximum tariff for calculating exit payments of three weeks' pay per year of service
- a ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment
- a maximum salary of £80,000 on which an exit payment can be based
- a taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension retirement age
- action to limit or end employer-funded early access to pension as an exit term

7.3 These regulations are likely to impact on the Council's redundancy and retirement policies which will need to be reviewed in due course.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

London Borough of Bromley

1. Introduction

1.1 The Localism Act 2011 introduces a requirement for public authorities to publish annual pay policy statements. It states, in the main, that a relevant authority must prepare a pay policy statement for the Financial Year 2012/13 and each subsequent year.

1.2 Pursuant to the Act and the associated guidance and other supplementary documents, this pay policy statement sufficiently summarises Bromley Council's approach to the pay of its workforce and, in particular, it's "Chief Officers". In summation, the statement covers the Council's policies for the 2019/20 Financial Year, relating to:

i) remuneration of its Chief Officers;

ii) remuneration of its lowest paid employees;

iii) the relationship between (i) and (ii) above.

1.3 In relation to "Chief Officers" the pay policy statement must describe the Council's policies relating to the following:

i) the level and elements of remuneration for each Chief Officer;

II) remuneration of Chief Officers in recruitment;

iii) increases and additions to remuneration for each Chief Officer;

iv) the use of performance related pay for Chief Officers;

v) the use of bonuses for Chief Officers;

vi) the approach to the payment of Chief Officers on their ceasing to hold office under, or to be employed by, the authority; and

vii) the publication of access to information relating to remuneration of Chief Officers.

1.4 As required by the Act and the supporting statutory guidance which, in turn, reflects the Local Government and Housing Act 1989, the definition of Chief Officer for the purpose of the pay policy statement covers the following roles:

i) the Chief Executive/Head of Paid Service;

ii) the Monitoring Officer;

iii) a statutory Chief Officer and non-statutory Chief Officer under Section 2 of the Local Government and Housing Act 1989;

iv) a Deputy Chief Officer responsible and accountable to the Chief Officer. However, it does not include those employees who report to the Chief Executive or to a statutory or non-statutory Chief Officer but whose duties are solely secretarial or administrative or not within the operational definition or the meaning of the Deputy Chief Officer title.

2. Exclusion

2.1 The Act does not apply to schools staff, including teaching and non-teaching staff.

3. Context: Key Issues and Principles

3.1 General Context – clearly there are a number of internal and external variables to consider in formulating and taking forward a pay policy. Reward and recognition is a key plank of the Council's agreed HR Strategy. This includes establishing strong links between performance and reward and celebrating individual and organisational achievements.

The HR Strategy is based on an assumption that all staff come to work to do a good job and make a difference. The Council expects high standards of performance from staff at all levels and seeks, in return, to maintain a simple, fair, flexible, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce.

3.2 Local Terms and Conditions of Employment

Local terms and conditions of employment for all staff including "Chief Officers" as defined in paragraph 1.4 above were introduced with effect from 1 April 2013. Teachers employed by the local authority in Community Schools and Voluntary Controlled schools are excluded because their terms and conditions are set in statute and do not afford the Council the discretion to include them in the localised arrangements.

3.2.1 The main features of the localised terms and conditions framework are as follows, namely:

(a) A single local annual pay review mechanism aligned with the budget setting process.

(b) A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance.

(c) Annual pay increases including annual increments (if appropriate) linked to satisfactory performance for all staff; not automatic.

3.3 Recruitment and Retention

The Council aims to enhance its ability to recruit and retain high quality staff by being competitive in the labour markets. This is still the case even in the current financial straitened times. We will keep our pay policy updated and align it to reflect the "Bromley Council employee of the future" characterised by innovation, flexibility, empowerment, leadership and individualised rewards for exceptional performers. The size of the Council's workforce is likely to continue to reduce but reasonably remunerated to recruit and retain quality staff to deliver Member priorities. The Council is well placed to respond to changes in the labour markets, especially in relation to hard to fill and retain roles, e.g. Children Social Workers. A comprehensive Recruitment and Retention Strategy/package for Children Social Workers is in place to deal with the regional and national shortage of qualified/experienced staff. A similar plan is being developed to address the recent recruitment and retention challenges in the adult social care workforce. There are also problems recruiting experienced/qualified Planners and Surveyors and qualified Mental Health Practioners.

3.4 Accountability

3.4.1 The Act requires that pay policy statements and any amendments to them are considered by a meeting of Full Council and cannot be delegated to any Sub-Committee.

3.4.2 Such meetings should be open to the public and should not exclude observers.

3.4.3 All decisions on pay and reward for “Chief Officers” must comply with the agreed pay policy statements.

3.4.4 As stated above, the Council must have regard to any guidance issued/approved by the Secretary of State. The first guidance issued by the Department of Communities and Local Government (DCLG) states in inter alia “that full Council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment.” The Secretary of State considered that £100,000, including salary, bonus, fees or allowances or any benefit in kind, is the right level to trigger Member approval.

3.4.5 The most recent guidance issued in February 2013 states that Authorities should offer full Council the opportunity to vote before large severance packages beyond a particular threshold are approved for staff leaving the organisation. As with salaries on appointment, the secretary of State considers that £100,000 is the right level for that threshold to be set. The components may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonus, fees or allowances paid. The Council’s position on this is still as set out in the 2014/15 pay policy statement. Chief Officer severance packages are generally included in the annual statement of accounts. Also, Executive approval is sought for severance packages for chief officers. There is also an overarching scrutiny of settlement/compromise agreement packages from the Audit Sub-Committee. These arrangements ensure Member engagement.
The impact of any legislative changes/developments such as the proposed Capping of exit packages and the proposed claw-back arrangement for people returning to the public sector within 12 months of leaving, etc. is not covered in this Pay Policy.

4. Transparency

4.1 In line with the guidance, the pay policy statement will be published on the Council's website and accessible for residents to take an informed view on whether local decisions on all aspects of remuneration are fair and reasonable.

4.2 The Council is also required to set out its approach to the publication of and access to information relating to the remuneration of "Chief Officers".

The Council also discloses the remuneration paid to its senior employees in the Annual Report and Statement of Accounts and is accessible on the Council's website at:

http://www.bromley.gov.uk/downloads/download/136/annual_accounts

For the purposes of the Code, senior employee salaries are defined as all salaries which are above £50,000. The information, including the posts which fall into this category, will be regularly updated and published.

5. Fairness

5.1 The Council must ensure that decisions about senior pay are taken in the context of similar decisions on lower paid staff. In addition, the Act requires the Council to explain the relationship between the remuneration of its Chief Officers and its employees who are not Chief Officers, and may illustrate this by reference to the ratio between the highest paid officer and lowest paid employee and/or the median earnings figure for all employees in the organisation.

5.2 The Council's pay arrangement is equality compliant. The Council achieved Single Status/Equal Pay Deal via a collective agreement with the Unions in 2009.

5.3 Additionally, the Act specifically requires the Council to set out its policies on bonuses, performance related pay, severance payments, additional fees/benefits (including fees for Chief Officers for election duties), re-employment or re-engagement of individuals who were already in receipt of a pension, severance or redundancy payment, etc.

6. Position Statement

6.1 The Council's position on the requirement of the Act and the information that it is required to include its Pay Policy Statements is as summarised above and as set out in the attached table (Appendix B).

6.2 This Statement is for the Financial year 2019/20

6.3 The Statement must be approved by Full Council. Once approved it will be published on the Council’s website. Any amendments during the Financial Year must also be approved by a meeting of Full Council.

6.4 This Statement (including the Appended table) meets the requirement of the Localism Act 2011 and the Department for Communities and Local Government (DCLG) guidance.

6.5 Legislation introduced in 2017means that The Council is required to publish it’s gender pay gap data annually. The gender pay report for 2018 will be published at the end of March in line with statutory deadlines.

PAY POLICY STATEMENT FOR FINANCIAL YEAR 2019/20

POLICY AREA UNDER THE ACT	POLICY STATEMENT
	For the purposes of this policy statement the term "Chief Officer" includes the Chief Executive, Statutory and non-statutory Chief Officers and Deputy Chief Officers within the meaning of the Local Government and Housing Act 1989.
Level and elements of remuneration of Chief Officers and relationship with the remuneration of employees who are not Chief Officers	The authority implemented a localised pay and conditions of service framework for all staff except teachers, with effect from 1 April 2013. Under the local framework the Council: a) Introduced an annual local pay review mechanism aligned with the budget setting process for all staff except teachers to replace the national and regional collective bargaining arrangements and the existing local arrangements for Lecturers in Adult Education; b) Introduced a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff except teachers; c) Will reinforce the link between individual performance and pay by making any annual pay increase and increments (where appropriate) subject to satisfactory performance for all staff; not automatic. d) Agreed to make no change to existing terms and conditions of service before April 2015. The move to fully localised terms and conditions is on the back of the Bromley Single Status agreement reached with the relevant recognised trade unions in 2009 affecting the BR grade staff. Under the localised terms and conditions of service framework the Council retains its existing terms and conditions including the grading and job evaluation schemes for BR staff and MG staff, except for the annual pay review and PRP process. Under the localised terms and conditions framework the Council will not be bound by the national or/and regional pay settlements. Instead, by means of the process of the localised annual pay review the Council aims to: • ensure that staff are appropriately rewarded for the job that they do • enhance the Council's ability to compete by maintaining a simple, fair, transparent and affordable pay and

reward structure that attracts and keeps a skilled and flexible workforce;

- improve the links between organisational efficiency, individual performance and reward
- ensure that decisions on reward and recognition are better aligned with the considerations and timetable of the annual budget setting process

The current rates for Management Grade Staff, BR staff and Lecturers and sessional staff at Bromley Adult Education College can be found at MG MB PT Salary Scales BAEC Salary Scales BR Grades Salary Scales

The Council has agreed the process of job evaluation as a way of ensuring a fair system of remuneration relative to job weight thereby managing any risk of equal pay claims. MG and PT jobs are graded using the James job evaluation system, and BR jobs are graded using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. The BR grades are based around “anchor” salary points and consist of incremental scales. However, with effect from 1st April 2015 new BR staff (including internal promotions) are appointed on spot salaries with no increments. Individual spot salaries will be renewed annually, minimally, subject to satisfactory performance.

Individuals employed on the MG grades are appointed to a spot salary within the relevant salary bands having regard to the Council’s ability to recruit and retain suitably qualified, skilled and experienced officers to deliver excellent front line services and achieve Council priorities. Exceptionally staff may be paid outside of the relevant band for their grade because of market forces. The same principles apply to anyone who is engaged on a self-employed basis and paid under a contract for services. Under the Special Recruitment measures agreed by Chief Officers, every recruitment request including permanent, temporary, casual, agency staff or self-employed is scrutinised and formally approved first by the Director and then the Director of Human Resources on behalf of the Chief Executive.

The Council offers a lease car arrangement as a recruitment and retention incentive to certain staff occupying key posts including some front-line posts on the BR grades. Employees with a lease car are expected to make a minimum 30% contribution to the cost and for Chief and Deputy Chief Officers the value range of this benefit is between

	£3,566 and £2,460 per annum subject to this not exceeding 70% of the car's current benchmark value plus insurance. Any employee who does not have a lease car is eligible to receive a car user allowance if they use their own vehicle for business purposes capped locally at the rate for cars not exceeding 1199cc, other than in exceptional circumstances where the Director of HR agrees that a car with a larger engine size is necessary for the efficient performance of the job. The current car mileage payment arrangement is 45p per mile for all users (except lease car users) consistent with the HMRC recommended rate. The rate for lease car users is considerably lower, currently 11.25p per mile. The Council normally engages a mix of external and internal personnel for election duties. The fees generally reflect the varying degree of roles undertaken by individuals. Fees paid to both the Returning Officer and the Deputy Returning Officer are in accordance with the appropriate Statutory fees and Charges Order and they reflect their personal statutory responsibilities. The Council is required to have measures in place to respond to any major emergency incidents in the Borough or on a pan London basis which includes a small group of Senior Officers on standby for the LA GOLD rota. The Chief Executive and Director of Environmental Services undertake the lead role and do not receive any additional remuneration for this. Other officers who undertake this role receive a payment commensurate with other call out allowances for the relevant period of the standby. All employees including Chief Officers are entitled to apply for an interest free season ticket loan and reimbursement of any expenses necessarily incurred in the performance of their role including but not limited to travelling, and subsistence. Also, the Council operates a Salary Sacrifice scheme for all staff. This covers childcare vouchers, parking plus, and the cycle to work scheme.
Use of PRP for	The annual review of salaries includes an assessment of work performance in the preceding twelve months for

Chief Officers	all staff. Under the localised terms and conditions of employment framework for all staff, including Chief Officers (with the exception of teachers), pay increases, including pay awards, increments, etc., are linked to satisfactory performance. Pay increases will be withheld from poor performers. The performance of the Chief Executive is appraised by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and other elected Members, including the Leaders of the Minority Parties, or their representatives. The Panel is supported by the Director of Human Resources in a technical advisory capacity. These Members will sit as a panel to undertake the appraisal but will sit as a committee of council to make a final decision. The Panel will assess and determine the Chief Executive's performance and pay within his grade band and will then sit as the Chief Executive Appraisal Committee to make the final determination. The Chief Executive and Directors are subject to a 360 degree appraisal process involving a range of feedback sources. Chief Officers and senior staff do not currently have an element of their basic pay "at risk" to be earned back each year. All staff apart from teachers will be eligible to be considered on merit for the one off non-consolidated non pensionable reward payment for exceptional performances.
Use of bonuses for Chief Officers	Not applicable.
Remuneration of lowest-paid employees	The Council's grading structure for BR graded staff starts at £17,083 per annum as at 31 March 2018 and the Council therefore defines its lowest paid employee as anyone earning £17,083 (pro rata for part-time staff). Currently the Council's pay multiple – the ratio between the Chief Executive as the highest paid employee and the lowest paid employee is 1:10, and between the Chief Executive and the median salary is £32,057 (ratio of 1:6).
Increases and additions to remuneration of Chief Officers	Where it is in the interests of the Council to do so the Chief Executive may review the salaries of Chief Officers and Senior Staff from time to time within the MG and MB Salary scales MG MB PT Salary Scales Such circumstances include for example but are not limited to the impact of market forces and staff undertaking significant additional responsibilities on a time-limited or permanent basis. This is also the case for any other officer of the Council, including BR staff. Being outside of the nationally/regionally negotiated terms and conditions allows greater flexibility and discretionary payments in support of business priorities and recruitment and retention challenges. The Council has agreed a separate recruitment and retention package for children and adult social workers.

Remuneration of Chief Officers on recruitment	Where the post of Chief Executive falls vacant the salary package and the appointment will be agreed by Full Council. Full Council or a Member panel appointed by full Council or the Urgency Sub Committee will also agree any salary package in excess of £100K to be offered for any new appointment in 2019/20 to an existing or new post. All Chief Officer and Senior staff appointments will be made in accordance with the Council's agreed Constitution and Scheme of Delegation which can be found at London Borough of Bromley Constitution
Any discretionary increase in or enhancement of a Chief Officer's pension entitlement	Chief Officers are eligible to join the Local Government Pension Scheme. The Council will not normally agree to any discretionary increase in or enhancement of a Chief Officer's pension entitlement. However each case will be considered on its merits and the Council recognises that exceptionally it may be in the Council's interests to consider this to achieve the desired business objective. Members' agreement will be required in all cases taking into account legal, financial and HR advice appropriate to the facts and circumstances. A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement without enhancement. The Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds. The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision and can be found at Flexible Retirement Policy *Please also note the information contained at * below.*

Approach to severance payments - any non-statutory payment to Chief Officers who cease to hold office/be employed	Where demonstrable benefit exists it is the Council's policy to calculate redundancy payments on the basis of the statutory number of weeks' entitlement using the employee's actual salary. Under the Council's agreed Scheme of Delegation the Director of Corporate Services has delegated authority to settle legal proceedings and/or to enter into a Settlement Agreement in relation to potential or actual claims against the Council. Settlement may include compensation of an amount which is considered to be appropriate based on an assessment of the risks and all the circumstances of the individual case. In exceptional cases where it is in the interests of the service to do so a payment in lieu of notice or untaken leave may be made on the termination of an employee's employment. Payment for untaken leave may also be due under the terms of the Working Time Regulations. We already see approval for funding for severance packages for chief officers from the Executive. There is also overarching scrutiny from the Audit Sub – Committee. These arrangements give transparency and ensure Member sight of chief officers' severance packages. The Council will not normally re-engage anyone as an employee or consultant who has received enhanced severance/redundancy pay or benefited from a discretionary increase in their pension benefits. However exceptionally it may be that business objectives will not be achieved by other means in which case a time-limited arrangement may be agreed by the Director of HR and Director of Resources having regard to the Council's financial rules and regulations. Any application for employment from ex-employees who have retired at no cost to the Council, or who have retired or been made redundant from elsewhere will be considered in accordance with the Council's normal recruitment policy. However the Council operates an abatement policy which means that the pension benefits in payment to anyone who is re-employed in Bromley could be reduced in line with that policy. **** Please Note:*** *The Government is planning to introduce some reforms around exit payments in the Public*

	Sector including an Exit Pay Cap and Recovery Regulations in relation to those re-joining the Public Sector having received an exit payment previously. *The Exit Pay Cap and the Recovery regulations are expected to come into force soon. A summary of the key issues is as follows:* • *a maximum tariff for calculating exit payments of three weeks' pay per year of service* • *a ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment* • *a maximum salary of £80,000 on which an exit payment can be based* • *a taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension retirement age* • *action to limit or end employer-funded early access to pension as an exit term* *These regulations are likely to impact on the Council's redundancy retirement and pay policies which will need to be reviewed and updated in due course.*

Publication of and access to information relating to this Policy and to the remuneration of Chief Officers	Once agreed the Council will publish this Pay Policy on its website. Full Council may by resolution amend and re-publish this statement at any time during the year to which it relates. The Council also discloses the remuneration paid to its senior employees in the annual report and statement of accounts as part of its published accounts. The Council has no release Trade Union officers. Reasonable time off will be provided to Trade Union officials, including Stewards, in the course of their normal contractual job with the Council.

Report No.
CSD19046

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 25 February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**MEMBERS ALLOWANCES SCHEME 2019/20**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

1. Reason for report

1.1 At its meeting on 12th February 2019 the General Purposes and Licensing Committee considered the attached report on the proposed Members Allowances Scheme for 2019/20. The allowances have remained frozen since 2009 due to the economic circumstances and the pressure on the Council's budgets. However, Members decided to recommend an increase in the allowances in line with the 2.25% increase recommended for Council staff.

1.2 The Mayoral and Deputy Mayoral Allowances are not part of the scheme, but are usually considered in conjunction with it, and a similar increase of 2.25% was also recommended by the Committee.

2. RECOMMENDATION

General Purposes and Licensing Committee recommends that Council approves the Members' Allowances Scheme 2019/20 and the Mayoral and Deputy Mayoral Allowances for 2019/20 as set out in Appendix 2 to the attached report, with an increase in all allowances in line with the proposed increase in officer salaries of 2.25%.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Estimated Cost: £1,090k

2. Ongoing costs: Recurring Cost: £1,090k

3. Budget head/performance centre: Democratic Representation - Members Allowances
   Mayoral & Civic Hospitality - Mayoral Allowance

4. Total current budget for this head: £1,066k & £24k

5. Source of funding: Draft revenue budget for 2019/20

Personnel

1. Number of staff (current and additional): Not Applicable

2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Statutory Requirement: The Local Authorities (Members' Allowances)(England) Regulations 2003 (SI 2003/1021)

2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 Members of the Council receive at least the basic allowance.

Ward Councillor Views

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

2. Summary of Ward Councillors comments: Not Applicable

Non-Applicable Sections:	See attached report
Background Documents: (Access via Contact Officer)	See attached report

Report No.
CSD19012

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**GENERAL PURPOSES AND LICENSING COMMITTEE**
Date:	**Tuesday 12 February 2019**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**MEMBERS ALLOWANCES SCHEME 2019/20**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

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1. Reason for report

1.1 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year, and this report details the proposed allowances for 2019/20. The allowances have remained frozen since 2009 due to the economic circumstances and the pressure on the Council's budgets. However, Members have the option to increase the allowances – for example this could be in line with the 2.25% increase likely to be recommended for Council staff. The Mayoral and Deputy Mayoral Allowances are not part of the scheme, but are usually considered in conjunction with it.

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2. RECOMMENDATIONS

(1) The Committee is requested to consider the proposed Members Allowances Scheme 2019/20 and the Mayoral and Deputy Mayoral Allowances and in particular to consider whether to recommend that allowances are retained at the current level or are raised from 1st April 2019 in line with the proposed increase in officer salaries of 2.25%.

(2) The Committee is recommended to agree that the Members' Allowances Scheme 2019/20 (appendix 2) and the Mayoral and Deputy Mayoral allowances for 2019/20 (paragraph 3.5) be submitted to Council for approval.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Estimated Cost: £1,090k

2. Ongoing costs: Recurring Cost: £1,090k

3. Budget head/performance centre: Democratic Representation – Members Allowances
   Mayoral & Civic Hospitality – Mayoral Allowance

4. Total current budget for this head: £1,066k & £24k

5. Source of funding: Draft revenue budget for 2019/20

Personnel

1. Number of staff (current and additional): Not Applicable

2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Statutory Requirement: The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021)

2. Call-in: Not Applicable: This report does not involve an executive decision

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 Councillors receive at least the basic allowance.

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No

2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1 Every local authority is required to have a basic, flat rate allowance payable to all Members. This basic allowance recognises the time commitment of Councillors, including meetings with Council managers and constituents and attendance at political group meetings. It is also intended to cover incidental costs and general expenses such as the use of Councillors' homes and equipment. It must be the same for all Councillors in the authority and may be paid either as a lump sum or in instalments through the year - Bromley has always paid allowances by monthly instalment. In addition, allowances can be paid to reflect particular posts (Special Responsibility Allowances) or membership of particular committees that meet frequently to determine applications (referred to as Quasi-Judicial Allowances).

3.2 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year. Following a detailed review in 2008, Members' Allowances were scrutinised by a specially formed Member working party which reported through to the Council. As a result certain allowances were upgraded to reflect current Member duties. The scheme has remained largely unchanged since then, until in 2016 a Member Working Group suggested some minor changes within the existing budget which were implemented for the 2016/17 Scheme, including rounding the allowances up or down as appropriate to the nearest £5. The proposed scheme for 2019/20 is largely unchanged from 2018/19 in terms of the allowances to be paid. Members have consistently, since 2009, refused to increase their allowances, but if an increase is proposed then the proposed increase of 2.25% for officer salaries from 1st April 2019 would be a reasonable guide.

3.3 One issue of concern in recent years has been the level of allowance payable to Members serving on Licensing Sub-Committees in view of the reduced level of meetings. The allowance was reduced for 2017/18 from £670 to £335, in line with members of one Plans Sub-Committee, a saving of £5k. For 2018/19, the allowance was been further reduced to a payment of £50 for each meeting attended. The number of meetings has remained low and it is anticipated that the allowances paid during 2018/19 will not exceed £1.5k, a further saving of around £3.5k.

3.4 Members serving on the Fostering and Adoption Panel have, in the current financial year, received an allowance of £200 per meeting (rather than an annual allowance of £670 as previously). For the first nine months of the year (April to December 2018) this has resulted in twenty five payments to three Members (£5k), with three months to go. The fixed annual payments in 2017/18 were £670 each to five Members, so expenditure for the whole year will have increased by about £3.3k.

3.5 The regulations provide that before the Council makes or amends a scheme it shall have regard to the recommendations made by an independent remuneration panel report, although this requirement does not apply if the only change is the application of an annual indexation increase. London Councils set up an Independent Panel chaired by Sir Rodney Brooke CBE DL which meets every four years and reported in January 2018, and this should be taken into account in determining the level of allowances each year. The Panel recommends an amount for the basic allowance for Councillors in London, and suggests amounts in five bands for positions of additional responsibility. Although Bromley's basic allowance is one of the highest in London it is now slightly below the level suggested by the Independent Panel in 2018 (which is £11,045pa). Bromley's special responsibility allowances are in general substantially below the levels recommended by the Panel. A summary of the Panel's recommendations is set out in **Appendix 1.**

3.6 **Appendix 2** shows the scheme and the proposed allowances for 2019/20 in schedule 1, based on the allowances either remaining at the same levels, or increasing by 2.25%. The Mayoral and Deputy Mayoral allowance is not part of the Member's Allowances scheme, but it can also be approved by Council and this is included in the budget for 2019/20. If a 2.25% increase is approved by Council, the Mayoral Allowance would increase from £15,698 to £16,051 and the Deputy Mayoral Allowance from £3,575 to £3,655.

4. FINANCIAL IMPLICATIONS

4.1 Provision has been made for the allowances in the draft revenue budget for 2019/20 to be approved by Council of £1.066m for the Members' Allowances Scheme and £24k for the Mayoral and Deputy Mayoral allowances.

5. LEGAL IMPLICATIONS

5.1 The statutory provisions relating to Members' allowances are contained in The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021).

Non-Applicable Sections:	Impact on Vulnerable Adults and Children/Policy/Personnel/Procurement
Background Documents: (Access via Contact Officer)	Report from the Independent Panel on Remuneration of Councillors in London (2018) – Remuneration of Councillors in London Boroughs 2018 - London Councils Report to General Purposes and Licensing Committee, 6th February 2018 – Members' Allowances Scheme 2018/19

Appendix 1

London Councils Remuneration Panel Report 2018 - Summary

London Councils Band	Example posts	2018 London Councils Panel Recommendation	Current (2018/19) LBB Equivalent
Basic Allowance	All Members	£11,045	£10,870
Band 1	Executive Assistant Sub-Cttee Chairman Leader of 2nd Minority Group Members of Sub-Committees meeting frequently – EG Plans/Licensing/ Adoption	£2,582 - £9,397	£3,575 £1,970 £3,570 £335 for Plans Sub-Cttee £200 per meeting for Fostering & Adoption Panel £50 per meeting for Licensing Sub-Cttee
Band 2	Civic Mayor Chairman of Regulatory Cttee Chairman of Scrutiny Panel Leader of principal Opposition Group	£16,207 - £29,797	£15,698 £8,670 £7,140 £7,140
Band 3	Portfolio Holder Chairman of Health & Wellbeing Board Chairman of main Overview and Scrutiny Committee	£36,917 - £43,460	£20,400 £8,670 £8,670
Band 4	Leader	£57,085	£30,600
Band 5	Directly Elected Mayor	£85,162	-

<u>**Appendix 2**</u>

London Borough of Bromley

Members' Allowances Scheme

From 1st April 2019, in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 (2003 No. 1021) [as amended by SI 2003 No. 1692], the London Borough of Bromley will operate the following Members' Allowances Scheme.

1. This Scheme is known as the London Borough of Bromley Members' Allowances Scheme and will operate from 1st April 2019 until amended.

2. In this Scheme:

   "Councillor" means a member of the London Borough of Bromley who is an elected Member;

   "Member" for the purposes of this Scheme shall mean elected Councillors;

   "year" means the 12 months ending 31st March.

3. The Council in agreeing this Scheme has considered the recommendations of the Independent Panel commissioned by the Association of London Government on the remuneration of Councillors in London entitled "The Remuneration of Councillors in London 2018" published January 2018.

Basic Allowance

4. A basic annual allowance of £11,115 shall be paid to each Councillor.

Special Responsibility Allowances

5. (1) An annual Special Responsibility Allowance will be paid to those Members who hold special responsibilities. The special responsibilities are specified in Schedule 1 (attached).

   (2) During periods after an election when any position of special responsibility is unfilled, the relevant Special Responsibility Allowance shall be payable to the new holder of the position from the day after the previous holder ceases to be responsible.

   (3) The amount of each Special Responsibility Allowance is specified against that special responsibility in Schedule 1. The conditions set out in paragraphs 5(2), 5(4) and 14 apply.

   (4) Where a Member holds more than one position of special responsibility then only one Special Responsibility Allowance will be paid. Subject to sub-paragraph (5), Members may be paid quasi-judicial allowances in addition to a Special Responsibility Allowance.

   (5) All Members of the Licensing Sub-Committee, Plans Sub-Committees and the Fostering and Adoption Panel shall be paid a quasi-judicial allowance at the rates set out in Schedule 1.

Childcare and Dependent Carers Allowance

6. The Council has agreed that no allowance will be paid for childcare or dependent carers.

Co-optees Allowance

7. The Council has agreed that no allowance will be paid for co-optees.

Travel and Subsistence Allowance

8. The Basic Allowance covers all intra-Borough travel costs and subsistence. All other necessarily incurred travel and subsistence expenses for approved duties as set out in the Regulations (Regulation 8(a) to (h)) will be reimbursed under the same rules and entitlement as applies to staff. Travel by bicycle will also be paid at the same rates as applies to staff. Claims for reimbursement are to be made within one month of when the costs were incurred.

Ability to Decline an Allowance

9. A Member may, by writing to the Director of Corporate Services, decide not to accept any part of his entitlement to an allowance under this Scheme.

Withholding of Allowances

10. The Standards Committee may withhold all or part of any allowances due to a Member who has been suspended or partially suspended from his/her responsibilities or duties as a Member of the Authority. Any travelling or subsistence allowance payable to him/her for responsibilities or duties from which they are suspended or partially suspended may also be withheld.

11. Where the payment of an allowance has already been made in respect of a period in which a Member has been suspended or partially suspended, the Council may require the allowance that relates to that period of suspension to be repaid.

Members of more than one Authority

12. Where a Member is also a member of another authority, that Member may not receive allowances from more than one authority for the same duties.

Part-year Entitlements

13. If during the course of a year:

    (a) there are any changes in the Basic and/or Special Responsibility Allowances,

    (b) a new Member is elected,

    (c) any Member ceases to be a Member,

    (d) any Member accepts or relinquishes a post in respect of which a Special Responsibility Allowance is payable, or

    (e) the Standards Committee resolves to withhold any allowances during the suspension of a Member, the allowance payable in respect of the relevant periods shall be adjusted pro rata to the number of days.

Payments

14. Payments shall so far as is reasonably practicable normally be made for Basic and Special Responsibility Allowances in instalments of one-twelfth of the amount specified in this Scheme.

Inflation Increase

15. The allowances set out in this Scheme may be increased annually by the same percentage increase as the market movement change for officers under the Council's scheme, such increase to take effect from the start of the financial year. This inflation index will apply until further notice unless the Scheme is revised after consideration of any new Independent Panel report. Where the only change to the Scheme in any year is that affected by such an annual adjustment in accordance with this index, the new uprated allowance rates will apply without further consideration by an Independent Panel.

Notification Fee to Information Commissioner

16. The Council shall reimburse, or pay on their behalf, the annual fee payable by all Councillors to the Information Commissioner.

Schedule 1

Allowances for the year ending 31st March 2020

	Current £	With 2.25% increase £
Basic Allowance	10,870.00	11,115
Special Responsibility Allowances		
Leader of the Council	30,600	31,288
Portfolio Holders (x6)	20,400	20,859
Executive Members without Portfolio	3,575	3,655
Executive Assistants (x6)	3,575	3,655
Chairman of Health and Wellbeing Board	8,670	8,865
Chairman of main PDS Committee	8,670	8,865
Chairman of Portfolio PDS Committees (x5)	7,140	7,300
Chairman of Development Control Committee	8,670	8,865
Vice-Chairman of Development Control Committee	1,970	2,014
Chairman of Plans Sub-Committees (x4)	2,770	3,393
Chairman of General Purposes and Licensing Committee	8,670	8,865
Vice-Chairman of General Purposes and Licensing Committee	1,970	2,014
Chairman of Audit Sub-Committee	1,970	2,014
Chairman of Pensions Investment Sub-Committee	1,970	2,014
Leader of largest Opposition Party	7,140	7,300
Leader of second largest Opposition Party	3,570	3,650
Quasi-Judicial Allowances		
Members of one Plans Sub-Committee	335	343
Members of two Plans Sub-Committees	670	686
Members of Licensing Sub-Committee (per meeting)	50	52
Members of Fostering and Adoption Panel (per meeting)*	200	205

* Payable up to an annual maximum limit of £3,575 per Councillor

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