



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 12 November 2019

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

Councillor Simon Fawthrop (Chairman)
Councillor Christopher Marlow (Vice-Chairman)
Councillors Gareth Allatt, Julian Benington, David Cartwright QFSM, Mary Cooke,
Ian Dunn, Nicky Dykes, Robert Evans, Will Harmer, Russell Mellor,
Michael Rutherford, Michael Tickner, Stephen Wells and Angela Wilkins

A meeting of the Executive, Resources and Contracts Policy Development and
Scrutiny Committee will be held at Bromley Civic Centre on **WEDNESDAY 20
NOVEMBER 2019 AT 7.00 PM**

MARK BOWEN
Director of Corporate Services

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

PART 1 AGENDA

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

STANDARD ITEMS

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

In accordance with the Council's Constitution, questions that are not specific to reports on the agenda must have been received in writing 10 working days before the date of the meeting.

Questions specifically on reports on the agenda should be received within two working days of the normal publication date of the agenda. Please ensure that questions specifically on reports on the agenda are received by the Democratic Services Team by **5pm on Thursday 14th November 2019.**

- 4 **MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 9 OCTOBER 2019 (EXCLUDING EXEMPT ITEMS)** (Pages 5 - 14)
- 5 **MATTERS OUTSTANDING AND WORK PROGRAMME** (Pages 15 - 22)
- 6 **FORWARD PLAN OF KEY DECISIONS** (Pages 23 - 30)

HOLDING THE RESOURCES, COMMISSIONING AND CONTRACTS PORTFOLIO HOLDER TO ACCOUNT

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

In accordance with the Council's Constitution, questions that are not specific to reports on the agenda must have been received in writing 10 working days before the date of the meeting.

Questions specifically on reports on the agenda should be received within two working days of the normal publication date of the agenda. Please ensure that questions specifically on reports on the agenda are received by the Democratic Services Team by **5pm on Thursday 14th November 2019.**

- 8 **RESOURCES, COMMISSIONING AND CONTRACTS PORTFOLIO - PRE-DECISION SCRUTINY**

Portfolio Holder decisions for pre-decision scrutiny.

- 9 **TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE 2019/20 & MID-YEAR REVIEW** (Pages 31 - 54)

HOLDING THE EXECUTIVE TO ACCOUNT

- 10 **PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS**

Members of the Committee are requested to bring their copy of the agenda for the Executive meeting on 27 November 2019

POLICY DEVELOPMENT AND OTHER ITEMS

- 11 **SCRUTINY OF THE PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT**
- 12 **TFM CONTRACT REPORT** (*to follow*)
- 13 **RISK MANAGEMENT** (Pages 55 - 74)

PART 2 AGENDA

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

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

Items of Business

Schedule 12A Description

- | | |
|--|---|
| 15 EXEMPT MINUTES OF THE MEETING HELD ON 9 OCTOBER 2019 (Pages 75 - 76) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 16 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS | |
| 17 INVESTMENT PROPERTY PORTFOLIO REVIEW (Pages 77 - 136) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 18 TFM CONTRACT REPORT PART 2 INFORMATION (<i>to follow</i>) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 9 October 2019

Present:

Councillor Simon Fawthrop (Chairman)
Councillor Christopher Marlow (Vice-Chairman)
Councillors Gareth Allatt, David Cartwright QFSM,
Mary Cooke, Ian Dunn, Nicky Dykes, Robert Evans,
Will Harmer, Christine Harris, Russell Mellor,
Melanie Stevens, Michael Tickner, Stephen Wells and
Angela Wilkins

Also Present:

Councillor Graham Arthur, Portfolio Holder for Resources,
Commissioning and Contracts Management
Councillor Kira Gabbert, Executive Assistant for
Resources, Commissioning and Contracts Management

66 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Councillor Benington and Councillor Rutherford. Councillor Melanie Stevens and Councillor Harris attended as their respective substitutes. Councillor Dykes and Councillor Harmer submitted apologies for absence.

67 DECLARATIONS OF INTEREST

Councillor Simon Fawthrop declared an interest as an employee of British Telecom (BT) and left the room during consideration of Item 11 on the Executive Agenda (Minute 75(11) and 82(11)) – Customer Services IT System Review. Councillor Marlow took the Chair for the duration of this item.

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

No questions were received.

69 MINUTES OF THE EXECUTIVE AND RESOURCES PDS COMMITTEE MEETING HELD ON 11th SEPTEMBER 2019 (EXCLUDING EXEMPT ITEMS)

The minutes of the meeting held on 11th September 2019 were agreed, and signed as a correct record.

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**70 MATTERS OUTSTANDING AND WORK PROGRAMME
Report CSD19151**

The Committee considered a report setting out matters outstanding from previous meetings and the proposed work plan for 2019/20.

Councillor Marlow, Chairman of the S.106/CIL Task and Finish Group reported that invitations to join the work group would be sent out early the following week. It was noted that the optimum number of Members for the working group was 7. To date, the following Members had expressed an interest on sitting on the Task and Finish Group – Cllrs Marlow, Fawthrop, Wells, Wilkins. Councillor Melanie Stevens requested that either she or Cllr Benington have a seat on the Group. Councillor Marlow confirmed that it would be a time limited Task and Finish Group.

The Committee noted that a meeting had taken place between Councillor Allatt, the Head of Asset and Investment Management, and Cushman and Wakefield. It was anticipated that the Property Review would be available by the end of the month and an update would be provided to the Committee in the New Year.

RESOLVED: That

- 1. Progress on matters outstanding from previous meetings be noted; and**
- 2. The Work Programme for 2019/20 be noted.**

71 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period October 2019-January 2020. Members noted that a few of the items listed on the Forward Plan for consideration by Executive in October were not on the Executive agenda. The Chairman stressed the importance of ensuring that the Forward Plan was kept up to date in order to ensure that the public had a clear understanding of when decisions were due to be taken.

In response to a question, the Chief Executive confirmed that the decision entitled 'Women in Refuge – Authority to Tender' should be considered by both the Renewal, Recreation and Housing PDS Committee and the Adult Care and Health PDS Committee. The Chairman suggested that it would be helpful if this were considered as a joint item.

**72 RISK MANAGEMENT
Report FSD19083**

The Committee considered a report providing the Gross 'High' (Red) rated risks from the Corporate Services, Finance and, Human Resources and Customer Services Risk Registers together with the latest iteration of the Transformation Programme Risk from the Corporate Risk Register.

In opening the discussion the Chairman queried whether any risks were likely to have their 'RAG' rating changed and the Head of Audit and Assurance confirmed that there had been no salient changes since the last update to Committee in July 2019. The full Corporate Risk Register would be considered by the Audit Sub-Committee the following week and the Executive, Resources and Contracts PDS Committee would consequently receive the full Risk Register at its next meeting.

RESOLVED: That the report be noted.

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

No questions had been received.

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

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

**a INSURANCE FUND - ANNUAL REPORT 2018/19
Report FSD19089**

The Committee considered a report advising Members of the position of the Insurance Fund as at 31st March 2019, and presenting statistics relating to insurance claims for the last two years. In 2018/19, the total fund value increased slightly from £3.7m to £4.0m. A mid-year review of the fund had also been carried out and, at this stage, it was estimated that the final fund value as at 31st March 2020, would remain approximately the same with the position monitored throughout the year.

In response to a comment from the Chairman, the Insurance and Risk Manager confirmed that future reports could provide details of the spread of claims throughout the year to enable Members to identify any emerging trends. The Insurance and Risk Manager reported that there had been a downward trend in claims since 2014, apart from the previous year when there had been bad weather at the beginning of the year. Members highlighted that it was also important for them to be able to identify if there was a correlation between an increase in claims (e.g. for potholes) and a reduction in service (e.g. reduced funding for highway maintenance). The Committee noted that where claims were made any relevant departments were provided with details of the claim to ensure that appropriate action could be taken to mitigate against any further claims.

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The Chairman questioned why the stop loss figure for property had increased by 50% following the tender exercise. In response the Insurance and Risk Manager explained that this was due to an increase for the storm/flood excess. Under the previous contract the Council would have been required to pay an excess per property affected from storm/flood. Under the new policy only one excess would be paid regardless of the number of properties affected by storm/flood. The increase in the stop loss was to balance the increase in premium for this clause.

In respect of the outstanding claims for public liability, Members noted that there were 248 claims with a total value of £1,771,268 and questioned for how much the Council may be liable. In response the Insurance and Risk Manager explained that decisions were taken on a claim by claim basis but it was likely that the Council would defend 70% of the total claims received each year.

In response to a question concerning the cost of renewal, the Insurance and Risk Manager explained that it was difficult to predict the actions of an insurer. However, the Council's commercial insurance policy was different to a consumer policy whereby the Council accepted a greater level of risk by having a higher level of excess. Also by setting a stop loss that was unlikely to be breached the likelihood of the insurer having to incur any payments was reduced. This in turn should hopefully reduce this possibility of the insurer increasing insurance premiums

Concerning a query about insurance for taking the Mayor's chains abroad, the Insurance and Risk Manager confirmed that the cover currently insured the Mayor's Chains for travel into the EU. However, single trip cover for other destinations could be obtained.

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

b GATEWAY 0/1: PROCUREMENT STRATEGY FOR INTEGRATED INSURANCE AGREEMENT (PART 1 REPORT) Report FSD19091-1

The Council currently had an insurance shared services agreement in place with the Royal Borough of Greenwich, which expired on 31st March 2020. A review of the alternative provisions for insurance shared services had been undertaken and various options have been considered as detailed in the report considered by the Committee. Members noted that further information and recommendations contained in the Part 2 report.

In opening the discussion the Chairman noted that this was a growth item because an increase on the current spend was being proposed.

In response to a question from the Chairman concerning whether LB Greenwich had been asked whether they wished to join the proposed

arrangements, the Head of Audit and Assurance reported that LB Greenwich had confirmed that they had no desire to continue with any shared arrangement.

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

75 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 16th October 2019:

**(6) CUSTOMER SERVICES IT SYSTEM REVIEW (PART 1)
CEO19001A**

The Chairman, having declared an interest, left the room prior to the start of this item. Cllr Christopher Marlow, as Vice-Chairman, chaired the meeting during the Chairman's absence.

The Committee considered a report detailing the outcome of a review undertaken by BT for the longer term provision of the Customer Relationship Management system. The report also recommended further action.

RESOLVED: That the Executive be recommended to:

- 1. Note the need to replace the current CRM software as outlined in the report.**
- 2. Agree that officers procure by direct award via the G-Cloud Framework a subscription of the Jadu CXM case management software for a period of 4 years (2 years plus 2 one year extensions being the maximum allowable under the framework), and agree delegated authority to the Director of Human Resources and Customer Service and the Head of Customer Service in consultation with the Portfolio Holder for Resources, Commissioning and Contracts Management to renew the subscription for Jadu CXM via a compliant route for a period of up to 15 years, subject to regular reviews of the ongoing business needs.**
- 3. Agree that officers commission BT by Change Control Notice (CCN) to their existing contract to transfer services from the existing CRM software on to the new Jadu CXM platform, including all associated integration as outlined in section 4.3 of this report.**
- 4. Agree the addition of the required capital sum to the capital programme.**
- 5. Approve renewal, via exemption to competitive tender, of existing annual support arrangements for the associated IT software components of the Council's website for a period of up to fifteen years**

**(7) DISPOSAL OF Y BLOCKS - DECISION TO DISPOSE OF OPEN
SPACE (PART 1)
Report DRR19/045**

On 11th July 2018, the Executive resolved that the Y Blocks should be disposed of and further resolved on 30th April 2019 to accept an unconditional offer from a purchaser (identified in the Executive Part 2 Report of 30th April 2019) for the freehold title of the Y Blocks and associated land. As part of the Y Blocks and associated land comprised of open space the Council had advertised its intention to the disposal of the open space land in a local newspaper for two consecutive weeks. The Council had also advertised its intention to appropriate the Y Blocks and associated land for residential use in accordance with the Town and Country Planning Legislation. The Executive resolved on 30th April 2019 that the Y Blocks and associated land were to be appropriated from office to housing use. As that resolution was made in reference to an internal Report, this report-re-affirmed that Resolution in a public format. A number of objections were received in respect of both advertisements' and the report before the Committee considered these with appropriate responses to mitigate concerns raised.

A Member highlighted the need to bring the buildings into use as much needed housing.

The Committee noted that the Ward Councillors had submitted a number of questions to the Head of Asset and Investment and requested that the Ward Councillors receive a response to these question prior to the Executive taking a decision.

RESOLVED: That the Executive be recommended to:

- a) Ensure that Ward Councillors have received a response to the questions they raised prior to taking a decision.**

Subject to the above, Executive is recommended to:

- b) Note that the Council has advertised the intention to dispose the open space land together with the intention to appropriate the buildings and land to residential use in both cases for two consecutive weeks in accordance with the relevant Legislation.**
- c) Consider the objections made together with the responses' to these contained within the Report and formally agree to the Disposal of the Open Space Land.**

- d) Consider the objections made together with the responses' to these contained within the Report and formally agrees to the appropriation of the buildings and land to residential use.**

76 SCRUTINY OF THE CHIEF EXECUTIVE

The Chief Executive, Mr Ade Adetosoye, attended the meeting to respond to questions from the Committee. The Chief Executive had circulated a written update for the Committee as part of the agenda papers. Mr Adetosoye responded to questions, making the following comments –

- The constitution of Health Scrutiny was prescribed in legislation. In the main, services for very sick children were provided by health services which were in turn scrutinised and held to account by the Council's Health Scrutiny Sub-Committee.
- Future Member scrutiny arrangements in respect of the integration of health and social care were yet to be determined. Whilst current scrutiny arrangements were adequate primary legislation directing future scrutiny arrangements had not yet been issued.
- In terms of the integration of health and social care, Bromley had not pursued full integration and whilst the CCG and the Council were working together on policy formulation there the Council retained responsibility for determining spend. However, consideration would be given to joint services if savings could be delivered.
- The Chief Executive agreed to provide an update on the Greenwich Leisure Ltd strike following the meeting.
- The Chief Executive took on comments that were made in respect of lost revenue through failing to monitor and maintain parking meters and the need for parking wardens to adequately monitor meters. It was also noted that it was not possible to report issues with parking meters on fix my street.
- There would be Member involvement in the development of the Building a Better Bromley priorities.
- Scrutiny and challenge of planning decisions at Bromley was of a high quality. Officers were given the opportunity to clarify key points at meetings and key Planning Officers would be encouraged to attend meetings of the Development Control Committee and Plans Sub-Committees for professional development.
- The Chief Executive was not aware of Chairman at Planning meetings directing approval or refusal of an application at the start of a debate.
- Bromley had been classified as 'low priority' in relation to Prevent funding received from central Government.
- There had been some interest in the Director of Children's Services post which had been advertised at the beginning of the month and the Chief Executive hoped that there would be some applicants. There were three other vacancies for Director of Children's Services across London including one in a neighbouring borough. LB Bromley had

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taken a conscious decision to keep the salary band within the base rate that had been collectively agreed across London and Bromley was seeking to promote its advantageous work/life balance and employee benefits.

- The post of Director of Adult Social Care would be advertised in November.
- Two senior officer posts had been made in the past three months and both posts had involved internal recruits.
- The Chief Executive was aware of any plans to merge London borough and have 5 'Super Boroughs'. This was not something that had been discussed in recent year and any such plans would require primary legislation.
- Following an incident of staff intimidation following a meeting held in public, security arrangements had been reviewed and five committees requiring additional security had been identified.
- The Chief Executive reported that he would ask the Director of Finance to provide an update on the London Business Rate Pilot following the meeting.
- Officers considered to plan for Britain's exit from the European Union at the end of the month. A baseline assessment of the 15 key areas identified by London Councils had been undertaken and LB Bromley appeared to be well placed.

The Committee thanked the Chief Executive for his update.

77 EXPENDITURE ON CONSULTANTS 2018/19 AND 2019/20 Report FSD19090

The Committee considered a report detailing total expenditure on consultants in 2018/19 and expenditure on consultants to June 2019 for both Revenue and Capital Budgets.

Noting that the year to year split for capital budgets was presented over two pages, the Committee asked that for future reports the information for both years be presented on one page.

The Committee sought further clarification for the following items of expenditure:

- Appendix 2 – Gartner UK Ltd – response to be provided by the IT Division
- Appendix 2 – Bell Phillips – why was the car park capacity study not part of the retender exercise – response to be provided by the Property Division.

The Chairman expressed concern that some of the contracts (in particular Gartner UK Ltd and In Form Consult Ltd) had been approved by waiver.

In response to a question, the Chief Accountant confirmed that consultants were engaged where there was not the in-house capacity or expertise to complete the work. This made comparisons between the cost of engaging consultants and completing the work in-house difficult.

A Member expressed concern that with a large in-house HR Team it has been necessary to engage a consultant for a Member Appeal Panel due to lack of relevant specialist skills. It was confirmed to the Committee that a third party HR specialist was commissioned due to the circumstances of the case. It was suggested that this work should be listed under 'insufficient in-house resource'.

The Chairman suggested that this needed to be monitored and if necessary a Task and Finish Group would be established to consider the issue in detail.

RESOLVED: That

- 1. The overall expenditure on Consultants as set out in this report be noted;**
- 2. The report be referred onto individual PDS Committees for further consideration.**

**78 CONTRACTS REGISTER AND CONTRACTS DATABASE
UPDATE
Report CEO19002**

The Committee considered the October 2019 Corporate Contracts Register and noted that the report in Part 2 of the agenda contained a detailed commentary on each contract within the register.

It was suggested that for future report the part 1 appendix should be made available on the website but should not be printed in the agenda packs provided to Members as the information was duplicated in the Part 2 appendix.

In response to a question the Assistant Director of Governance and Contracts confirmed that the red status of contracts did not indicate a cause for concern, it was simple a way of noting that the contract end date was approaching. In terms of the TFM Contract, options for the future procurement of the contract was matter for the service. For any gateway review a range of delivery options would be presented in the report by way of an options appraisal and the report would also contain a recommendation for Members.

The Committee noted that the contact in respect of SEN Transport had been scrutinised by the Children, Education and Families PDS Committee in July 2019.

RESOLVED: That the report be noted.

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

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

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

**80 EXEMPT MINUTES OF THE MEETINGS HELD ON 3 JULY 2019
AND 11 SEPTEMBER 2019**

The Part 2 (exempt) minutes of the meetings held on 3 July 2019, and 11 September 2019 were agreed, and signed as a correct record.

The Committee requested that the Director of Corporate Services be asked to look again at the advice concerning whether minutes for contract awards needed to remain in Part 2 following approval of the contract.

**81 PRE-DECISION SCRUTINY OF EXEMPT RESOURCES,
COMMISSIONING AND CONTRACTS PORTFOLIO HOLDER
REPORTS**

The Committee considered the following reports on the Part 2 agenda where the Resources, Contracts and Commissioning Portfolio Holder was recommended to take a decision.

**a GATEWAY 0/1: PROCUREMENT STRATEGY FOR
INTEGRATED INSURANCE AGREEMENT (PART 2 REPORT)
Report FSD19091-2**

The Committee considered the report and supported the recommendations.

**82 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE
REPORTS**

The Committee considered the Part 2 information.

The Meeting ended at 8.45 pm

Chairman

Report No.
CSD19164

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive, Resources & Contracts PDS Committee

Date: 20 November 2019

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

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

Contact Officer: Philippa Gibbs, Democratic Services Officer
Tel: 0208 313 4508 E-mail: Philippa.Gibbs@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: (All Wards);

1. Reason for report

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

- Monitoring progress against actions arising from previous meetings;
 - Developing the 2019/20 Forward Work Programme; and
 - A schedule of Sub-Committees and Working Groups across all PDS Committees
-

2. **RECOMMENDATION(S)**

That PDS Committee reviews and comments on:

1. Progress on matters arising from previous meetings;
2. The 2019/20 work programme, indicating any changes or particular issues that it wishes to scrutinise for the year ahead.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Corporate Policy

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

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £358,740
 5. Source of funding: 2018/19 Revenue Budget
-

Personnel

1. Number of staff (current and additional): 8 posts (6.79fte)
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: None
 2. Call-in: Not Applicable: This report does not involve an Executive decision.
-

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of Committee Members.
-

Ward Councillor Views

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

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

3. COMMENTARY

Matters Arising from Previous Meetings

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

Work Programme

- 3.2 Each PDS Committee determines its own work programme, balancing the roles of (i) pre-decision scrutiny and holding the Executive to account, (ii) policy development and review and (iii) external scrutiny. ERC PDS Committee has the additional role of providing a lead on scrutiny issues and co-ordinating PDS work.
- 3.3 PDS Committees need to prioritise their key issues. The work programme also needs to allow room for items that arise through the year, including Member requests, call-ins and referrals from other Committees. Committees need to ensure that their workloads are realistic and balanced, allowing sufficient time for important issues to be properly scrutinised. Members also need to consider the most appropriate means to pursue each issue – the current overview and scrutiny arrangements offer a variety of approaches, whether through a report to a meeting, a time-limited working group review, a presentation, a select committee style meeting focused on a single key issue, or another method.
- 3.4 **Appendix 2** sets out the ERC PDS Committee Work Programme for 2019/20, including: the provisional report title (or activity); the lead division; and Committee's role. Committee is invited to comment on the proposed schedule and suggest any changes it considers appropriate.
- 3.5 Other reports will be added to the 2019/20 Work Programme as items arise. In addition, there may also be references from other committees, the Resources, Contracts and Commissioning Portfolio Holder, or the Executive.

Sub-Committees and Working Groups

- 3.6 The Policy Development and Scrutiny Toolkit suggests that each Committee should aim to carry out no more than two or three full scale reviews each year, and it offers guidance and techniques for prioritising reviews. At a time of pressure on Member and officer resources it is important that any additional work is carefully targeted at priority issues where improvements can be achieved. In recent years, this Committee has examined a number of issues through its Working Groups - part of the Committee's workload may include follow-up work on some of these reviews.
- 3.7 A schedule of Sub-Committees and Working Groups across all PDS Committees is attached as **Appendix 3** to this report. This will be updated for future meetings as other PDS Committees meet and confirm the appointment of Working Groups.

Appendix 1

Minute Number/Title/Date	Action/PDS Request	Update	Action by	Expected Completion Date
76 Scrutiny of the Chief Executive 9 October 2019	That an update on the Greenwich Leisure Ltd strike be provided following the meeting	An update was circulated to the Committee on 15 th October 2019.	Director of Housing, Planning and Regeneration.	15/10/19
76 Scrutiny of the Chief Executive 9 October 2019	That an update on the Business Rate Pilot for London be provided following the meeting	An update was circulated to the Committee on 15 th October 2019.	Director Finance.	15/10/19
77 Expenditure on Consultants 2018/19 And 2019/20 9 October 2019	<p>That further clarification be provided for the following items of expenditure:</p> <ul style="list-style-type: none"> • Appendix 2 – Gartner UK Ltd – response to be provided by the IT Division • Appendix 2 – Bell Phillips – why was the car park capacity study not part of the retender exercise – response to be provided by the Property Division. 	Responses were circulated on 17 th October 2019.	<p>Head of ICT</p> <p>Director of Environment and Public Protection</p>	17/10/19

**EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
WORK PROGRAMME 2019/20**

Meeting Date: 8 January 2020		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Capital Programme Monitoring - 2nd Quarter 2019/20	Finance	Pre-decision scrutiny (PH)
Scrutiny of the Executive Assistant to the Leader	N/A	PDS Committee
Benefits Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Revenues Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Customer Services - Contract Performance Report	Customer Services	PDS Committee – Monitoring Report
Exchequer Service - Contract Performance Report	Finance	PDS Committee – Monitoring Report
Section 106 Agreements: Update*	Regeneration & Housing	PDS Committee – Monitoring Report
Meeting Date: 5 February 2020		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Treasury Management – Annual Investment Strategy and Quarter 3 Performance 2019/20	Finance	PH Decision
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Chief Executive	Chief Execs	PDS Committee
Scrutiny of the Resources, Commissioning and Contract Management Executive Assistant	N/A	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Risk Register (Red Risks)	Audit & Assurance	PDS Committee

Meeting Date: 26 March 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Leader	N/A	PDS Committee
Annual PDS Report 2019/20	Democratic Services	PDS Committee

*Part 2 (Exempt) Report

PDS SUB-COMMITTEES AND WORKING GROUPS 2018/19

SUBJECT	DATE OF NEXT MEETING	MEMBERSHIP
EXECUTIVE, RESOURCES & CONTRACTS PDS		
S.106/CIL Task and Finish Group	TBC	Cllr Marlow, Cllr Fawthrop, Cllr Wells, Cllr Wilkins, Cllr Benington/M. Stevens.
ADULT CARE AND HEALTH PDS		
Health Scrutiny Sub-Committee	28 th January 2019	Cllr Cooke, Cllr Allatt, Cllr Dunn, Cllr Ellis, Cllr Evans, Cllr Jefferys, Cllr McIlveen, Cllr Onslow.
Any 2018/19 Working Groups of ACH PDS or the Health Scrutiny Sub-Committee to be appointed by the parent bodies.		
Our Healthier South East London Joint Health Overview and Scrutiny Committee (with Bexley, Greenwich, Lambeth, Lewisham & Southwark)		Cllr Ellis, Cllr McIlveen.
CHILDREN, EDUCATION AND FAMILIES PDS COMMITTEE		
Children, Education and Families Budget and Performance Monitoring Sub-Committee	TBC	TBC
Youth Engagement Task and Finish Group	TBC	Cllr Nicky Dykes, Cllr Judi Ellis, Cllr Hannah Gray, Cllr Marina Ahmad
ENVIRONMENT & COMMUNITY SERVICES PDS		
Any 2019/20 Working Groups of the Environment & Community Services Committee to be appointed by the parent body.		
PUBLIC PROTECTION AND ENFORCEMENT PDS		
Any 2019/20 Working Groups of the PPE PDS Committee to be appointed by the parent body.		
RENEWAL, RECREATION & HOUSING PDS		
Any 2019/20 Working Groups of the PPE PDS Committee to be appointed by the parent body.		

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LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 29TH OCTOBER 2019

PERIOD COVERED: November 2019 - February 2020

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 17TH December 2019

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
COUNCIL						
COUNCIL TAX SUPPORT/ REDUCTION SCHEME 2020/21	Council	09 December 2019 Executive Executive, Resources & Contracts PDS Committee	Meetings Public Consultation	Contact Officer: John Nightingale Tel: 020 8313 4858 john.nightingale@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
COUNCIL TAX LEVEL 2020/21	Council	24 February 2020 Executive, PDS Committees, business community and local residents.	Meetings	Contact Officer: Peter Turner Tel: 020 8313 4668 peter.turner@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
REVENUE BUDGET 2020/21	Council	24 February 2020 Executive, PDS Committees, business community and local residents.	Meetings	Contact Officer: Peter Turner Tel: 020 8313 4668 peter.turner@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
CAPITAL STRATEGY 2020 TO 24	Council	24 February 2020 Executive, PDS Committees and key stakeholders	Meetings	Contact Officer: Tracey Pearson Tel: 0208 313 4323 Tracey.Pearson@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
ANNUAL INVESTMENT STRATEGY 2020/21	Council	24 February 2020 Executive, Resources and Contracts PDS Committee	Meetings	Contact Officer: Tracey Pearson Tel: 0208 313 4323 Tracey.Pearson@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

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EXECUTIVE						
EMPTY HOMES PREMIUM	Executive	27 November 2019 Executive, Resources & Contracts PDS Committee	Meetings Public Consultation	Contact Officer: John Nightingale Tel: 020 8313 4858 john.nightingale@bromley.gov.uk	<u>Meeting in Public</u>	report and relevant background documents
GATEWAY REPORT: SUPPORT TO VOLUNTARY AND COMMUNITY SECTOR ORGANISATIONS	Executive	27 November 2019 Adult Care & Health PDS Committee	Meetings	Contact Officer: Gerry Clark Tel: 020 8313 4024 Gerry.Clark@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
GATEWAY 0/1 COMMISSIONING STRATEGY FOR DOMICILIARY CARE	Executive	27 November 2019 Adult Care & Health PDS Committee	Meetings	Contact Officer: Deborah Cole Tel. 020 8461 7249 Deborah.Cole2@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
PROCUREMENT STRATEGY FOR LEARNING DISABILITY SUPPORTED LIVING SERVICES	Executive	27 November 2019 Adult Care & Health PDS Committee	Meetings	Contact Officer: Andrew Royle Tel: 020 8461 7601 andrew.royle@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

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BECKENHAM LIBRARY AND CULTURAL CENTRE - AUTHORITY TO PROCEED TO PROCUREMENT	Executive	27 November 2019 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Lydia Lee Tel: 01689 873 826 Lydia.Lee@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
OPTIONS APPRAISAL FOR CHIPPERFIELD ROAD (BROMLEY VALLEY GYMMNASICS CENTRE)	Executive	27 November 2019 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Lizzi Hewitt Tel: 020 8313 4097 Lizzi.Hewitt@bromley.gov.uk	<u>Item is expected to be considered during the public part of the Executive meeting with confidential material to be considered during exempt proceedings.</u>	Report and relevant background information
PROVISION OF HOUSING AT WEST WICKHAM LIBRARY AND STATION ROAD CAR PARK, WEST WICKHAM	Executive	27 November 2019 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Hannah Jackson Tel: 0208 313 4456 Hannah.Jackson@bromley.gov.uk	<u>Item is expected to be considered during the public part of the Executive meeting with confidential material to be considered during exempt proceedings.</u>	Report and relevant background documents
TWO YEAR EXTENSION FOR THE PROVISION OF LEARNING DISABILITY DAY, RESPITE AND SUPPORTED LIVING SERVICES	Executive	27 November 2019 Adult Care & Health PDS Committee	Meetings	Contact Officer: Andrew Royle Tel: 020 8461 7601 andrew.royle@bromley.gov.uk	<u>Item is expected to be considered during the public part of the Executive meeting with confidential material to be considered during exempt proceedings</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
0-19 PUBLIC HEALTH NURSING SERVICE - CONTRACT AWARD	Executive	27 November 2019 Adult Care & Health PDS Committee	Meetings	Contact Officer: Dr Jenny Selway Tel: 0208 313 4769 jenny.selway@bromley.gov.uk	<u>Report is expected to be considered during the public part of the Executive's meeting, with confidential exempt material to be considered during exempt proceedings</u>	Report and relevant background documents
HOUSING SCHEMES AT BANBURY HOUSE AND ANERLEY TOWN HALL - AWARD OF CONTRACT	Executive	27 November 2019 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Lydia Lee Tel: 01689 873 826 Lydia.Lee@bromley.gov.uk	<u>Private meeting - Exempt information - financial/business affairs of a person or body.</u>	Part 2 report - confidential
TENANCY SUPPORT SERVICES FOR HOMELESS PEOPLE - EXEMPTION REQUEST	Executive	15 January 2020 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Lynnette Chamielec Tel. 020 8313 4009 Lynnette.Chamielec@bromley.gov.uk	<u>Meeting in Public</u>	Report & Relevant background documents
AWARD OF CONTRACT FOR DISCHARGE TO ASSESS (D2A)	Executive	15 January 2020 Adult Care & Health PDS Committee	Meetings	Contact Officer: Deborah Cole Tel. 020 8461 7249 Deborah.Cole2@bromley.gov.uk	<u>Private meeting - Exempt information - Financial/business affairs of a person or body.</u>	Part 2 Report - Confidential

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
CORPORATE PARENTING ANNUAL REPORT	Executive	12 February 2020 Children, Education & Families PDS Committee	Meetings	Contact Officer: Aneesa Kaprie Tel. 020 8313 4329 Aneesa.kaprie@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
AGREE LOCAL CIL CHARGING RATES AND AUTHORISE THE PUBLIC CONSULTATION ON THE CIL DRAFT CHARGING SCHEDULE	Executive	01 April 2020 Development Control Committee	Meetings	Contact Officer: Terri Holding Tel: 020 8313 4344 Terri.Holding@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
TRANSPORT SERVICES REPORT	Executive	01 April 2020 Adult Care & Health PDS Committee and Children, Education & Families PDS Committee	Meetings	Contact Officer: Maya Vadgama Tel: 0208 313 4740 Maya.Vadgama@bromley.gov.uk	<u>Item is expected to be considered during the public part of the Executive meeting, with confidential material to be considered during exempt proceedings</u>	Report and relevant background documents

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ADULT CARE & HEALTH PORTFOLIO						
GATEWAY REPORT: DEMENTIA CARERS RESPITE CONTRACT EXTENSION	Portfolio Holder for Adult Care and Health	Not before 19 November 2019 Adult Care & Health PDS Committee	Meetings	Contact Officer: Heather Sinclair- Constance Tel. 020 8313 4641 heather.sinclair-constance@bromley.gov.uk	<u>Private Meeting - Exempt Information - financial or business affairs of a person or body.</u>	Part 2 Report - Confidential
CHILDREN, EDUCATION & FAMILIES PORTFOLIO						
DYNAMIC PURCHASING SYSTEM FOR SEN PLACEMENTS	Portfolio Holder for Children, Education and Families	Not before 30 January 2020 Children, Education & Families PDS Committee	Meetings	Contact Officer: Debi Christie Tel. 020 8461 7896 Debi.Christie@bromley.gov.uk	<u>Private meeting - Exempt information - Financial/business affairs of a person or body.</u>	Part 2 Report - confidential
ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO						
DOCKLESS BIKE BY-LAW DELEGATION TO LONDON COUNCILS	Portfolio Holder for Environment and Community Services	Not before 13 November 2019 Environment & Community Services PDS Committee	Meetings	Contact Officer: Angus Culverwell Tel. 020 8313 4959 angus.culverwell@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

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PUBLIC SPACE PROTECTION ORDER ADOPTION	Portfolio Holder for Environment and Community Services	Not before 29 January 2020 Environment & Community Services PDS Committee	Meetings	Contact Officer: Toby Smith Tel. 020 8313 4870 toby.smith@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
AIR QUALITY ACTION PLAN	Portfolio Holder for Environment and Community Services	Not before 29 January 2020 Environment & Community Services PDS Committee	Meetings	Contact Officer: Hedley Pugh Tel: 020 8313 4764 Hedley.Pugh@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO						
RENEWAL, RECREATION & HOUSING PORTFOLIO						
GATEWAY REPORT: FRAMEWORK FOR ESSENTIAL HOUSEHOLD GOODS	Portfolio Holder for Renewal, Recreation and Housing	Not before 21 January 2020 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Tracey Wilson Tel. 020 8313 4515 tracey.wilson@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO						

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

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

Report No.
FSD19103

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 20th November 2019
Council 9th December 2019

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE
2019/20 & MID YEAR REVIEW

Contact Officer: Tracey Pearson, Chief Accountant
Tel: 020 8313 4323 E-mail: tracey.pearson@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

- 1.1. This report summarises treasury management activity during the second quarter of 2019/20. The report also includes a Mid-Year Review of the Treasury Management Strategy Statement and Annual Investment Strategy (Annex A). The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 30th September 2019 totalled £346m and there was no outstanding external borrowing. For information and comparison, the balance of investments stood at £331.8m as at 30th June 2019, £311.6m as at 31st March 2019, and, at the time of writing this report (11th November 2019) it stood at £365.7m.
-

2. RECOMMENDATION(S)

- 2.1. The Resources, Commissioning and Contracts Management Portfolio Holder is requested to:
- (a) note the Treasury Management performance for the second quarter of 2019/20;
 - (b) recommend that Council approves the 2019/20 prudential indicators as set out in Annex B1.
- 2.2. Council is requested to:
- (a) note the report and approve changes to the 2019/20 prudential indicators, as set out in Annex B1.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

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: £3,291k (net) in 2019/20; £500k surplus currently projected
 5. Source of funding: Net investment income
-

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

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. Until recently, the Director of Finance reported quarterly on treasury management activity as well as reporting the annual strategy before the year and the annual report after the year-end. Following consideration by this Committee, on 10th December 2018 Council approved the non-reporting of treasury management activity quarterly. This effectively means that in-year monitoring will be incorporated into the three reports required by the Code of Practice and that Quarter 1 monitoring will no longer be reported unless there are any matters that officers feel should come before the Committee sooner.
- 3.1.2. This report includes details of investment performance in the second quarter of 2019/20. The 2019/20 annual treasury strategy, including the MRP (Minimum Revenue Provision) Policy Statement and prudential indicators, was originally approved by Council in February 2019. The annual report for financial year 2018/19 was submitted to the Executive, Resources and Contracts PDS Committee on 3rd July 2019 and Council on 15th July 2019 and included no proposed changes to the 2019/20 strategy.
- 3.1.3. Changes in the regulatory environment have placed a much greater onus on Members to undertake the review and scrutiny of treasury management policy and activities. This report is important in that respect as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 3.1.4. The Council has monies available for Treasury Management investment as a result of the following:
- Positive cash flow;
 - Monies owed to creditors exceed monies owed by debtors;
 - Receipts (mainly from Government) received in advance of payments being made;
 - Capital receipts not yet utilised to fund capital expenditure;
 - Provisions made in the accounts for liabilities e.g. provision for outstanding legal cases which have not yet materialised;
 - General and earmarked reserves retained by the Council.
- 3.1.5. Some of the monies identified above are short term and investment of these needs to be highly 'liquid', particularly if it relates to a positive cash flow position which can change in the future. Future monies available for Treasury Management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding, which will require the Council to make revenue savings to balance the budget in future years, there is a likelihood that such actions may be required in the medium term which will reduce the monies available for investment.
- 3.1.6. The Council has also identified an alternative investment strategy relating to property investment. To date, this has resulted in actual and planned acquisitions which generated £3m income in 2015/16, £4.6m in 2016/17, £5.6m in 2017/18, £5.5m in 2018/19 and is projected to achieve £5.5m in 2019/20. This is based on a longer term investment timeframe of at least 3 to 5 years and ensures that the monies available can attract higher yields over the longer term.

3.1.7. A combination of lower risk investment relating to Treasury Management and a separate investment strategy in the form of property acquisitions (generating higher yields and risks) provides a balanced investment strategy. Any investment decisions will also need to consider the likelihood that interest rates will increase at some point. The available resources for the medium term, given the ongoing reductions in Government funding, will need to be regularly reviewed.

3.2. Treasury Performance in the quarter ended 30th September 2019

3.2.1. **Borrowing:** The Council's healthy cashflow position continues and, other than some short-term borrowing at the end of 2015/16, no borrowing has been required for a number of years.

3.2.2. **Investments:** The following table sets out details of investment activity during the second quarter of 2019/20 and 2019/20 year to date:-

	Qtr Ended 30/09/19		2019/20 Year to Date		Paragraph
	Deposits	Ave Rate	Deposits	Ave Rate	
	£m	%	£m	%	
Balance of "core" investments b/f	230.00	1.29	225.00	1.25	
New investments made in period	65.00	1.17	115.00	1.17	
Investments redeemed in period	-60.00	1.27	-105.00	1.14	
"Core" investments at end of period	235.00	1.26	235.00	1.26	
Money Market Funds	39.70	0.70	39.70	0.71	3.4.1
CCLA Property Fund*	40.00	0.51	40.00	2.5	3.4.4.5
Multi-Asset Income Funds*	30.00	7.86	30.00	10.92	3.4.4.7
Project Beckenham Loan	1.30	6.00	1.30	6.00	3.4.3
"Alternative" investments at end of period	111.00	2.63	111.00	4.18	
Total Investments at end of Period	346.00	1.70	346.00	2.20	
* The rates shown in here are the total return (ie. the dividend income plus the change in capital value.					
A more detailed breakdown of the rates for these investments is shown in the relevant paragraphs.					

3.2.3 Details of the outstanding investments at 30th September 2019 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. An average return of 1.4% was assumed for new investments in the 2019/20 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 new "core" investments placed during the second quarter of 2019/20 was 1.17% compared to the average LIBID rates of 0.57% for 7 days, 0.63% for 3 months, 0.70% for 6 months and 0.76% for 1 year.

3.2.4 Reports to previous meetings have highlighted the fact that options with regard to the reinvestment of maturing deposits have become seriously limited in recent years following bank credit rating downgrades. Changes to lending limits and eligibility criteria, as well as the introduction of pooled funds and housing associations have alleviated this to some extent, but there are still not many investment options available other than placing money with instant access accounts at relatively low interest rates.

3.2.5 Despite this, the Council's treasury management performance compares very well with that of other authorities. The Council was in the top decile nationally for 2014/15, 2015/16, 2016/17 and 2017/18 (the most recent CIPFA treasury management statistics available) and officers continue to look for alternative investment opportunities, both within the current strategy and outside, for consideration as part of the ongoing review of the strategy.

3.2.6 Active UK banks and building societies on the Council's list now comprise Lloyds, RBS (ring-fenced – including National Westminster Bank), Santander UK, Goldman Sachs International Bank, Close Brothers and Yorkshire, Principality, Nottingham and Skipton Building Societies and all of these have reduced their interest rates significantly in recent years. The Director of Finance will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.

3.2.7 The chart in Appendix 1 shows total investments at quarter-end dates back to 1st April 2004 and shows how available funds have increased steadily over the years. This has been a significant contributor to the over-achievement of investment income against budgeted income in recent years.

3.3. Interest Rate Forecast (provided by Link Asset Services)

3.3.1. The forecasts in the table below have been based on an assumption that there is some sort of 'muddle through' to an agreed deal on Brexit at some point in time. Forecasts may need to be materially reassessed in light of events over the next few weeks or months.

Date	LATEST FORECAST (Nov19)				PREVIOUS FORECAST (Aug19)			
	Base Rate	3 month Libid	6 month Libid	1 year Libid	Base Rate	3 month Libid	6 month Libid	1 year Libid
Dec-19	0.75%	0.70%	0.80%	1.00%	0.75%	0.70%	0.80%	1.00%
Jun-20	0.75%	0.70%	0.80%	1.00%	0.75%	0.70%	0.80%	1.00%
Dec-20	1.00%	0.90%	1.00%	1.20%	1.00%	0.90%	1.00%	1.20%
Jun-21	1.00%	1.00%	1.10%	1.30%	1.00%	1.00%	1.10%	1.30%
Dec-21	1.00%	1.10%	1.30%	1.50%	1.00%	1.10%	1.30%	1.50%

3.4. Other accounts

3.4.1. Money Market Funds

3.4.1.1. The Council currently has 7 AAA-rated Money Market Fund accounts, with Prime Rate, Aberdeen Standard (formerly known as Ignis), Insight, Blackrock, Fidelity, Morgan Stanley and Legal & General, all of which have a maximum investment limit of £15m. In common with market rates for fixed-term investments, interest rates on money market funds have fallen considerably in recent years. The Aberdeen Standard, Prime Rate, Insight and Legal & General funds currently offer the best rate at around 0.70%.

3.4.1.2. The total balance held in Money Market Funds has varied during the year to date moving from £14.3m as at 31st March 2019 to £39.7m as at 30th September 2019 and currently stands at £54.4m (as at 11th November 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 (current indicative rate 0.5%); 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 31/03/19	Actual balance 30/09/19	Ave. Daily balance to 30/09/19	Ave. Rate 01/04/19 to 30/09/19	Latest Balance 11/11/19	Latest Rate 11/11/19
		£m	£m	£m	%	£m	%
Prime Rate	15/06/2009	14.3	15.00	15.00	0.75	15.0	0.73
Aberdeen Standard (Ignis)	25/01/2010	-	15.00	13.50	0.75	15.00	0.73
Insight	03/07/2009	-	9.70	8.40	0.73	15.00	0.72
Legal & General	23/08/2012	-	-	-	-	9.40	0.70
Blackrock	16/09/2009	-	-	-	-	-	-
Fidelity	20/11/2002	-	-	-	-	-	-
Morgan Stanley		-	-	-	-	-	-
TOTAL		14.3	39.70	36.90		54.40	

3.4.1.3 Current balances in MMFs are higher than usual for several reasons, mainly £20m being held for a further Pooled Investment Fund which is currently pending completion of the required legal documentation. Funds are also being held to cover cashflow requirements in February and March when income from Council Tax and Business Rates is significantly lower than the rest of the year, as well as ensuring the Council has sufficient liquidity to cover any 'non-standard' expenditure such as investment property purchases.

3.4.2. Housing Associations

3.4.2.1 Following the reduction of the counterparty rating criteria to A- for Housing Associations approved by Council in June 2017, deposits of £10m each were placed with Hyde Housing Association (A+) and Places for People Homes (A) for two years at rates of 1.30% and 1.60% respectively. Both of these investments have since matured. A further deposit of £5m was placed with Metropolitan Housing Trust (A+) in April 2018 for two years at a rate of 1.75%. On 25th February 2019, Council approved an increase in the limit for investments with Housing Associations from £25m to £50m. On 28th March 2019 a further investment of £10m was made with Southern Housing Group (A2) for two years at a rate of 1.70%. On 9th April 2019 a further £5m was invested with Metropolitan Housing Trust (A-) for two years at a rate of 1.73% and £10m on 22nd August 2019 with Optivo Housing (A2) for two years at a rate of 1.45%. Current investments in Housing Associations total £30m.

3.4.3. Loan to Project Beckenham

3.4.3.1. On 26th June 2017 Council approved the inclusion in the strategy of a 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. A loan of £2.3m 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. In August 2019 £1m of the principal was repaid leaving a balance of £1.3m.

3.4.4. Pooled Investment Schemes

3.4.4.1. In September 2013, the Portfolio Holder and subsequently Council approved the inclusion of collective (pooled) investment schemes as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years. The limit was subsequently increased to £40m by Council in October 2015, £80m in June 2017 and £100m in December 2017. Such investments would require the approval of the Director of Finance in consultation with the Resources Portfolio Holder.

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

3.4.4.3. However, from 2018/19 onwards, local authorities are required 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 are recognised in revenue in-year. 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.

3.4.4.4. Due to the regulations being time limited and the potentially volatile nature of these investments, interest/dividend earnings above 2.5% (£1,509k in 2018/19 and £2,594k to date) relating to the CCLA Property Fund and Fidelity Multi-Asset Income Fund were set aside in an Income Equalisation 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

3.4.4.5. Following consultation between the Director of Finance and the Resources Portfolio Holder, an account was opened in January 2014 with the CCLA Local Authorities' Property Fund and an initial deposit of £5m was made, followed by further deposits of £5m in July 2014, £5m in March 2015, £10m in October 2015, £5m in October 2016 and £10m in October 2017. The investment in the CCLA Fund is viewed as a medium to long-term investment and dividends are paid quarterly. A breakdown of the dividend earned and capital growth is provided in the table below.

	Dividend	Capital	Total
Annualised net return	%	Growth	Return
	%	%	%
01/02/14 - 31/03/14	4.29	-29.64	-25.35
01/04/14 - 31/03/15	5.03	3.44	8.47
01/04/15 - 31/03/16	5.02	1.63	6.65
01/04/16 - 31/03/17	4.55	-2.50	2.05
01/04/17 - 31/03/18	4.59	2.41	7.00
01/04/18 - 31/03/19	4.46	1.57	6.03
01/04/19 - 30/09/19	4.37	-1.87	2.50
Cumulative return	4.61	0.51	5.12

3.4.4.6. The negative "growth", particularly in the first two months, was mainly a result of the bid-offer spread that is inherent in property funds when the original and subsequent investments were made. This has less of an effect over the longer term that these investments are expected to be held, and overall there has been modest capital growth of 0.51%.

Multi-Asset Income Fund

3.4.4.7. Following 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 annualised fund return for the year to 30th September 2019 was capital growth of 6.84% and dividends paid of 4.08% resulting in a total return of 10.92%.

3.4.4.8. Since inception, dividends paid have averaged 4.43% per annum and the capital value has increased by 0.08% per annum (overall increase of 0.18% to date) resulting in a net annual return of 4.51%. It should be noted that the Fund represents a longer term investment of around five years.

	Dividend %	Capital Gain / Loss %	Total Return %
Annualised net return			
12/07/17 - 31/03/18	4.42	-6.27	-1.85
01/04/18 - 31/03/19	4.26	1.45	5.71
01/04/19 - 30/09/19	4.08	6.84	10.92
Cumulative Return	4.43	0.08	4.51

3.4.5. Investment with Heritable Bank

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

3.5. **Mid-Year Review of Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20**

3.5.1. The CIPFA Code of Practice on Treasury Management requires the Council to receive a mid-year review report on performance against the approved strategy. The Annual Investment Strategy was originally approved by Council in February 2019. A mid-year review, including comments on the economic background during the first half of 2019/20 and on the outlook, is included at Annex A.

3.6. **Regulatory Framework, Risk and Performance**

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

- The Local Government Act 2003 (the Act) which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing that may be undertaken (although no restrictions have been made to date);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;

- Under the Act, the CLG has issued Investment Guidance to structure and regulate the Council's investment activities;
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007, the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

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

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

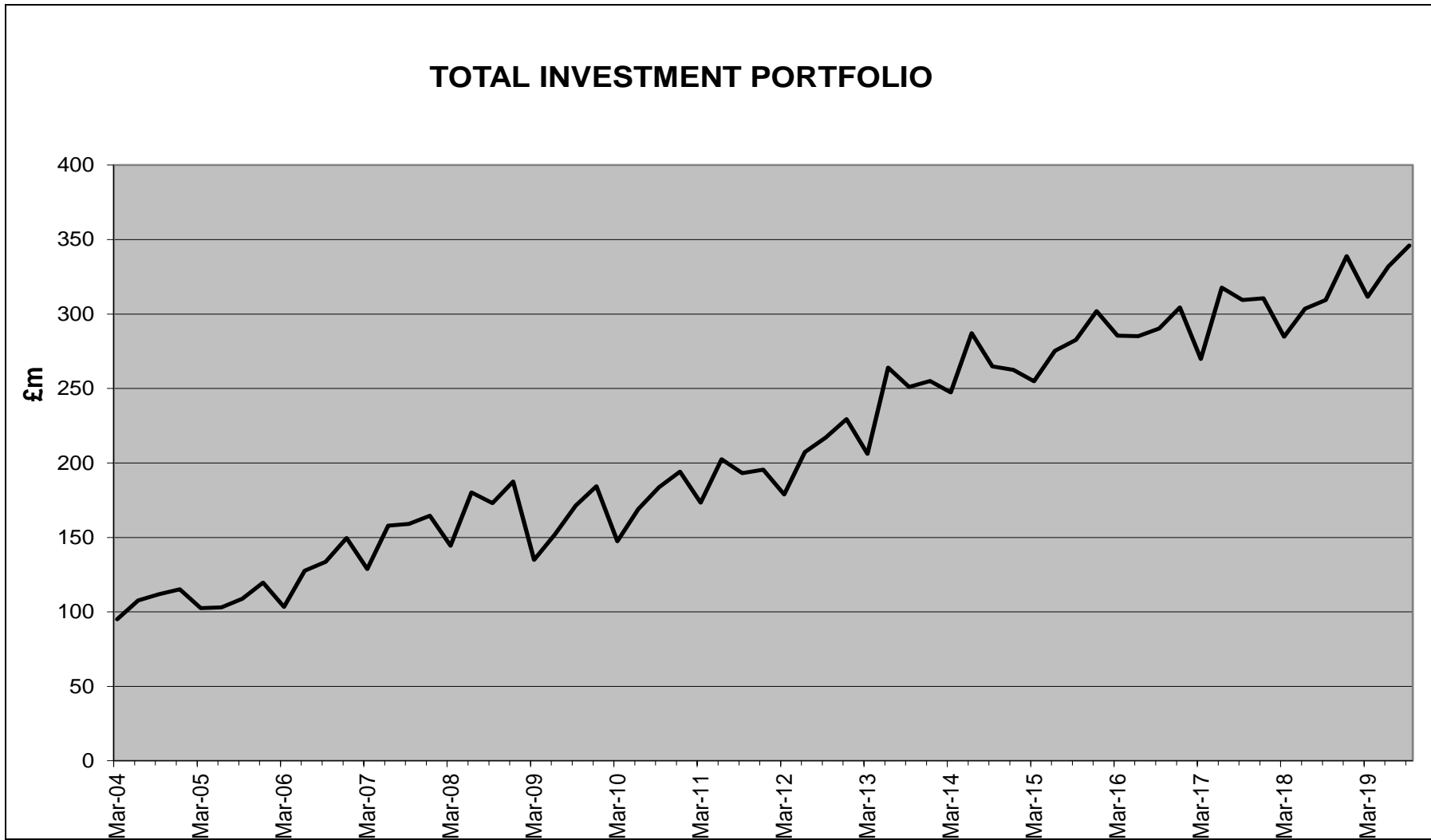
5.1 Despite an increase in the Bank of England base rate from 0.50% to 0.75%, there has been relatively little impact on interest income from lending to banks. This is partly due to banks having the continued ability to borrow from the Bank of England at very low rates as well as the strengthening of balance sheets reducing the need to borrow and the fact that expected increases in the base rate had already been priced in.

5.2 In addition, the utilisation of the Investment and Growth funds as well as the Highways Investment Scheme, 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.

5.3 Balances available for investment are anticipated to decrease in 2019/20 as a result of the utilisation of capital receipts and earmarked revenue reserves and the internal lending for the Site G development will have an impact on investment income until the future capital receipts are realised. A decrease of £200k was included in the draft 2019/20 budget to reflect this.

5.4 Although the Council has seen a significant reduction in the rates offered for new fixed term investments as well as overnight money market funds, a surplus of £500k is currently projected for the year. This is mainly due to the continued high level of balances available for investment as well as higher interest earned on the pooled funds, housing association deposits and Project Beckenham loan.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children, Personnel, Legal and Procurement Implications
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 Asset Services



Counterparty	Start Date	Maturity Date	Rate of Interest	Amount	Fitch		Moody's		S&P		Fitch		Moody's		S&P	
					Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
FIXED DEPOSITS					Ratings at time of Investment								Ratings as at 30th September			
THURROCK BOROUGH COUNCIL	30/10/2018	29/10/2019	1.15	10.0	N/A (Local Authority)								N/A (Local Authority)			
MEDWAY COUNCIL	02/11/2018	01/11/2019	1.10	10.0	N/A (Local Authority)								N/A (Local Authority)			
NATWEST BANK	15/11/2018	15/11/2019	1.17	10.0	A-	F2	A1	P-1	A-	A-2	A+	F1	A1	P-1	A	A-1
SANTANDER BANK	19/11/2018	15/11/2019	1.25	5.0	A	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
LLOYDS BANK	05/12/2016	05/12/2019	1.37	25.0	A+	F1	A1	P-1	A	A-1	A+	F1	Aa3	P-1	A+	A-1
CLOSE BROTHERS	01/03/2019	28/02/2020	1.25	20.0	A	F1	Aa3	P-1			A	F1	Aa3	P-1		
YORKSHIRE BUILDING SOCIETY	11/04/2019	09/04/2020	1.20	10.0	A-	F1	A3	P-2			A-	F1	A3	P-2		
SANTANDER BANK	17/04/2019	16/04/2020	1.03	15.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.0					A+						A-	
SANTANDER BANK	14/06/2019	12/06/2020	0.94	10.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
CLOSE BROTHERS	19/07/2019	17/07/2020	1.25	10.0	A	F1	Aa3	P-1			A	F1	Aa3	P-1		
PRINCIPALITY BUILDING SOCIETY	02/08/2019	31/07/2020	1.18	10.0	BBB+	F2	Baa2	P-2			BBB+	F2	Baa2	P-2		
NOTTINGHAM BUILDING SOCIETY	01/08/2019	31/07/2020	1.18	10.0			Baa1	P-2					Baa1	P-2		
SKIPTON BUILDING SOCIETY	16/08/2019	14/08/2020	1.00	10.0	A-	F1	Baa1	P-2			A-	F1	Baa1	P-2		
LLOYDS BANK	19/08/2019	19/08/2020	1.10	5.0	A+	F1	Aa3	P-1	A+	A-1	A+	F1	Aa3	P-1	A+	A-1
GOLDMAN SACHS	17/09/2019	17/09/2020	0.95	5.0	A	F1	A1	P-1	A+	A-1	A	F1	A1	P-1	A+	A-1
GOLDMAN SACHS	20/09/2019	18/09/2020	1.00	5.0	A	F1	A1	P-1	A+	A-1	A	F1	A1	P-1	A+	A-1
WOKINGHAM BOROUGH COUNCIL	19/12/2018	18/12/2020	1.45	10.0	N/A (Local Authority)								N/A (Local Authority)			
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0	N/A (Local Authority)								N/A (Local Authority)			
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0	N/A (Local Authority)								N/A (Local Authority)			
SOUTHERN HOUSING GROUP	28/03/2019	29/03/2021	1.70	10.0			A2						A3			
NATWEST BANK	09/04/2019	09/04/2021	1.35	10.0	A+	F1	A1	P-1	A-	A-2	A+	F1	A1	P-1	A	A-1
METROPOLITAN HOUSING TRUST	09/04/2019	09/04/2021	1.73	5.0					A-						A-	
OPTIVO	22/08/2019	23/08/2021	1.45	10.0			A2	P-1					A2	P-1		
TOTAL FIXED INVESTMENTS				235.0												
OTHER FUNDS																
ABERDEEN STANDARD (IGNIS) LIQUIDITY FUND				15.0												
INSIGHT STERLING LIQUIDITY FUND				9.7												
PRIME RATE STERLING LIQUIDITY FUND				15.0												
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40.0												
FIDELITY MULTI-ASSET INCOME FUND	12/07/2017			30.0												
PROJECT BECKENHAM LOAN	09/06/2017			1.3												
TOTAL INVESTMENTS				346.0												

INVESTMENTS HELD AS AT 30TH SEPTEMBER 2019						APPENDIX 3	
	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
UK BANKS							
LLOYDS BANK	19/08/2019	19/08/2020	1.10	5.0			
LLOYDS BANK	05/12/2016	05/12/2019	1.37	25.0	30.0	30.0	0.0
NATWEST BANK PLC	09/04/2019	09/04/2021	1.35	10.0			
NATWEST BANK PLC	15/11/2018	15/11/2019	1.17	10.0	20.0	80.0	60.0
GOLDMAN SACHS INTERNATIONAL BANK	20/09/2019	18/09/2020	1.00	5.0			
GOLDMAN SACHS INTERNATIONAL BANK	17/09/2019	17/09/2020	0.95	5.0	10.0	20.0	10.0
SANTANDER BANK	14/06/2019	12/06/2020	0.94	10.0			
SANTANDER BANK	17/04/2019	16/04/2020	1.03	15.0			
SANTANDER BANK	19/11/2018	15/11/2019	1.25	5.0	30.0	30.0	0.0
CLOSE BROTHERS LTD	19/07/2019	17/07/2020	1.25	10.0			
CLOSE BROTHERS LTD	01/03/2019	28/02/2020	1.25	20.0	30.0	30.0	0.0
UK BUILDING SOCIETIES							
YORKSHIRE BUILDING SOCIETY	11/04/2019	09/04/2020	1.20	10.0	10.0	10.0	0.0
PRINCIPALITY BUILDING SOCIETY	02/08/2019	31/07/2020	1.18	10.0	10.0	10.0	0.0
NOTTINGHAM BUILDING SOCIETY	01/08/2019	31/07/2020	1.18	10.0	10.0	10.0	0.0
SKIPTON BUILDING SOCIETY	16/08/2019	14/08/2020	1.00	10.0	10.0	10.0	0.0
LOCAL AUTHORITIES							
THURROCK BOROUGH COUNCIL	30/10/2018	29/10/2019	1.15	10.0	10.0	15.0	5.0
MEDWAY COUNCIL	02/11/2018	01/11/2019	1.10	10.0	10.0	15.0	5.0
WOKINGHAM BOROUGH COUNCIL	19/12/2018	18/12/2020	1.45	10.0	10.0	15.0	5.0
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0	5.0	15.0	10.0
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0	10.0	15.0	5.0
HOUSING ASSOCIATIONS							
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.0			
METROPOLITAN HOUSING TRUST	09/04/2019	09/04/2021	1.73	5.0	10.0	10.0	0.0
SOUTHERN HOUSING GROUP	28/03/2019	29/03/2021	1.70	10.0	10.0	10.0	0.0
OPTIVO	22/08/2019	23/08/2021	1.45	10.0	10.0	10.0	0.0
OTHER INVESTMENTS							
ABERDEEN STANDARD (IGNIS) LIQUIDITY FUND	25/01/2010			15.0	15.0	15.0	0.0
INSIGHT STERLING LIQUIDITY FUND	15/06/2009			9.7	9.7	15.0	5.3
PRIME RATE STERLING LIQUIDITY FUND	15/06/2009			15.0	15.0	15.0	0.0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40.0			
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			30.0	70.0	100.0	30.0
PROJECT BECKENHAM LOAN	09/06/2017			1.3	1.3	2.3	1.0
TOTAL INVESTMENTS				346.0	346.0		

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Treasury Management Strategy Statement and Annual Investment Strategy

Mid-year Review Report 2019/20

1 Background

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

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

Accordingly, treasury management is defined as:

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

2 Introduction

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (last revised in 2017) was adopted by this Council on 20th February 2012.

The primary requirements of the Code are as follows:

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

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

- An economic update for the first part of the 2019/20 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2019/20;
- A review of the Council's borrowing strategy for 2019/20;
- A review of any debt rescheduling undertaken during 2019/20;
- A review of compliance with Treasury and Prudential Limits for 2019/20.

Key Changes to the Treasury and Capital Strategies

There are no key changes proposed in this Mid-Year review report.

3 Economic update (provided by Link Asset Services)

UK. This first half year has been a time of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October, with or without a deal. However, in September, his proroguing of Parliament was overturned by the Supreme Court and Parliament carried a bill to delay Brexit until 31 January 2020 if there is no deal by 31 October. MPs also voted down holding a general election before 31 October, though one is likely before the end of 2019. So far, there has been no majority of MPs for any one option to move forward on enabling Brexit to be implemented. At the time of writing, (first week in October), the whole Brexit situation is highly fluid and could change radically by the day. Given these circumstances and the likelihood of an imminent general election, any interest rate forecasts are subject to material change as the situation evolves. If the UK does soon achieve a deal on Brexit agreed with the EU, including some additional clarification wording on the Irish border backstop, then it is possible that growth could recover relatively quickly. The MPC could then need to address the issue of whether to raise Bank Rate when there is very little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could weaken even further than currently and the MPC would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the MPC would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in government departments and services annual expenditure budgets and expenditure on infrastructure projects, to boost the economy.

The first half of 2019/20 has seen UK **economic growth** fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. The MPC meeting of 19 September reemphasised their concern about the downturn in world growth and also expressed concern that the prolonged Brexit uncertainty would contribute to a build-up of spare capacity in the UK economy, especially in the context of a downturn in world growth. This mirrored investor concerns around the world which are now expecting a significant downturn or possibly even a recession in some major developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit. However, it is also worth noting that the new Prime Minister is making some significant promises on various spending commitments and a relaxation in the austerity programme. This will provide some support to the economy and, conversely, take some pressure off the MPC to cut Bank Rate to support growth.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell to 1.7% in August. It is likely to remain close to 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.

With regard to the **labour market**, despite the contraction in quarterly GDP growth of -0.2%q/q, (+1.3% y/y), in quarter 2, employment continued to rise, but at only a muted rate of 31,000 in the three months to July after having risen by no less than 115,000 in quarter 2 itself: the latter figure, in particular, suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment continued at a 44 year low of 3.8% on the Independent Labour Organisation measure in July and the participation rate of 76.1% achieved a new all-time high. Job vacancies fell for a seventh consecutive month after having previously hit record levels.

However, with unemployment continuing to fall, this month by 11,000, employers will still be having difficulty filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9% in June before easing back slightly to 3.8% in July, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The latest GDP statistics also included a revision of the savings ratio from 4.1% to 6.4% which provides reassurance that consumers' balance sheets are not over stretched and so will be able to support growth going forward. This would then mean that the MPC will need to consider carefully at what point to take action to raise Bank Rate if there is an agreed Brexit deal, as the recent pick-up in wage costs is consistent with a rise in core services inflation to more than 4% in 2020.

In the **political arena**, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of strong growth to 2.9% y/y. Growth in 2019 has been falling back after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2. Quarter 3 is expected to fall further. The strong growth in employment numbers during 2018 has reversed into a falling trend during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening. The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc). It then cut rates again in September to 1.75% - 2.00% and is thought likely to cut another 25 bps in December. Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1 and then fell to +0.2% q/q (+1.0% y/y) in quarter 2; there appears to be little upside potential to the growth rate in the rest of 2019. German GDP growth fell to -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term.

Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a resumption of quantitative easing purchases of debt. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and unsurprisingly, the ECB stated that governments will need to help stimulate growth by fiscal policy. On the political front, Austria, Spain and Italy are in the throes of forming coalition governments with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The recent results of two German state elections will put further pressure on the frail German CDU/SPD coalition government.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress also still needs to be made to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. The trade war with the US does not appear currently to have had a significant effect on GDP growth as some of the impact of tariffs has been offset by falls in the exchange rate and by transshipping exports through other countries, rather than directly to the US.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. The trade war between the US and China is a major concern to financial markets and is depressing worldwide growth, as any downturn in China will spill over into impacting countries supplying raw materials to China. Concerns are focused on the synchronised general weakening of growth in the major economies of the world compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns have resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been sub 50 which gives a forward indication of a downturn in growth; this confirms investor sentiment that the outlook for growth during the rest of this financial year is weak.

4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2019/20 was approved by this Council on 25th February 2019. No revisions were proposed in the Annual Report 2018/19 reported to Council on 15th July 2019 or in the Mid-Year Review report.

5 Investment Portfolio

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

Details of the Council's investment activity during the first six months of 2019/20 are provided in sections 3.2.2 to 3.4.5 of the covering report and lists of current investments are provided in Appendices 2 (in maturity date order) and 3 (by counterparty). The Council held £346m of investments as at 30th September 2019 (£331.8m as at 30th June 2019).

The Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2019/20.

The Council's budget for interest on investments in 2019/20 is £3.291m, which is based on an assumed interest rate of 1.4% for new investments. As a result of the higher interest rates being earned on new investments made on recent investments as well as higher levels of balances available for investment, a surplus of £500k is currently projected for the 2019/20 financial year.

Investment Counterparty criteria

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

6 Borrowing

The Council's estimated capital financing requirement (CFR) for 2019/20 is £0.7m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council does not currently borrow to finance its capital expenditure and has, in recent years, only had to borrow short-term (for cashflow purposes) on very few occasions.

No borrowing is currently anticipated during this financial year, but it is possible that some may be required in future years.

Prudential and Treasury Indicators – Mid-Year Review 2019/20

The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2019/20 were approved by Council in February 2019 and this Annex sets out the actual performance against those indicators in the first six months, updating them where necessary. Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy.

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

Prudential Indicators for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the Capital Programme for 2019/20 was agreed in February 2019. The decrease in the latest estimate for 2019/20 is mainly the result of slippage in expenditure originally planned for 2019/20 into future years, as highlighted in previous reports to the Executive and to PDS Committees.

Capital Expenditure by Portfolio	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
Education, Children & Families	17.3	14.9
Adult Care & Health	1.4	0.3
Environment & Community	9.3	11.7
Renewal Recreation & Housing	17.7	12.5
Resources, Commissioning & Contracts Mngt	34.7	5.0
Estimated slippage/new schemes	6.5	-5.0
Total	86.9	39.4

Changes to the Financing of the Capital Programme

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

Capital Expenditure	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
Supported	86.9	39.4
Unsupported	-	-
Total spend	86.9	39.4
Financed by:		
Capital receipts	43.5	7.7
Capital grants/contributions	26.4	26.0
General Fund	-	-
Internal Borrowing	12.7	-
Revenue contributions	4.3	5.7
Total financing	86.9	39.4
Borrowing need	-	-

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

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

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

The table also shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. The Council’s capital financing requirement (CFR) as at 1st April 2019 was £1.2m. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council’s CFR relates to liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment. The Council currently has no external borrowing as such.

Prudential Indicators	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
CFR	1.0	0.7
Debt – Operational Boundary		
Borrowing	10.0	10.0
Other long-term liabilities	20.0	20.0
Total Operational Boundary	30.0	30.0
Debt – Authorised Boundary		
Borrowing	30.0	30.0
Other long-term liabilities	30.0	30.0
Total Operational Boundary	60.0	60.0

Other Prudential Indicators

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

Prudential and Treasury Indicators - Summary

	2019/20	2019/20
	Original Estimate	Revised Estimate
Total Capital Expenditure	£86.9m	£39.4m
Ratio of financing costs to net revenue stream	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)		
brought forward 1 April	£263.5m	£311.6m
carried forward 31 March	£205.4m	£265.5m
in year borrowing requirement (reduction in net investments for Bromley)	-£58.1	-£46.1m
Estimated CFR as at 31 March (finance lease liability) (NB. Actual CFR as at 31 March 2019 (finance lease liability) = £1.2m)	£1.0m	£0.7m
Annual change in Cap. Financing Requirement	-£0.5m	-£0.5m
Incremental impact of capital investment decisions	£ p	£ p
Increase in council tax (band D) per annum	-	-

TREASURY MANAGEMENT INDICATORS	2019/20 Original Estimate	2019/20 Revised Estimate
Authorised Limit for external debt -		
Borrowing	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m
Operational Boundary for external debt -		
borrowing	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	20%	20%
Upper limit for total principal sums invested beyond year-end dates	£170.0m	£170.0m

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Report No.
FSD19099

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Wednesday 20 November 2019

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

Title: RISK MANAGEMENT

Contact Officer: Mark Bowen, Director of Corporate Services – Corporate Services Risk Register

Tel: 020 8313 4461 E-mail: mark.bowen@bromley.gov.uk

Peter Turner, Director of Finance – Finance Risk Register

Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk

Charles Obazuaye, Director of Human Resources and Customer Services – Human Resources and Customer Services Risk Register

Tel: 020 8313 4355 E-mail: charles.obazuaye@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the current iteration of the Corporate Risk Register together with those for the Corporate Services, Finance, Human Resources and Customer Services departments.

2. **RECOMMENDATION(S)**

Members of the Executive, Resources and Contract Policy, Development and Scrutiny Committee are requested to note the current iterations of the Risk Registers.

Impact on Vulnerable Adults and Children

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

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Not Applicable
 4. Total current budget for this head: Not Applicable
 5. Source of funding: Not Applicable
-

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: The Commissioning Department's Risks are reported in Appendix B. Where applicable, the risk category in all registers is reflected as 'Contractual and Partnership'
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

- 3.1 This report provides Members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the most recent iterations of the Risk Registers falling under their remit. Each Risk Register has been drawn up in line with the Risk Assessment Guidance depicted in Appendix A.
- Corporate Services (Appendix B)
 - Finance (Appendix C)
 - Human Resources and Customer Services (Appendix D)
 - Corporate (Appendix E)
- 3.2 Each Director retains responsibility for the risks and controls within their department, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee. The Corporate Risk Register identifies the Organisation's key risks to the delivery of the Corporate objectives through the Building a Better Bromley vision. Risks are elevated to the Corporate Risk Register by the Corporate Leadership Team.
- 3.3 Since the Risk Registers were last presented in full to the Executive, Resources and Contracts Committee on 3rd July 2019, they have been reviewed and refreshed by the relevant Management Team and are reported in line with the departmental structure at the time of approval. Formal scrutiny of the Registers was undertaken by the Corporate Risk Management Group on 11th September and the Audit Sub Committee on 17th October 2019.
- 3.4 One salient amendment has been made to the Corporate Risk Register, as detailed below; there have been no salient amendments to the Corporate Services, Finance, Human Resources and Customer Services departmental Risk Registers.

Corporate Risk Register	
Risk 2	Deletion of the 'Failure to deliver the Council's Target Operating Model as a Commissioning Organisation' risk * following the addition of the 'Failure to deliver the Transforming Bromley Programme' risk (Risk 11). * Please note that this risk has been retained at Corporate Services departmental level.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

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

5. POLICY IMPLICATIONS

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

6. FINANCIAL IMPLICATIONS

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

7. PERSONNEL IMPLICATIONS

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

8. LEGAL IMPLICATIONS

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

9. PROCUREMENT IMPLICATIONS

9.1 The Commissioning division's risks are reported in Appendix B. Where applicable, the risk category in all registers is reflected as 'Contractual and Partnership'.

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

Risk Assessment Guidance

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

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

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

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Corporate Services Risk Register - Appendix B

										DATE LAST REVIEWED:	16/07/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Corporate Services	IT Security failure	Cause(s): Failure of IT Security (responsibility across Bromley & BT) to manage risk of attack or intrusion leading to potential corruption / loss of data / loss of systems Effect(s): Loss of service, potential fines, resident dissatisfaction	Data and Information	4	5	20	- Application of effective security management including effective application of anti-virus protection and security measures through the IT Contract with BT - Regular Penetration Testing undertaken - Information Security Team in place - Patch updates undertaken regularly - IG training programme - PSN Compliant	2	5	10		Vinit Shukle
2	Corporate Services	Telecommunications failure Prolonged telecoms / switchboard failure	Cause(s): Power surge, contractor failure, malicious attack, IT failure Effect(s): Widespread disruption across the Council	Data and Information	3	5	15	- Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - All Critical Services now have additional independent lines as contingency (if not their first line) - Additional resilience in use of LBB mobile phones - The ICT Disaster Recovery Plan is in progress - Working with BT to implement disaster recovery arrangements as part of new backup contract - Effective application of anti-virus protection and security measures through the IT contract with BT	2	3	6	- Virtualisation project will help facilitate disaster recovery provision - Secondary Session Initiation Protocol (SIP) connection being added to provide resilience.	Vinit Shukle
3	Corporate Services	IT System Failure (partial loss) Partial loss of IT systems	Cause(s): Failure of Outlook or similar applications Failure of Novell Filing Registry system which carries details of all departmental files Effect(s): Widespread disruption across the Council	Data and Information - Operational	4	4	16	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - System now migrated to the server - No longer dependent on Win7 - all services successfully transferred. However, the Novell filing registry/Regnet system has no further upgrade options and is not compatible with Win10 which will be deployed before December 2019 (Win7 support expiry date)	4	3	12	The Novell System is currently used by legal team for historical file information only on a 'stand alone' PC. As part of any future platform upgrades, investigation will need to be carried out as to whether this option is still viable (by way of impact assessment) or look at migrating the historical data into Norwel (the current system).	Vinit Shukle
4	Corporate Services	IT System Failure (total loss) Complete failure of IT systems resulting in widespread disruption across the Council	Cause(s): Complete loss of data centre and related hardware Effect(s): Widespread disruption across the Council Financial loss Reputational impact	Data and Information - Operational	3	5	15	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - Backup power arrangements in the event of power issues (most likely) - Server room has fire suppression, water detection and significant physical security measures have been undertaken.	2	4	8	- Property are planning additional works to resolve the issues that caused the outages, but until then we remain at an elevated risk.	Vinit Shukle
5	Corporate Services	Network Loss Loss of the customer service centre network as a result of a major malfunction of the council's network, leading to system access loss preventing staff from processing service requests.	Cause(s): Major malfunction of council's network caused by Cyber Attack or other means Effect(s): Loss of system access Service Disruption Reputational impact	Data and Information - Operational	3	3	9	- Existing local resilience procedures (over Liberata network via Citrix) - Business Continuity Plan and manual procedure plans in place - Prepared for use of smart telephony messaging, web banner message and reception signage	3	2	6		Vinit Shukle

Corporate Services Risk Register - Appendix B

											DATE LAST REVIEWED:	16/07/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
6	Corporate Services	Budgetary overspend	Cause(s): Overspending budgets as a result of increased costs outside Council's direct control (e.g. increase in minimum wage, court / legal fees) Effect(s): Financial	Economic - Strategic	4	3	12	- Effective forward budgetary planning - On-going engagement with stakeholders - On-going management of costs, demand forecasting, allocation of existing resources	3	3	9	- Identify "risk areas" (e.g. contracts using low paid labour)	Director of Corporate Services
7	Corporate Services	Failure to follow Legal Advice Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	Cause(s): Advice not being sought and/or followed by clients. Effect(s): - Breach of statutory obligations through failure of compliance with relevant legislation (e.g. 'Duty to Consult', EU Procurement Rules, Health and Safety etc.) leading to adverse publicity and significant costs including fines. - Council making unlawful decisions - Potential compensation to injured parties - Negative publicity - Potential judicial reviews	Legal - Operational	3	3	9	- Service procurement procedures reviewed for robustness - Register of all relevant statutory requirements - Regular review of compliance - Effective training of managers in requirements of relevant legislation - Systematic consultation - Robust internal customer service standards and service delivery meetings - Continuous learning and feedback - Statutory requirements (awareness and training)	2	3	6		Director of Corporate Services
8	Corporate Services	Data Protection Breach	Cause(s): Failure to adapt to the upcoming change in legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets. Effect(s): 1. Distress and/or physical impact on wellbeing of customers 2. Impact on operational integrity 3. Reputational damage to services and the authority as a whole 4. Liability in law 5. Economic damage to authority and/or customers 6. Impact on service take up due to reduced confidence from the public	Data and Information - Operational	4	5	20	- LBB is currently compliant with the Public Services Network Code of Connection (PSN CoCo) and Connecting for Health Information Governance Toolkit (CfH IGT). The LBB Information Governance Board formally accepted the CfH IGT as the basis of LBB's internal information governance program at their meeting in August 2012. Both standards are based on the ISO27001 international best practice standard for managing information security and are therefore fit for purpose for assessing and managing the Council's information risk - GDPR Training programme in place - Induction programme in place - Additional resources to manage risk	2	3	6		Director of Corporate Services
9	Corporate Services	Failure to publish Register of Electors	Cause(s): Failure of IT systems Insufficient resources provided to Electoral Registration Officer to deliver a comprehensive canvass Failure to follow legislative and regulatory requirements Effect(s): Disenfranchisement of local residents Potential to challenge any election which relies on an inadequate register Reputational damage	Political - Strategic	2	3	6	Controls: 1. Project Plan including detailed Risk Register 2. Robust documented internal procedures 3. Monitoring by Electoral Commission through appropriate Performance Standards	1	3	3		Carol Ling

Corporate Services Risk Register - Appendix B

											DATE LAST REVIEWED:	16/07/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
10	Corporate Services	Failure to manage election process	Cause(s): Failure of Council in its duty to provide sufficient resources to the Returning Officer Failure of IT systems Effect(s): Costs of dealing with a challenge to election process Reputational damage Cost of re-running an election if result is set aside	Political	3	4	12	- Project Plan including detailed Risk Register specific to election underway - Staff Training - Adequate insurance (Returning Officer - personal liability) - Monitoring by Electoral Commission through appropriate Performance Standards.	2	3	6		Carol Ling
11	Corporate Services	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	Cause(s): - Unclear (or lack of) commissioning strategies - Poor commissioning activities - Inability to undertake full commissioning cycles - Failure to engage and develop markets Effect(s): - Service cuts required if balanced budget is not met - Reputational damage	Procurement & Contracts	5	4	20	1. Commissioning Work Plan agreed and reported to COE as part of Performance Management. 2. Contract Register established with regular reports on actions required and alerts issued to Officers 3. Commissioning Team represented at senior level across the Council. 4. Commissioning Work Plan & Contracts Register reported to COE quarterly and appropriate PDS Committee 5. Review of Commissioning Work Plan through Procurement Board and/or ongoing monitoring through the Assistant Director Governance & Contracts 6. Training for members and officers rolled out and published on Managers Toolkit. 7. All Guidance Notes available to officers on the Managers Toolkit – covering the commissioning and contracting cycle. 8. Lessons Learnt from all commissioning and contracting proposals covered at mandatory training with staff.	3	4	12	1. Ongoing maintenance, monitoring and review of Commissioning Work Plan through Procurement Board and through the Assistant Director Governance & Contracts 2. Transformation Programme (through Chief Executive) embedded and projects progressed. 3. Regular review of accuracy and completeness of Contracts Database to ensure effectiveness as a tool. 4. Ongoing effective use of Contracts Database via shared knowledge, alerts etc. 5. Lessons Learnt from all commissioning and contracting proposals covered at mandatory training with staff.	Service Directors supported by Assistant Director, Governance and Contracts
12	Corporate Services	Effective governance and management of contracts	Cause(s): - Lack of clear management across contracts - Capacity and capability - Contract management processes ineffective - Organisational culture and understanding Effect(s): - Financial losses - Service disruptions - Poor quality services	Procurement & Contracts	4	4	16	1. Review of contract management and Commissioning & Contract monitoring controls including any issues identified by internal audit 2. Database alerts to assist in monitoring 3. Contract Sub Committee 4. Member Scrutiny	3	4	12	1. Contract Management guidance on toolkit to be reviewed. 2. Ongoing monitoring of compliance with Contract Procedure Rules requirements with Practice Notes issued as required. 3. Improvement in production and scrutiny of Annual Contract Monitoring reports. 4. Staff training - repeat sessions arranged regularly. 5. Contracts Database authorisation function tested, embedded and reviewed.	Service Directors supported by Assistant Director, Governance and Contracts

Corporate Services Risk Register - Appendix B

										DATE LAST REVIEWED:	16/07/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt & return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
13	Corporate Services	Database Utilisation	Cause(s): - Lack of organisational buy-in from contract managers - Lack of governance - Poor awareness / education in understanding purpose Effect(s): - Impacts upon decision making and outcomes - Poor quality data - Commissioned services not fit for purpose - Increased financial costs	Procurement & Contracts	4	3	12	1. Database guidance issued to officers 2. Follow-ups issued to remind contract managers and commissioners 3. Quarterly Member reporting 4. Sign-off by CLT	3	3	9	1. Ongoing monitoring of database to ensure it remains accurate and comprehensive.	Assistant Director, Governance and Contracts

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

Finance Risk Register - Appendix C

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE LAST REVIEWED:	27/09/2019
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Finance	Failure to ensure sufficient cover of Council assets This could result in the possibility of our insurance company refusing to cover a claim above the level of our current excess (£125k for general property and Liability, £250k for educational property).	Cause(s): 1. Incorrect/incomplete asset/risk data provided to insurer. 2. Total level of insurance insufficient e.g. to cover damage to multiple high value assets. 3. Uninsurable risks e.g. criminal/regulatory fines. Effect(s): Inadequate or no insurance cover could have significant financial implications, dependent on the value of the asset and the extent of the damage / loss.	Financial - Operational	1	4	4	1. Annual review during renewal process of all property, vehicle and school journey schedules 2. Maintain a register of all insurance premiums paid each year 3. Independent review of Council's self-insurance Claims fund by professional actuaries every 3 years 4. Endorsement under buildings insurance policy to cover up to £10m for inadvertent omission to insure property 5. Buildings insurance policy excess per event to protect Council for damage to multiple properties as a result of single event e.g. Flood/Storm	1	3	3		Viknesh Gill
2	Finance	Financial Market Volatility Financial loss arising from the volatility of financial markets.	Cause(s): Market volatility, recession, banking failure Effect(s): We do not maximise our interest earnings on balances and could also suffer the following issues - Liquidity, Interest rate, Exchange rate, Inflation, Credit and counterparty, Refinancing, legal and regulatory risks	Financial - Operational	3	5	15	1. Regular strategy meetings 2. Use of external advisors 3. Internal Audit review of activities 4. Quarterly reporting to E,R&C PDS Committee (Members) 5. Adoption of CIPFA Treasury Management Code of Practice 6. Regular meetings / discussions with external auditors 7. Treasury management strategy	2	4	8		Tracey Pearson
3	Finance	Capital Income Shortfall Inability to generate capital receipts	Cause(s): Property price reductions as a result of the economic environment. Falling number of assets available for disposal Effect(s): Financial	Economic - Strategy	3	4	12	1. Close monitoring of spend and income 2. Reporting to Members 3. Tight control of spending commitments 4. Quarterly reports on capital receipts (actual and forecast) to Executive.	2	3	6		Tracey Pearson
4	Finance	Pension Fund The pension fund not having sufficient resources to meet all liabilities as they fall due	Cause(s): 1. Investment markets fail to perform in line with expectations 2. Market yields move at a variance with assumptions 3. Investment managers fail to achieve their targets over the longer term 4. Longevity horizon continues to expand 5. Deterioration in pattern of early retirements 6. Administering authority unaware of structural changes in an employer's membership e.g. large fall in employee members, large number of retirements 7. Mandatory pooling of investments (London CIV) may result in appointment of poorer performing investment managers. Effect(s): Financial	Financial - Operational	3	5	15	1. Use of external advice. 2. Financial: Monitoring of investment returns - analysis of valuation reports 3. Demographic: Longevity horizon monitored at triennial reviews - quarterly review of retirement levels 4. Regulatory: Monitor draft regulations and respond to consultations - actuarial advice on potential where appropriate 5. Internal audit review of activities, performance, controls etc. 6. Quarterly reports to Pensions Investment Sub-Committee 7. Funding Strategy Statement 8. Statement of Investment Principles 9. Communications Policy 10. Governance Policy 11. Triennial valuation by actuary 12. Strategic asset allocation review.	2	4	8		Director of Finance
5	Finance	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	Cause(s): 1. The 2019/20 Council Tax report identified the need to reduce the Council's significant 'budget gap' of £31.7m per annum by 2022/23. Funding changes have been announced in the One Year Spending Round and the outcome through the Local Government Finance Settlement is awaited (due December 2019). 2. Part of the devolution of funding, business rates will be devolved to Local Government from 2021/22 (75% of the total national business rate monies). The outcome of the Government's three year Spending Review and Fair Funding Review will impact on the 2021/22 and future years budget and creates financial uncertainty. A future national recession could have a significant impact on income generated to fund key services within a more devolved model. 3. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households). 4. The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions. 5. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. 6. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). 7. As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures. 8. Impact of welfare reforms and the phased roll out of Universal Credit. 9. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). Effect(s): - Increased overspends in particular services - Council unable to carry out its statutory duties due to services cuts - Reputational damage - Failure to achieve our Building a Better Bromley priorities.	Financial - Operational	5	5	25	Strategic Controls: 1. Regular update to forward forecast 2. Early identification of future savings required 3. Transformation options considered early in the four year forward planning period 4. Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost 5. Mitigation of cost pressures including demographic changes 6. Quarterly review of growth pressures and mitigation. 7. Apart from 'One Bromley' projects there are opportunities for the Transformation Reviews and Core Statutory Minimum Reviews. Operational Controls: 1. Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports 2. Departmental risk analysis 3. Reporting of financial forecast updates in year to provide an update of financial impact and action required 4. Obtain monthly trend / current data to assist in any early action required 5. Obtain regular updates / market intelligence 6. Reporting full year effect of budget variations 7. Analysis of government plans and changes	4	5	20	The council is undertaking a review to determine the core statutory minimum service requirements and exploring transformation opportunities to help meet the ongoing budget gap	Director of Finance
6	Finance	Failure to act upon Financial assessments or arrears in a timely manner	Cause(s): 1. Severe/catastrophic IT problems 2. Loss of key staff 3. Organisation experiencing severe financial problems Effect(s): Loss of income	Financial - Operational	3	3	9	Controls: 1. There is a disputed debt process that is followed to ensure that departments do not hold up debt recovery (i.e. actioning write offs and disputes). 2. All outstanding Financial Assessments are completed in accordance with the agreed timescales 3. Monitoring is carried out on a regular basis to ensure financial assessments are completed and contributions are set up on CareFirst in order for service users to be charged 4. Effective SLA is in place	2	3	6		Claudine Douglas-Brown
7	Finance	Failure of Finance IT systems	Cause(s): Failure of CareFirst or the various databases Oracle cheques not being produced Failure of BACs to pay LBB Effect(s): Inability to pay creditors, calculate payments due to our suppliers / foster carers (Payments Team) or to accommodate charging information for billing clients which could result in fines, penalties and loss of goodwill / reputation.	Contractual and Partnership - Operational	3	2	6	1. CareFirst has replaced the majority of the databases used in Finance for ECHS payments 2. All systems are backed up daily 3. If systems fail, new databases can be built and/or manual calculations for charges or payments could be made 4. Manual cheque payments could be raised 5. Close liaison with Liberata (and sub contracted company Xerox) to discuss any problems - escalation procedure works well. 6. Alternative printers being available at Xerox reduces the risk of cheques not being produced due to printer failure 7. Stock control measures in place to ensure cheques are ordered in time 8. BACS payments increasing - solid and dependable	2	2	4	Implications of any replacement to Carefirst will need to be monitored closely, and preventative action taken to mitigate risk	Claudine Douglas-Brown
8	Finance	Failure of external contractors	Cause(s): Contractor ceases to trade due financial failings. Effect(s): disruption and delays to key services, financial loss and adverse publicity	Contractual and Partnership - Operational	3	4	12	1. Constant review of contractors financial standing 2. Maintaining knowledge and contact with alternative service suppliers	2	3	6		John Nightingale

Finance Risk Register - Appendix C

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE LAST REVIEWED:	27/09/2019
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
9	Finance	Contractor Poor Performance Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	Cause(s): Severe catastrophic IT problems Loss of key staff Organisation experiencing severe financial problems Effect(s): - Delay / non payment of suppliers, customers, staff salaries, pensions. - Increase in fraudulent payments -Delayed or non repayment from debtors Resulting in loss of income, increased costs, increase in complaints and subsequent loss of good will and / or reputational damage.	Financial - Operational	3	3	9	1. Effective SLAs and contracts in place 2. Regular operational and strategic meetings monitoring progress and identifying action required 3. Action identified and formally agreed when monitoring key performance areas 4. Formal structures and procedures in place for monitoring and corrective action to minimise risk 5. Process reviewed on an ongoing basis 6. Weekly monitoring of complaints and patterns identified	2	3	6		Claudine Douglas-Brown / John Nightingale
10	Finance	Significant Fraud/Corruption	Cause(s): Lack of controls Dishonest staff/suppliers/customers Collusion Poor systems Lack of Management oversight Inadequate segregation of duties Effect(s): Financial loss Adverse publicity/reputational damage Staff morale lowered Resource implications for investigation	Financial - Operational	3	3	9	1. Staff vetting 2. Segregation of duties 3. Documented procedures/regulations/code of conduct 4. Whistleblowing policy 5. Fidelity guarantee 6. IT security 7. Robust computer systems/audit trail 8. Counter Fraud staff 9. Internal/External audit	2	2	4		David Hogan

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

Human Resources and Customer Services Risk Register - Appendix D

										DATE LAST REVIEWED:	12/09/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)				CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Human Resources	Ability to respond to industrial action, changes in government initiatives or legal requirements	Cause(s): - Changes to staff terms and conditions (localisation agenda) - Lack of flexibility of workforce - Poor horizon scanning and networking's Effect(s): - Increased costs (bank / agency usage) - Reputation damage - Impacts on service delivery	Political	2	2	4	1. Early and effective engagement with staff and trade unions 2. Sound internal and external legal advice 3. Identifying appropriate legal options 4. Pro-active intelligence gathering via London Councils and other networks 5. HR processes in place for dealing with industrial action	2	2	4	1. Submitting timely proposals to Chief Officers and / or members of the Industrial relations committee.	Director of HR
2	Human Resources	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	Cause(s): - Lack of awareness with legislation - Failure to effectively consult staff where appropriate - Indirect / direct discrimination - Human error / lack of understanding - Lack of capacity and capability to deliver Effect(s): - Reputation damage - Financial costs - Regulatory inspection / intervention	Legal	4	3	12	1. Bromley Council policies & procedures in place e.g.. Equality Scheme 2. Requirement to report and record accurately information e.g. equalities 3. Training in place for managers and staff to ensure they are aware of their responsibilities 4. Organisation to carry out a Capacity Risk Assessment	3	2	6	1. Professional updates / HR Mgt Team forward planning	Director of HR
3	Human Resources	1) ineffective workforce planning initiatives including succession planning, talent management. 2) upskilling of staff - lack of training resources/opportunities	Cause(s): - Insufficient strategic management control and planning - Staff turnover (capacity) - Lack of resources Effect(s): - Potential service delivery impacts - Loss of skilled/experienced staff - Missed opportunity to develop and retain talent "in house" - Recruitment Costs	Personnel / Operational	3	3	9	Clear workforce planning strategy in place, including - Graduate Intern Scheme - Apprenticeship Scheme - Career Pathway - Leadership Development Programme - Succession Planning Tool	2	2	4	Review of 1. Development of a Talent Management Strategy. 2. Ensure that Apprenticeship Levy funds are utilised effectively 3. Consideration to resurrect 'Future Leaders Programme'	Director of HR
4	Human Resources	Ineffective recruitment and retention strategies for hard to fill posts e.g. Adult's Social Workers, Children's Social Workers, Housing, Planning, Building Control	Cause(s): - Physical environment/hygiene facilities - Culture - Increasingly fluid market - Increases in demand and/or reductions in supply - Lack of experienced staff in the labour pool - Budget constraints - Lack of leadership Effect(s): - Potential service delivery impacts - Increased costs due to use of agency workers - Reduction in quality of service	Personnel / Operational	4	3	12	1. Horizon scanning to anticipate changes and trends to staff complement 2. Keeping up to date on national trends for hard to recruit professions 3. Case load review 4. Review of pay and comparison with neighbouring LAs 5. R&R Board to regularly review 6. No Quit Policy in place 7. Implement grow your own initiatives e.g. senior practitioners progression pathway, training pathways for social workers, graduate trainees, apprentices	2	2	4	None identified	Director of HR

Human Resources and Customer Services Risk Register - Appendix D

										DATE LAST REVIEWED:	12/09/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)				CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
5	Human Resources	Ineffective pre-employment checks including agency workers	<p>Cause(s):</p> <ul style="list-style-type: none"> - Poor procedures - Inadequate monitoring - Lack of awareness / understanding <p>Effect(s):</p> <ul style="list-style-type: none"> - Workers with safeguarding concerns not identified - Safeguarding incident occurs (harm / injury) - Agency worker ID fraud - Reputation damage - legal compliance implications inc. fines and sanctions 	Personnel / Operational	4	3	12	<ol style="list-style-type: none"> 1. HR Business Services carry out checks for LBB workers & agencies to check agency workers. 2. Managers check identity of candidate and of agency workers when arriving for work, with copy of DBS and proof of identity. E.g. passport, and original copy of birth certificate. 3. Up front audits with Adecco undertaken to ensure processes are robust for agency workers 4. Training provided for managers 5. Internal audit undertakes a review of arrangement as part of their annual audit plan 	4	1	4	Consideration as to whether training should be mandatory	Director of HR
6	Human Resources	Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options)	<p>Cause(s):</p> <ul style="list-style-type: none"> - Lack of adequate financial resources - Lack of expertise - Unexpected delays - Changes in strategic direction - Lack of capacity to undertake in a timely manner - Conflicting priorities <p>Effect(s):</p> <ul style="list-style-type: none"> - New service models are ineffective / not fit for purpose - Increased costs - Legislative and legal requirements breached (e.g. TUPE) - Reduction in service quality / provision - Reputation damage 	Personnel / Operational	4	3	12	<ol style="list-style-type: none"> 1. Managing change procedure in place 2. Capacity building and additional resources to support the change process 3. Effective communication and engagement with staff and their representatives. 4. Formal consultation processes and departmental representatives 5. Regularly meetings include Members 6. Terms of Reference for each workstream led by Chief Officers 	3	2	6	One-off funding required to support transformation programmes and workstreams	Director of HR
7	Human Resources	HR systems failures e.g. payroll, recruitment, HR self-service, pensions	<p>Cause(s):</p> <ul style="list-style-type: none"> - Contractual failure - IT failure - Loss of power - Data breach / cyber attack - Ineffective business continuity plan for manual work around <p>Effect(s):</p> <ul style="list-style-type: none"> - Delays or restriction in level of HR support available - Staff not paid - Staff morale reduction if for a long period - Delays in ability to recruit - Failure to apply for jobs employment/legal issues - Failure to comply with contractual obligations - Industrial action 	Data and Information	2	5	10	<ol style="list-style-type: none"> 1. Back-up payroll processes/systems 2. Regular saving of personnel information on Resource Link 3. Business Continuity Plan in place 4. Internal audit carry out reviews as part of annual review programme 5. Regular meetings with contractors and Business Continuity Plans for each contract 	4	2	8	None identified	Director of HR

Human Resources and Customer Services Risk Register - Appendix D

										DATE LAST REVIEWED:	12/09/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)				CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
8	Human Resources	Ineffective compliance with IR35	Cause(s): - Inadequate information from managers, - Non submission of requests for HR scrutiny - Non submission of approval by relevant Chief Officers, - Poor knowledge of what is required Effect(s): - Huge fine by IRS - Reputational damage - IRS investigation of the authority	Financial / Legal	2	5	10	1. Clear standards and expectations are set out in the procedure/manual 2. Dedicated HR Officer with updated knowledge of IR35 requirements 3. Access to external expert advice commissioned if required 4. HR monitoring	1	3	3	- Regular awareness sessions on IR35 for managers - 6-monthly compliance report to CLT/COE - Joint HR/audit review	Director of HR
9	Human Resources / Health & Safety	Health & Safety (Council) Ineffective management, processes and systems across all Council departments Specifically in relation to the following areas: Fire Risk Assessments Lone Working Violence & Aggression at work	Cause(s): - Inadequate risk assessments - Outdated policies - Poor use of data around accidents/near miss incidents - Lack of capacity to discharge the Council's H&S responsibilities - Ineffective monitoring of risks Effect (s): - Potential prosecution of Council and / or civil claims for compensation - Increased sickness/absence - Poor staff morale - Impact on staff retention - Insurance claims - Potential accidents/fatalities - Corporate manslaughter	Health & Safety	3	5	15	1. 0.6 fte Corporate Safety Advisor employed 2. Safety Policies reviewed and updated regularly - ongoing 3. Commitment to HSW from Chief Executive and Directors premises, equipment & activities 4. Supported by H&S training programme and network of policies and procedures (regularly reviewed) 5. Property-related HSW matters now provided through Amey 6. Holding contractors to account for managing Council premises to required legal standards	3	4	12	Risk assessment & proactive monitoring being developed for Council Departmental Safety Committees meet regularly. Corporate and Departmental Health and Safety Meetings to be further reviewed including Senior Management Ownership 'H&S audits to be undertaken by Corporate Safety Officer	Director of HR
10	Corporate Services	Fall in income from Registrars Economic downturn, uncertainty regarding accommodation and other external factors contributing to a significant fall in income in Registrars	Cause(s): Uncertainty regarding accommodation Leaving Civic Centre for a less appealing venue Effect(s): Reduced level of bookings Financial impact	Financial - Operational	3	3	9	- Regular budget and activity monitoring - Targeted marketing of ceremonies, venues etc. to maximise income, website videos, use of 'twitter' - Flexible use of staff to maximise income in periods of high activity - Development of civil funeral service	3	2	6		Duncan Bridgewater
11	Corporate Services	Contractor Failure	Cause(s): Contractor (such as Liberata) cease trading due to financial or other failure. Effect(s): Interruption to or deterioration of service due to failure of contractors (out of hours security guards @ Civic Centre, for example)	Contractual and Partnership - Operational	2	4	8	- Regular monitoring of performance and monthly operational meetings to identify any continued and ongoing reduction in service delivery - Core contract monitoring and overview of other elements of the contract to identify shortfalls in other areas of service delivery - Effective scrutiny of potential contractors - Appropriate performance bonds or parent company guarantees - Business continuity planning - Standardised contract letting procedures and documentation as contracts renew	2	3	6	-Identify potential alternative contractors	Duncan Bridgewater
12	Corporate Services	Contractor Performance	Cause(s): Failure to effectively manage service delivery contracts with provided such as Liberata Effect(s): Continued and ongoing poor performance and/or increased customer complaints.	Contractual and Partnership - Operational	4	3	12	- Daily, weekly, monthly and annual monitoring of performance and key performance indicators - Monthly operational meetings with contractor to discuss performance and monitor against balanced score card - Escalation through core contract route of any continued and ongoing shortfalls in performance	3	2	6		Duncan Bridgewater

Human Resources and Customer Services Risk Register - Appendix D

										DATE LAST REVIEWED:	12/09/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)				CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
13	Corporate Services	Maintenance of Statutory and GRO standards	Cause(s): Increase in life events (births / deaths) within Bromley Staffing pressures Effect(s): Drop in standards leading to a potential breach of statutory duty and loss of confidence from residents.	Legal - Operational	3	3	9	-Regular monitoring of registration activity and timescales -use of casual staff to perform statutory registrations - close monitoring of quality and performance from GRO system reporting	1	3	3		Duncan Bridgewater
14	Corporate Services	Loss of Facility Loss of customer service accommodation as a result of a major power failure or other incident that prevents access to the Civic Centre	Cause(s): Major power failure or other incident that prevents access to the Civic Centre Effect(s): Major disruption to council services	Data and Information - Operational	3	3	9	- Existing local resilience procedures (overflow to alternative Liberata Office)	2	2	4		Duncan Bridgewater
15	Corporate Services	Safety of Statutory Records	Cause(s): Fire / flooding Strong room not GRO compliant Effect(s): Damage to or destruction of historic statutory registration records	Operational	2	4	8		2	4	8	- We are aware the strong rooms requires investment to bring it up to General Register Office (GRO) security standards. This will be looked at during the wider accommodation review	Duncan Bridgewater

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

Corporate Risk Register - Appendix E

										DATE COMPLETED:		27/09/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Corporate Risk	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	<p>Cause(s):</p> <ol style="list-style-type: none"> The 2019/20 Council Tax report identified the need to reduce the Council's significant 'budget gap' of £31.7m per annum by 2022/23. Funding changes have been announced in the One Year Spending Round and the outcome through the Local Government Finance Settlement is awaited (due December 2019). Part of the devolution of funding, business rates will be devolved to Local Government from 2021/22 (75% of the total national business rate monies). The outcome of the Government's three year Spending Review and Fair Funding Review will impact on the 2021/22 and future years budget and creates financial uncertainty. A future national recession could have a significant impact on income generated to fund key services within a more devolved model. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households). The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures. Impact of welfare reforms and the phased roll out of Universal Credit. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). <p>Effect(s):</p> <ul style="list-style-type: none"> Increased overspends in particular services Council unable to carry out its statutory duties due to services cuts Reputational damage Failure to achieve our Building a Better Bromley priorities. 	Finance Financial	5	5	25	<ul style="list-style-type: none"> Regular update to forward forecast Early identification of future savings required Transformation options considered early in the four year forward planning period Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost Mitigation of cost pressures including demographic changes Quarterly review of growth pressures and mitigation Apart from 'One Bromley' projects, there are opportunities for the Transformation Reviews and Core Statutory Minimum Reviews 	4	5	20	The Council is undertaking a review to determine the core statutory minimum service requirements and exploring transformation opportunities to help meet the ongoing budget gap	Director of Finance
3	Corporate Risk	Failure to deliver partial implementation of Health and Social Care Integration. Plans not in place to deliver partial integration by 2020	<p>Cause(s):</p> <ol style="list-style-type: none"> Difficulty in achieving rapid change in a system as complex as health and social care. Rising social care costs due to ageing population and people living longer with increasing complex needs. Difficulties with agreeing budgets (given likely funding reductions going forward), complex governance arrangements, and workforce planning. Need to focus on collaborative working (cultural differences). Pressure for social care services to be accessible 7 days a week both in terms of our own workforce and contracts with external providers in line with NHS priority to deliver 7 day working across the health sector. LBB will need to contribute to a whole system review (led by the Bromley Clinical Commissioning Group) to ensure that funding follows the patient. <p>Effect(s):</p> <ul style="list-style-type: none"> Failure to deliver statutory duties Failure to achieve our Building a Better Bromley priorities. 	Health and Social Care Integration Contractual and Partnership	2	3	6	<ul style="list-style-type: none"> A draft 2020 integration plan for health and social care integrated service delivery and commissioning across the borough was developed by May 2018 by Education, Care and Health Services and the Bromley Clinical Commissioning Group Continued work with health partners to deliver the main transformation programmes e.g. Bromley Well and the transformation of prevention Building on the work already delivered through S75 agreement with Oxleas and being implemented through the Better Care Fund workstreams e.g. Winter Resilience work, Transfer of Care Bureau, Integrated Care Records and Discharge to Assess. New Governance structure between the London Borough of Bromley and the Bromley Clinical Commissioning Group feeding into the Health and Wellbeing Board via the Integrated Commissioning Board (strategic) and Commissioning Network (operational) 	2	3	6		Director of Adult Services
4	Corporate Risk	Failure to manage change and maintain an efficient workforce to ensure that BBB priorities are met	<p>Cause(s):</p> <ol style="list-style-type: none"> The on-going need to reduce the size and change the shape of the organisation to secure priority outcomes within the resources available. Having the right people in place by implementing effective recruitment and retention strategies. Potential skills gap and deterioration of service quality through loss of experienced staff as a result of age profile of workforce and downsizing (failure to succession plan). Disruption while services realigned and staff appointed to new structure. Increasing demands and pressures on remaining staff given increased customer expectation levels, could lead to morale issues. Increased potential for internal controls to be bypassed due to flatter reporting structure. Lack of capacity to lead projects / manage change agenda and consequent ability to respond to change initiatives and the achievement of outcomes and benefits. Potential future shortage of professionally qualified practitioners in key areas, particularly around the Safeguarding agenda. Need to ensure that relevant staff have necessary disciplines to drive improvement and enable good practice and consistency in delivering change and the achievement of outcomes and benefits e.g. risk and performance management. Adverse industrial relations climate with individual and collective grievances including trade disputes with the unions, causing some disruptions to vital Council services. Increasing number of employment tribunal cases causing financial and administrative inconveniences. Having the right buildings and facilities to support fewer, more professional, differently organised staff. The need to track continued changes to government strategy and policies coupled with changes in legislation to avoid compliance issues (approx. 1,300 statutory duties). Adequacy of consultation on issues that affect residents across the borough i.e. re-organisation of libraries, Biggin Hill expansion. Adverse external audit comment and resulting ratings in relation to 'excellent in the eyes of local people'. <p>Effect(s):</p> <ul style="list-style-type: none"> Skill gaps Deterioration of service quality through loss of experienced staff Disruption while services are realigned Weaker internal controls Lack of capacity to lead on projects / initiatives 	Organisational Change Personnel	4	2	8	<ul style="list-style-type: none"> Continuously address the recruitment and retention of key individuals in critical posts. Effective succession planning and grow your own initiatives, and using the Apprenticeship Levy to address recruitment challenges in the medium-long term Ensure the organisation has the HR capacity and employment law expertise to manage change. Address the transformational and transitional capabilities (including leadership) required for a successful commissioning journey/process. Provide adequate resources to support and improve staff engagement and communications. 	4	2	8		Director of Human Resources and Customer Services
5	Corporate Risk	Ineffective governance and management of contracts	<p>Cause(s):</p> <ol style="list-style-type: none"> Ensuring client side staff have the necessary training and skills to manage and monitor contracts. Ensuring effective communication channels between client and provider to ensure contract compliance. Need for monitoring officers to check quality of outsourced services and customer satisfaction levels. Lack of understanding of the contract deliverables. Short cuts in procurement processes e.g. extending contracts rather than retendering. Compatibility of different systems and availability of IT support. Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery. Potential for operational errors / omissions by contractors (responsibility remains with LBB). Managing customer expectations and dealing with complaints where there are failures. <p>Effect(s):</p> <ul style="list-style-type: none"> Financial losses Service disruptions Provider fails to maintain agreed service levels routinely Increased resource to handle and manage complaints / customer expectations Failure to achieve our Building a Better Bromley priorities. 	Contract Management Contractual and Partnership	4	4	16	<ul style="list-style-type: none"> Review of contract management and contract monitoring controls including any issues identified by internal audit Database alerts to assist in monitoring Contract and Commissioning Sub Committee Member scrutiny 	3	4	12		All Directors

Corporate Risk Register - Appendix E

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	
6	Corporate Risk	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	<p>Cause(s):</p> <ol style="list-style-type: none"> Need to ensure that Information systems are fit for future business purpose. Capacity and skill within Corporate ICT to maintain and support systems during a period of significant change and in the future. Increasing reliance on stability of ICT infrastructure in all areas of the Council (Lync telephony service). Council website now a major channel for the delivery of services (Pay for it, Apply for it, Report it). Adequacy of information governance data protection rules to ensure the confidentiality, integrity and availability of information assets. IT failure impacting on critical operational systems. Over the next 3 years we will need to undertake gateway reviews / procurement plans for at least 4 of the Council's business critical systems; Customer Relationship Manager, Carefirst, Housing info system and Education's Capita One system plus the main LBB website and SharePoint. Transfer of IT contract to new ICT 3rd party supplier. <p>Effect(s):</p> <ul style="list-style-type: none"> Service disruptions Inability to access key systems Reputation damage Inability to support organisation change and savings targets Failure to achieve our Building a Better Bromley priorities. 	ICT Data and Information Technological	3	2	6	- Transfer of IT contract to new BT in 2016 to give greater resilience. Robust backup arrangements - Enhanced antivirus/cyber security. tested system restoration arrangements.	3	2	6	Review data storage /hosting arrangements. Carry out at least 4 gateway reviews for major systems. Increase stability of ICT infrastructure including Lync.	Director of Corporate Services
7	Corporate Risk	Failure to maintain robust Business Continuity and Emergency Planning arrangements	<p>Cause(s):</p> <ol style="list-style-type: none"> Unavailability of Council offices / depots due to explosion, fire flood or police cordons around Council buildings Operational emergencies due to severe weather conditions, fire, or major incident. Availability of staff to deliver key services if trained volunteers are taken away to deal with a major incident (the Council is a Category 1 responder under the Civil Contingencies Act). Loss of key business systems due to power problems or system failure. Inadequate IT disaster recovery arrangements leading to dislocation of Council services. Sustained industrial action affecting key services. Lack of Business Continuity Plan testing. Adequacy of contractor's business continuity plans. Shortage of staff to deliver key services in the event of a flu pandemic or similar <p>Effect(s):</p> <ul style="list-style-type: none"> Significantly prolonged service disruptions Normal service takes longer to resume Reputational damage / loss of credibility Increased costs to rectify disruptions Injury / harm Loss of access to key systems Failure to achieve our Building a Better Bromley priorities. 	Business Continuity Physical Reputational	4	3	12	- Business Continuity Plans - Emergency Planning procedures	4	3	12	To ensure that all Business Continuity Plans are up to date and are cross linked with one another across the Authority, specifically in relation to fall back sites, where there may be a number of departments using the same scarce resource. To consider our Business Continuity plans in the event of a major incident in the Borough / staff unable to get to work, staff caught up in or helping with the incident. To revisit the evacuation protocols within the Civic Centre site, specifically where staff would go if there was a large cordon around Bromley Town Centre. To continue to provide a resilient out of hours service to Emergency Planning by having Trained contactable volunteers.	Director of Environment and Public Protection
8	Corporate Risk	Failure to deliver effective Children's services The Council is unable to deliver an effective children's service to fulfil its statutory obligations in safeguarding and protect those at risk of significant harm or death, sexual exploitation or missing from care	<p>Cause(s):</p> <ol style="list-style-type: none"> Local authority response to Bromley's Safeguarding Children's Board following Wood Review. <p>Effect(s):</p> <ul style="list-style-type: none"> Impact on Life chances and outcomes for children 	Children's Social Care Legal, Reputational	3	5	15	- Multi Agency Bromley Children's Safeguarding Board (BCSB) Training programme 2019 to be set - Dedicated HR programme of support in place to recruit social workers to front line posts - Scrutiny of Performance Management Framework and Indicators - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money - under review - Quality Assurance Audit Programme Phase3 - Children's Services Practice Improvement Board to commence April 2019 to deliver Ofsted and local authority recommendations - Continued reduction of caseloads & within Caseload promise on average - Atlas Team reviewed and moved to MASH to improve safeguarding - Identified Training plan for qualified social workers and other professionals reviewed and updated quarterly	3	4	12	- Ofsted validation - report published 7th January 2019 - Phase 3 - 'to excellence' plan in development	Director of Children's Services
9	Corporate Risk	Temporary Accommodation Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets	<p>Cause(s):</p> <ol style="list-style-type: none"> Changes in government funding Rising numbers of placements (approx. 20 per month). <p>Effect(s):</p> <ul style="list-style-type: none"> Failure to fulfil statutory obligations Impact on life chances and outcomes for individuals and families in temporary accommodation Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) Pressure on other services 	Housing Social	5	4	20	- Focus on preventing homelessness and diversion to alternative housing options through: - Landlord and Tenancy advice, support and sustainment - Assistance, (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - Implementing the Homelessness Strategy - setting up the multi agency Homelessness forum and taking forward the priorities of the strategy - New incentive campaign for private sector landlords embedded and benefits being realised	4	4	16	- Housing Transformation Board progressing projects to increase cost effective temporary accommodation and affordable housing supply. Member approval to be sought in May 2019. - Transformation Board action plan in place for next 3-4 years. - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation. - Work innovatively with a range of providers to increase access to a supply of affordable accommodation. - Implement Intake and Early Intervention service to meet Homelessness Reduction Act - Complete tender process for modular homes supplier for temporary accommodation	Director of Housing, Planning and Regeneration
10	Corporate Risk	Potential detrimental impact of BREXIT upon service delivery	<p>Cause(s):</p> <ol style="list-style-type: none"> Lack of clarity provided by HM Government regarding how and when Britain will leave the EU Multiple scenarios and associated time frames causing regulatory and legislative issues Uncertainty making planning assumptions difficult <p>Effect(s):</p> <ul style="list-style-type: none"> Scale and impact difficult to assess Impact upon mitigation planning 	Corporate	3	2	6	- Process in place to monitor potential impacts upon specific key services - Monitoring of potential effects with key partners - Collaboration with all London Local Authorities to ensure concerns are raised with HM Government - Regular BREXIT updates received from HM Government - Contingency fund provided by HM Government - Local Authority has adequate reserves to deal with any unforeseen consequences of BREXIT	3	2	6	- Review of planning assumptions and mitigation once Clarity regarding BREXIT is known	Brexit Lead - Director of Environment and Public Protection

Corporate Risk Register - Appendix E

										DATE COMPLETED:	27/09/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press shift & return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
11	Corporate Risk	Failure to deliver the Transforming Bromley Programme	<p>Cause(s):</p> <ol style="list-style-type: none"> Failure to identify and put forward sufficient transformation proposals to deliver the quantum of savings required by 2022/23 Failure to deliver appropriate mitigation of existing projected growth pressures within the financial forecast Failure to appropriately resource each Transforming Bromley workstream with sufficient project support and subject matter expertise to enable the identification of proposals Insufficient management oversight and governance arrangements to shape the delivery of proposals to enable Member decision making and inform budget setting for each financial year Insufficient consultation and engagement with relevant stakeholders to ensure the successful delivery of proposals. <p>Effect(s)</p> <ul style="list-style-type: none"> Inability to address the Council's budget gap of £31.7m by 202/23 Unable to meet key commitments of the Medium Term Financial Strategy 	Finance Financial	4	5	20	<ol style="list-style-type: none"> Robust governance process: fortnightly meetings of the Transformation Board, chaired by the Chief Executive and attended by Chief Officers Each Transformation Board workstream attends the Transformation Board twice before proposals are reviewed by Cabinet/Directors, Group, PDS Committees and the Executive. Each Transformation Programme Board has its own Project Manager and additional Transformation Leads are brought in to support the successful delivery of proposals Communications Plan will be in place to enable the successful engagement with Members, staff and partners as needed Where transformation proposals have public law implications, an appropriate assessment will be carried out and stakeholders will be engaged. Each Chief Officer will give an standing item update at their respective PDS Committee(s) on the Transforming Bromley Programme Transformation Fund to support the successful delivery of transformation proposals subject to a suitable business case being provided A review of core statutory minimum service requirements will enable each service area to identify where potential savings could be and to evidence that where discretionary services are delivered, they are done so on a cost-recovery basis and/or they reduce long-term dependency on higher levels of statutory intervention which generate longer term growth pressures for the Council All proposals will be submitted to the Executive to inform budget setting for 2020/21. 	3	5	15	<p>In the event that the Transformation Programme fails to support the successful identification of the required quantum of savings to address the Council's underlying budget gap by 2022/23, the Council will still be legally required to deliver a balanced budget as set out in the Local Government Finance Act 1988.</p> <p>As part of the Transformation Programme, the Chief Executive, the Section 151 officer and the senior leadership team have reviewed the delivery of discretionary services across the organisation and this has informed the development of the Transformation Programme workstreams. They will, therefore, report to Members on this review and other administrative decisions in order to meet the statutory requirement for a balanced budget. If funding reductions remain and growth/cost pressures continue, these decisions are likely to have an impact on the delivery of services to our residents and service users</p>	Chief Executive

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