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DATE: 27 January 2020

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 5
FEBRUARY 2020 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 30th January 2020.**

a **QUESTIONS FOR THE CHAIRMAN OF EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE**

b **QUESTIONS FOR THE RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO HOLDER**

4 **MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETING HELD ON 8 JANUARY 2020 (EXCLUDING EXEMPT ITEMS) (Pages 5 - 16)**

5 **MATTERS OUTSTANDING AND WORK PROGRAMME (Pages 17 - 26)**

6 **FORWARD PLAN OF KEY DECISIONS (Pages 27 - 34)**

HOLDING THE RESOURCES, COMMISSIONING AND CONTRACTS PORTFOLIO HOLDER TO ACCOUNT

7 **RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO - PRE-DECISION SCRUTINY**

Portfolio Holder decisions for pre-decision scrutiny.

a **TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY AND QUARTER 3 PERFORMANCE 2019/20_(Pages 35 - 48)**

- Please note Appendix 4 to the report is to follow.

HOLDING THE EXECUTIVE TO ACCOUNT

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

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

POLICY DEVELOPMENT AND OTHER ITEMS

9 **SCRUTINY OF THE CHIEF EXECUTIVE (Pages 49 - 54)**

10 **SCRUTINY OF THE RESOURCES, COMMISSIONING AND CONTRACT MANAGEMENT EXECUTIVE ASSISTANT (Pages 55 - 56)**

11 **RISK MANAGEMENT (Pages 57 - 66)**

PART 2 AGENDA

12 **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.

- 13 EXEMPT MINUTES OF THE MEETING HELD ON 8 JANUARY 2020 (Pages 67 - 68)** Information relating to the financial or business affairs of any particular person (including the authority holding that information)

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

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 8 January 2020

Present:

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

Also Present:

Councillor Graham Arthur, Portfolio Holder for Resources,
Commissioning and Contracts Management
Councillor Aisha Cuthbert, Executive Assistant to the
Leader
Councillor Kira Gabbert, Executive Assistant to the
Resources, Commissioning and Contracts Management
Portfolio
Councillor Colin Smith, Leader of the Council

100 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Mary Cooke, Russell Mellor, and Stephen Wells. Councillors Robert Mcilveen, Will Rowlands, and Christine Harris attended as their respective substitute.

101 DECLARATIONS OF INTEREST

Councillor Fawthrop declared an interest as an employee of British Telecom.

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

No questions were received.

103 MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETING HELD ON 20 NOVEMBER 2019 (EXCLUDING EXEMPT ITEMS)

The minutes of the meeting held on 20 November 2019, were agreed and signed as a correct record.

**104 MATTERS OUTSTANDING AND WORK PROGRAMME
Report CSD20002**

The report set out matters outstanding from previous meetings and the proposed work plan for 2019/20.

The Vice-Chairman reported that the first meeting of the Section 106 Task and Finish Group would take place on 27 February 2020.

RESOLVED: That

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

105 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period December 2019 to March 2020.

**106 RESOURCES, COMMISSIONING AND CONTRACTS
MANAGEMENT PORTFOLIO - PRE-DECISION SCRUTINY**

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

- a CAPITAL PROGRAMME MONITORING - 2ND QUARTER
2019/20
Report FSD20002**

The Committee considered the revised Capital Programme for the Resources, Commissioning and Contracts Management Portfolio agreed by the Executive on 27th November 2019.

RESOLVED: That the Portfolio Holder be recommended to note and confirm the changes agreed by the Executive on 27th November 2019.

- b CENTRAL DEPOT WALL RECONSTRUCTION CONTRACT
AWARD
Report CSD20014**

The Committee considered a report providing an overview of the tenders received in respect of the reconstruction of the Central Depot wall. The report also made recommendations for the award of contract which was conditional on the approval of additional funding, which was the subject of a separate report to the Executive on 15 January 2020.

In response to a question concerning the benefits for residents who back onto the wall, the Senior Property Manager reported that as a result of the proposed work the wall would be safer and an acoustic barrier would be installed on the wall.

RESOLVED: That the Portfolio Holder be recommended to award the construction contract in accordance with recommendations made in the Part 2 report, subject to the provision of additional funding.

107 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 15 January 2020

(6) DRAFT 2020/21 BUDGET AND UPDATE ON THE COUNCIL'S FINANCIAL STRATEGY 2021/22 TO 2023/24 Report FSD20008

The Committee considered a report setting out the initial draft 2020/21 Budget, including the full-year effect of changes agreed as part of the 2019/20 Council Tax report and savings approved during the year with the resultant impact on the Council's medium term budget gap. A key part of the financial strategy was to highlight the budget issues for the next few years by forecasting the level of available resources and the budget pressures. The views of PDS Committees would be sought prior to the next meeting, when the Executive would make recommendations to full Council on the 2020/21 Council tax and Adult Social Care precept levels.

The report provided details of the Provisional Local Government Finance Settlement 2020/21 (published on 20th December 2019) which represented a one year settlement, the longer term spending review having been postponed until 2020. The outcome of the Fair Funding Review and Devolution of Business Rates had been delayed by one year until 2021/22.

There were still outstanding issues and areas of uncertainty with any further updates included in the Council Tax report to the next meeting.

In opening the discussion the Chairman noted the big jump in the anticipated budget deficit in 2023/24.

In reviewing the draft revenue budget for the Resources, Commissioning and Contracts Management Portfolio, the Chairman would be writing to the chief Executive asking for an explanation of the 10% increase in his budget.

In response to a question, the Director of Finance explained that the reference to salary vacancies throughout the draft budget related a report presented earlier in the year concerning the Chief Executive's restructure and resultant savings for the Council. The Director of Finance acknowledged that services would have to manage within a tighter financial envelope but the challenge for

8 January 2020

this budget was managing the deficit and identifying options for addressing the deficit.

Members congratulated Officers on delivering a balanced budget in light of the range of issues associated with fairer funding. The Director of Finance confirmed that the Council was in an enviable position but Officers were not complaisant and were aware of the financial challenges on the horizon. The Council continued to be very active on the issue of fairer funding at both Officer and Member level with previous lobbying resulting in transitional funding.

The Chairman emphasised that individual PDS Committee should look at the draft budget in detail and consider ways to mitigate unfunded growth and reduce pressure on growth.

RESOLVED: That the Executive be recommended to

- 1. Agree the initial draft 2020/21 Budget as detailed in Appendix 7 to the report, including the provision for an Education Funding Risk Reserve, IBCF hospital discharge funding reserve, Carbon Neutral Initiatives Fund and setting aside New Homes Bonus funding for housing investment.**
- 2. Refer the initial draft 2020/21 Budget for each portfolio to the relevant PDS Committees for consideration.**
- 3. Note the financial projections for 2021/22 to 2023/24.**
- 4. Note that there are still areas of financial uncertainty which will impact on the final 2020/21 Budget.**
- 5. Delegate the setting of the schools budget, mainly met through Dedicated Schools Grant, to the Children, Education and Families Portfolio Holder, allowing for consultation with the Schools Forum (section 11 of the report).**
- 6. Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive.**
- 7. Note the outcome of the consultation meetings (Appendix 9 to the report).**
- 8. Agree the proposed contribution of £247,844 in 2020/21 to the London Boroughs Grants Committee (section 10 to the report.)**
- 9. Note the outcome of the Provisional Local Government Finance Settlement 2020/21, as detailed in the report.**

- 10. Note the budget gap remaining of an estimated £16.9m per annum by 2023/24 and that any decisions made for the 2020/21 Budget will have an impact on the future year projections.**
- 11. Note that any final decision by the Executive on recommended Council Tax and Adult Social Care Precept levels to Council will normally be undertaken at the next meeting of the Executive.**

**(7) BIGGIN HILL AIRPORT LIMITED (BHAL) – LANDLORD’S CONSENT TO NEW HOTWL AND AVIATION COLLEGE
Report DRR19/062**

Biggin Hill Airport Limited (BHAL) had requested that the Council gives Landlord’s Consent under the terms of the lease between BHAL and the Council for the development of a new hotel and a separate aviation college at the airport.

In response to a question, the Director of Corporate Services confirmed that there was some scope for negotiation and the Assistant Director for Strategic Property in consultation with the Portfolio Holder could agree final contractual terms.

The Chairman expressed concern at the possibility of only a peppercorn rent being charged in the event of a change of use from an Aeronautical College and therefore proposed that an additional recommendation be made to the Executive to the effect that market rent be charge, reduced to zero whilst the site was used for the purpose of an Aeronautical College. The proposal was seconded by Councillor Allatt and the Committee agreed the additional recommendation.

The Committee noted that the lease also included a turnover rent calculation and this was a significant benefit to the Council.

RESOLVED that the Executive be recommended to

- 1. Grant Landlord’s consent for the hotel development.**
- 2. Vary the terms of the lease to permit the development of the aviation college and delegate authority to the Assistant Director, Strategic Property, to finalise the conditions subject to which consent is given, subject to the agreement of the Resources, Commissioning and Contract Management Portfolio Holder.**
- 3. Agree that market rent be charge, reduced to zero whilst the site is used for the purpose of an Aeronautical College**

(8) CENTRAL DEPOT WALL RECONSTRUCTION: REQUEST FOR ADDITIONAL FUNDING

At its meeting on 28th March 2018 the Executive had approved that an additional sum of £500k be added to the £216k already available for the reconstruction of a retaining wall at the Central Depot. Additional enabling works were required and tenders had been sought on the basis of an amended specification, for which additional funding was required.

The proposed works involved the demolition of some outbuildings, construction of a new retaining wall, formation of a concrete hardstanding area to replace the ground floor slab and external hardstanding and remedial repairs to the boundary wall.

In response to a question concerning why costs had increased, the Senior Property Manager explained that this was an inherently higher risk site and there had been a need to change the contract specification and there had been more enabling work than initially anticipated. In addition there was now a need to provide some container accommodation.

In response to a question from the Chairman, the Senior Property Manager confirmed that £65,000 was for contingency. The budget for the work was for the whole scheme including the consultancy service.

RESOLVED that the Executive be recommended to

- 1. Approve funding of £115k from the earmarked reserve for the Infrastructure Investment Fund to undertake the works.**
- 2. Delegate authority to the Director of Environment and Public Protection to authorise any variations against the contract within the contingency sum.**

108 SCRUTINY OF THE EXECUTIVE ASSISTANT TO THE LEADER

The Executive Assistant to the Leader, Councillor Aisha Cuthbert, attended the meeting to respond to questions from the Committee. The Executive Assistant had circulated a written update for the Committee prior to the meeting. Councillor Cuthbert responded to questions, making the following comments –

- There were no plans in place for a further Loneliness Summit as the event that had been held had achieved its aims. A number of Resident's Associations had established new friends groups and there were initiatives whereby new mothers and their babies were invited into care homes. In terms of the next steps, work was being undertaken

with Community Links Bromley and Age UK Bromley to create a new information hub.

- Housing Associations had been invited to the Housing Event held in Parliament as they were an important partner in delivering the Housing Strategy. Housing Associations had demonstrated that they were willing to be engaged and Officers had followed up on feedback that had been provided by the Housing Associations with action being taken where necessary. Housing Associations were keen to build to encourage home ownership and were also promoting home ownership amongst their current tenants.
- The 'Talk, tots and tumble' sessions were designed to promote the services that were available to busy families as they went about their daily activities. The sessions did not provide services but were a way to signpost families to the services that were available in a form that was easily accessible.

The Chairman thanked the Executive Assistant to the Leader for her update and presentation to the Committee.

**109 EXCHEQUER SERVICE - CONTRACT PERFORMANCE
REPORT
Report FSD20001**

The report provided information regarding Liberata's performance in the provision of Exchequer Services for the period 1st April 2019 to 30th September 2019, with an updated position as at 30 November 2019. A letter from Amanda Inwood-Field, Liberata's Contract Director, attached at Appendix 1 to the report provided an update on each individual service and subsequent appendices set out statistical data relating to the services.

The Committee noted that there had been a drop in performance in relation to Financial Assessments and Charging and a recovery plan had been put in place. In explaining how the drop in performance had occurred, representative from Liberata reported that a number of key members of staff had left the service in a short space of time and it had been difficult to recruit experienced financial assessment officers. Recruitment had now taken place and the backlog had been cleared.

In relation to writing off invoices, Members noted that the relevant procedure was set out in the Council's Financial Regulations. There were a number of criteria for writing off invoices and recommendations for write offs could be made by either the contractor or Bromley Officers. The recommendation was then review by the relevant Head of Finance and Departmental Officer. The Director of Corporate Services explained that write offs effectively froze the enforcement period. If an individual's circumstances were to change within the limitation period recovery could take place. The Director of Finance further noted that there was a requirement to seek approval from the Portfolio Holder for write offs over £15,000.

Members questioned how many write offs there were in respect of nightly paid accommodation on the basis that they were uneconomical to collect. The Assistant Director: Exchequer Services reported that she did not have that information available at the meeting however, it was emphasised that there was a statutory duty to house families and consequently the Local Authority had to be proactive in recovering debt. Whilst Housing Benefit was paid direct to the Council as landlord, there was a big risk of the personal contributions not being paid.

RESOLVED: That the report and the letter provided by Liberata be noted.

**110 BENEFITS SERVICE MONITORING REPORT
Report FSD20005**

The report provided information regarding the performance of the benefits service provided by Liberata during the period 1 April 2019 to 30 September 2019. A letter from Amanda Inwood-field, Liberata's London Regional Contract Director, providing Liberata's perspective on performance, together with an update on initiatives to be introduced in the coming months was attached to the report.

In opening the discussion the Chairman noted that performance had been good, although there had been a blip in the error rate in September. Representatives from Liberata reported that this had been a result of the upskilling of assessors and performance had subsequently improved.

In considering benchmarking against other authorities, representatives from Liberata confirmed that steps were continually being taken to improve service performance and it was anticipated that the introduction of the self-service module would deliver further improvements.

The Chairman congratulated Liberata on its performance and the Committee requested that on behalf of the Committee the Head of Revenues and Benefits formally write to Liberata's London Regional Contract Director to pass on the Committee's thanks.

A Member noted that it would be helpful for the Committee to understand the trends in relation to statistics concerning the percentage of new Universal Credit claims being paid in full at the initial first payment date. In response to a further question, the Head of Revenues and Benefits confirmed that the Council continued to have strong links with the DWP and Job Centre in order to support vulnerable residents across the Borough.

RESOLVED: That the report and the letter provided by Liberata be noted.

**111 REVENUES MONITORING REPORT
Report FSD20006**

The report provided information regarding the performance of the Revenues Service provided by Liberata for the 6 months from 1 April 2019 to 30th September 2019. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, providing an update on each individual service along with statistical data relating to the Revenues Service was included within the report.

A number of Members expressed concerns surrounding long delays in issuing bills when people moved house and Members sought assurances that robust processes were in place to ensure that bills were sent out promptly to avoid Council Tax payers facing unnecessarily high bills resulting from avoidable delays in the issuing of Council Tax demands. Members requested that the Committee received a report back on this issue as soon as practicable but within 6 months. The report was to provide the average time taken for demands to be sent following an individual moving into a property.

In relation to the Summons Surgeries referenced in the report, Members noted that the service was utilised by residents and an additional service was provided by the Citizens Advice Bureau. It was agreed that further information on the Summons Surgeries would be circulated to the Committee following the meeting. Noting that information about the surgeries was sent out with summons, the Committee suggested that information should also be published on the Council's website as this would enable Ward Councillors to signpost residents to the support that was available at an early stage.

Turning to the issue of cash payments, the Vice-Chairman noted that more should be done to reduce the volume of cash payments and suggested that more could be done to incentivise the payment of Business Rates by direct debit.

In response to a question, representatives from Liberata confirmed that when a property was developed liability for Council Tax did not increase until the property was sold on. Liberata liaised with the Council Planning Department and Building Control to gather information on properties being developed in the Borough, however it was down to the Valuation Office to determine any new Council Tax band. The Chairman noted that a key issue was when properties were developed without Planning Permission as there was no way of knowing whether the unauthorised development would result in increased Council Tax liability.

RESOLVED: That the report and the letter provided by Liberata be noted.

**112 CUSTOMER SERVICES CONTRACT MONITORING REPORT
Report CSD19152**

The report provided information on the performance of the Customer Service contract provided by Liberata for the period 1st August 2019 to 30th November 2019. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, providing an update on each individual element was included within the report.

The Committee requested that following the meeting examples be provided of the additional support provided to vulnerable customers with illnesses such as dementia who may not be able to readily access online, telephone or face-to-face support.

Turning to performance in relation to the response to emails, representatives from Liberata explained that there had been a significant increase in the volume of emails received following changes made to waste services although volumes were now decreasing.

In response to a question concerning the mechanism for determining the number of surveys that needed to be sent out, representatives from Liberata explained that this was determined by information coming out of the CRM system based on whether clients had indicated that they were willing to be contacted. The Head of Customer Services reported that the aspiration was for a 10% response rate and to achieve this more surveys would need to be sent out. The Contractor would be meeting with the Client-Side Team to discuss ways in which the response rate could be improved. The Chairman requested that the next report to the Committee provide an update on the progress made in respect of this along with a copy of the survey sent to users of the services.

In relation to the testing process for Blue Badges for people with hidden disabilities, the Committee noted that assessments were undertaken by the in-house Occupational Therapy team and the decision to award a Blue Badge rested with the Occupational Therapist.

RESOLVED: that the report and the letter from Liberata be noted.

**113 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**

**114 EXEMPT MINUTES OF THE MEETING HELD ON 20
NOVEMBER 2019**

The Part 2 (exempt) minutes of the meeting held on 20 November 2019, were agreed and signed as a correct record.

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

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

**a CENTRAL DEPOT WALL RECONSTRUCTION: CONTRACT
AWARD
Report CSD20014**

The report accompanied the Part 1 report and provided details of the tenders received for the construction of the depot wall and made recommendations for the award of contract.

RESOLVED: that the Portfolio Holder be recommended to approve the recommendations outline in the Part 2 report.

**116 CONTRACTS REGISTER AND DATABASE
Report CEO19005**

The report presented January 2020's Corporate Contracts Register for consideration.

Noting that there were a significant number of contracts coming up for renewal in the next 12 months, a Member sought assurances that there was sufficient staff available to manage the workload. The Director of Corporate Services confirmed that whilst there would be some challenges it would be possible to flex resources to deal with matters as they arose. The Assistant Director for Governance and Contracts also highlighted that there were extension options available for a number of those contracts. In addition, a large number of the contracts due for renewal related to the domiciliary service contract framework which would be managed as a single, but significant, tender exercise.

The Assistant Director for Governance and Contracts further reported a procurement work plan covering the next five years was being prepared that would help to identify any capacity and resource issues in advance so that they could be managed.

The Chairman requested that at the next meeting the Committee be provided with a further update on any contracts flagged in January's Contract Register that remained flagged. The Director of Corporate Services confirmed that he was confident that the flagged SAS Cloud Service contract could be procured in the required timeframe.

In response to concerns raised by a Member surrounding the inherent risk of excluding small and medium sized enterprises from tendering for the Council's larger contracts, the Assistant Director for Governance and Contracts explained that consideration of this formed part of the Gateway process coming before Members and formed part of the Council's Procurement Strategy.

In response to a question concerning the action being taken within commissioning processes to support the Council's target of being carbon neutral by 2029, the Assistant Director for Governance and Contracts reported that issues were raised and discussed at quarterly officer meetings. In addition, work had recently been undertaken to classify the carbon emissions factor for each contract held by the Council in order to support the development of the Carbon Reduction strategy. The Chairman of the Environment and Community Services PDS Committee reported that this issue was on the agenda for discussion at the next meeting of that Committee.

The Committee also noted the importance of addressing the issue of modern day slavery through commissioning processes.

RESOLVED: that the report be noted.

The Meeting ended at 9.00 pm

Chairman

Report No.
CSD20029

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive, Resources & Contracts PDS Committee

Date: 5th February 2020

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 the PDS Committee reviews and comments on:

1. Progress on matters arising from previous meetings;
2. The 2019/20 and the proposed 2020/21 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
110. Benefits Service Monitoring Report (8 January 2020)	That on behalf of the Committee the Head of Revenues and Benefits write to Liberata's London Regional contract Director to pass on the Committee's thank for excellent performance.		Head of Revenues and Benefits	
112. Customer Services Monitoring Report (8 January 2020)	That the next report provide (a) an update on progress made in improving the response rate, and (b) a copy of the survey sent to users of the service.		Head of Customer Services	
116. Contracts Register and Database (8 January 2020)	That the Committee be provide with an update on any contracts flagged in January's Contract Register that remain flagged.		Assistant Director for Governance and Contacts	05/02/2020

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

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

**EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
WORK PROGRAMME 2020/21**

Meeting Date: XX May 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Resources, Commissioning & Contract Management Portfolio Holder	N/A	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Meeting Date: X July 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Treasury Management - Annual Report 2018/19	Finance	Pre-decision scrutiny (PH)
Scrutiny of the Chief Executive	N/A	PDS Committee
Budget Monitoring 2019/20	Finance	Pre-decision scrutiny (PH)
Customer Services - Contract Performance Report	Customer Services	PDS Committee – Monitoring Report
Exchequer Service - Contract Performance Report	Finance	PDS Committee – Monitoring Report
Benefits Service Monitoring Report And Update On Council Tax Support\Reduction	Revenues & Benefits	Pre-decision scrutiny (PH)
Revenues Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Section 106 Agreements: Update*	E&CS	PDS Committee – Monitoring Report
Meeting Date: XX September 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items

Executive Agenda	Various	Pre-decision scrutiny
Capital Programme Monitoring - 1st Quarter 2020/21	Finance	Pre-decision scrutiny (PH)
Treasury Management - Quarter 1 Performance 2020/21	Finance	Pre-decision scrutiny (PH)
Scrutiny of the Leader	Chief Execs	PDS Committee
BT/ICT Contract Monitoring Report	IT	PDS Committee – Monitoring Report
Expenditure on Consultants 2019/20 and 2020/21	Finance	PDS Committee
Meeting Date: XX October 2020		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Scrutiny of the Executive Assistant to the Leader	N/A	PDS Committee
Executive Agenda	Various	Pre-decision scrutiny
Insurance Fund - Annual Report 2019/20	Finance	Pre-decision scrutiny (PH)
Treasury Management - Quarter 2 Performance 2020/21 & Mid-Year Review	Finance	Pre-decision scrutiny (PH)
TFM Contract (Amey)	Property	PDS Committee – Monitoring Report
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Cost of Agency Staff	HR/Finance	PDS Committee
Risk Register (Red Risks)	Audit	PDS Committee
Meeting Date: XX November 2020		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Risk Register	Audit & Assurance	PDS Committee
Scrutiny of the Resources, Commissioning & Contract	N/A	PDS Committee

Management Portfolio Holder		
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
Meeting Date: X January 2021		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Capital Programme Monitoring - 2nd Quarter 2020/21	Finance	Pre-decision scrutiny (PH)
Scrutiny of the Chief Executive	N/A	PDS Committee
Section 106 Agreements: Update*	Regeneration & Housing	PDS Committee – Monitoring Report
Meeting Date: X February 2021		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Treasury Management – Annual Investment Strategy and Quarter 3 Performance 2020/21	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
Risk Register (Red Risks)	Audit & Assurance	PDS Committee
Meeting Date: XX March 2021		
	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
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*Part 2 (Exempt) Report

PDS SUB-COMMITTEES AND WORKING GROUPS 2018/19

SUBJECT	DATE OF NEXT MEETING	MEMBERSHIP
EXECUTIVE, RESOURCES & CONTRACTS PDS		
Section 106/CIL Task and Finish Group	27 February 2020	Cllr Marlow (Chairman), Cllr Fawthrop, Cllr Wells, Cllr Wilkins, Cllr Evans, Cllr M. Stevens, Cllr Dykes, Cllr Sharma.
ADULT CARE AND HEALTH PDS		
Health Scrutiny Sub-Committee	23 April 2020	Cllr Cooke (Chairman), 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		
Youth Engagement Task and Finish Group	4 February 2020	Cllr Dykes, Cllr Ellis, Cllr Gray, Cllr Ahmed, Cllr Harris.
Any 2019/20 Working Groups of the Children, Education & Families PDS Committee to be appointed by the parent bodies.		
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 RRH PDS Committee to be appointed by the parent body.		

LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 14 JANUARY 2020

PERIOD COVERED: February 2020 - May 2020

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 3RD March 2020

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 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
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

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?
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
EXECUTIVE						
OPERATIONAL BUILDING MAINTENANCE BUDGETS AND PLANNED PROGRAMME 2020/21	Executive	12 February 2020 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Catherine Pimm Tel: 020 8461 7834 Catherine.Pimm@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
S.106 DELEGATED APPROVAL	Executive	12 February 2020 Environment & Community Services PDS Committee	Meetings	Contact Officer: Lee Gullick Tel. 020 8461 7623 lee.gullick@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?
TEC AMENDMENT TO ALLOW LONDON COUNCILS A COLLABORATIVE ROLE IN ELECTRIC VEHICLE CHARGING INFRASTRUCTURE	Executive	12 February 2020 Environment & Community Services PDS Committee	Meetings	Contact Officer: Dan Beckett Tel: 020 8461 7672 Dan.Beckett@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
CRYSTAL PALACE SUBWAY - CAPITAL EXPENDITURE	Executive	12 February 2020 Executive, Resources & Contracts 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
TENANCY SUPPORT SERVICES FOR HOMELESS PEOPLE - EXEMPTION REQUEST	Executive	12 February 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	12 February 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?
AGREE LOCAL CIL CHARGING RATES AND AUTHORISE THE PUBLIC CONSULTATION ON THE CIL DRAFT CHARGING SCHEDULE	Executive	1 April 2020 Development Control Committee/Executive, Resources and Contracts PDS 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
GATEWAY REPORT: FRAMEWORK FOR ESSENTIAL HOUSEHOLD GOODS	Executive	1 April 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
EXTENSION OF SEXUAL HEALTH CONTRACT	Executive	1 April 2020 Adult Care & Health PDS Committee	Meetings	Contact Officer: Mimi Morris-Cotterill Tel: 020 8461 7779 mimi.morris-cotterill@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?
TRANSPORT SERVICES CONTRACT	Executive	1 April 2020 Adult Care & Health PDS Committee and Children, Education & Families PDS Committee	Meetings	Contact Officer: Maya Vadgama Tel: 0208 313 4046 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
DEMENTIA POST DIAGNOSIS CONTRACT AWARD	Executive	1 April 2020 Adult Care & Health PDS Committee	Meetings	Contact Officer: Heather Sinclair-Constance Tel. 8313 4641 heather.sinclair-constance@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
ADULT CARE & HEALTH PORTFOLIO						
PROCEEDING TO PROCUREMENT: SERVICES FOR THE BLIND AND PARTIALLY SIGHTED	Portfolio Holder for Adult Care and Health	Not before 22 January 2020 Adult Care and Health PDS Committee	Meetings	Contact Officer: Jane Campbell Tel. 020 8461 7386 Jane.Campbell@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?
GATEWAY REPORT 0/1: DEMENTIA CARERS RESPITE	Portfolio Holder for Adult Care and Health	Not before 24 March 2020 Adult Care & Health PDS Committee	Meetings	Contact Officer: Heather Sinclair-Constance Tel. 8313 4641 heather.sinclair-constance@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
CONTRACT VARIATION - ADULT SOCIAL CARE	Portfolio Holder for Adult Care and Health	Not before 24 March 2020 Adult Care & Health PDS Committee	Meetings	Contact Officer: Colin Lusted Tel: 0208 461 7650 Colin.Lusted@bromley.gov.uk	<u>Private meeting - exempt information - financial/business affairs of a person or body</u>	Part 2 Report - Confidential
CHILDREN, EDUCATION & FAMILIES PORTFOLIO						
FAMILY GROUP CONFERENCING - CONTRACT VARIATION	Children, Education and Families Portfolio	Not before 30 January 2020 Children, Education and Families PDS Committee	Meetings	Contact Officer: Kelly Sylvester Tel. 8461 7653 kelly.sylvester@bromley.gov.uk	<u>Private meeting - exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - Confidential
PROVISION OF HOLIDAY AND SATURDAY GROUP BASED SHORT BREAKS	Portfolio Holder for Children, Education and Families	Not before 01 June 2020 Children, Education & Families PDS Committee	Meetings	Contact Officer: Kelly Sylvester Tel. 8461 7653 kelly.sylvester@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?
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ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

2029 NET ZERO CARBON STRATEGY	Portfolio Holder for Environment and Community Services	Not before 29 January 2020 Environment & Community Services PDS Committee	Meetings	Contact Officer: Lee Gullick Tel. 020 8461 7623 lee.gullick@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 17 March 2020 Environment & Community Services PDS Committee	Meetings	Contact Officer: Joanne Stowell Tel: 020 8313 4332 Joanne.Stowell@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
PUBLIC SPACE PROTECTION ORDER ADOPTION	Portfolio Holder for Environment and Community Services	Not before 17 March 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

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO

RENEWAL, RECREATION & HOUSING PORTFOLIO

RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO

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

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

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Report No.
FSD20026

London Borough of Bromley

PART 1 - PUBLIC

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

Date: For pre-decision scrutiny by Executive, Resources and Contracts PDS
Committee on 5th February 2020
Council 24th February 2020

Decision Type: Non-Urgent Executive Key

Title: TREASURY MANAGEMENT - ANNUAL INVESTMENT
STRATEGY 2020/21 AND QUARTER 3 PERFORMANCE
2019/20

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 third quarter of 2019/20 and presents the Treasury Management Strategy and the Annual Investment Strategy for 2020/21, which are required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council. The report also includes prudential indicators and the MRP (Minimum Revenue Provision) Policy Statement, both of which require the approval of Council. For clarification, the Council is required by statute to agree and publish prudential indicators, primarily to confirm that the Council's capital expenditure plans are affordable and sustainable. As Members will be aware, Bromley does not borrow to finance its capital expenditure and, as a result, many of the indicators do not have any real relevance for the Council. The 2019/20 strategy was agreed by Council in February 2019 and no further changes are proposed at this time.

2. RECOMMENDATION(S)

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

a) note the report;

- b) note the Treasury Management performance for the third quarter of 2019/20;**
- c) recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2020/21 (Appendix 4) including the prudential indicators (summarised on page 41) and the Minimum Revenue Provision (MRP) policy statement (page 20).**

2.2. Council is requested to:

- a) note the report, and**
- b) agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2020/21 (Appendix 4), including the prudential indicators (summarised on page 41) and the Minimum Revenue Provision (MRP) policy statement (page 20).**

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, draft budget for 2020/21 £3,591k.
 5. Source of funding: Net investment income
-

Staff

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

Legal

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

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: 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 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 reported to this PDS Committee and to Council in July 2019 and included no proposed changes to the 2019/20 strategy. The mid-year review for 2019/20 was reported to this PDS Committee in November 2019 and was approved by Council on 9th December 2019.
- 3.1.3 This report includes details of investment performance in the third quarter of 2019/20. Details of treasury management activity during the first two quarters of 2019/20 were incorporated into the mid-year review and reported to this PDS Committee on 20th November 2019.
- 3.1.4 Changes in the regulatory environment have places a much greater onus on Members to undertake the review and scrutiny of treasury management policy and activities. This report is important in that respect as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 3.1.5 The Council has monies available for Treasury Management investment as a result of the following:
- Positive cash flow;
 - Monies owed to creditors exceed monies owed by debtors;
 - Receipts (mainly from Government) received in advance of payments being made;
 - Capital receipts not yet utilised to fund capital expenditure;
 - Provisions made in the accounts for liabilities e.g. provision for outstanding legal cases which have not yet materialised;
 - General and earmarked reserves retained by the Council.
- 3.1.6 Some of the monies identified above are short term and investment of these needs to be highly "liquid", particularly if it relates to a positive cash flow position which can change in the future. Future monies available for Treasury Management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding, which will require the Council to make further revenue savings to balance the budget in future years, there is a likelihood that such actions may be required in the medium term which will reduce the monies available for investment.

3.1.7 The Council has also identified an alternative investment strategy relating to property investment. To date, this has resulted in actual and planned acquisitions which generated £3m income in 2015/16, £4.6m in 2016/17, £5.6m in 2017/18, £5.5m in 2018/19 and is projected to achieve £5.4m 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.

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

3.2 Treasury Management Performance in the quarter ended 31th December 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 third quarter of 2019/20 and 2019/20 year to date:-

	Qtr Ended 31/12/19		2019/20 Year to Date		Para
	Deposits	Ave Rate	Deposits	Ave Rate	
	£m	%	£m	%	
Balance of "core" investments b/f	235.00	1.26	225.00	1.25	
New investments made in period	65.00	1.20	180.00	1.18	
Investments redeemed in period	-60.00	1.25	-165.00	1.18	
"Core" investments at end of period	240.00	1.25	240.00	1.25	
Money Market Funds	33.10	0.69	33.10	0.71	3.4.1
CCLA Property Fund*	40.00	2.36	40.00	2.50	3.4.4.5
Multi-Asset Income Funds*	40.00	4.68	40.00	9.00	3.4.4.7
Project Beckenham Loan	1.30	6.00	1.30	6.00	3.4.3
"Alternative" investments at end of period	114.40	2.73	114.40	4.29	
Total Investments at end of Period	354.40	1.73	354.40	2.23	
* 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 31st December 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 third quarter of 2019/20 was 1.20%, compared to the average LIBID rates of 0.57% for 7 days, 0.67% for 3 months, 0.75% for 6 months and 0.86% for 1 year.

- 3.2.4 Reports to previous meetings have highlighted the fact that options with regard to the re-investment 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 a central assumption that there will be some form of 'muddle through' agreement on a reasonable form of Brexit trade deal. Forecasts will need to change if this assumption does not materialise.

Date	LATEST FORECAST (Dec19)				PREVIOUS FORECAST (Nov19)			
	Base Rate	3 month Libid	6 month Libid	1 year Libid	Base Rate	3 month Libid	6 month Libid	1 year Libid
Jun-20	0.75%	0.70%	0.80%	1.00%	0.75%	0.70%	0.80%	1.00%
Dec-20	0.75%	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 0.72%.

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 at 30th September 2019, £33.1m as at 31st December 2019, and currently stands at £38.5m (as at 27th January 2020). 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 £m	Actual balance 31/12/19 £m	Ave. Daily balance to 31/12/19 £m	Ave. Rate 01/04/19 to 31/12/19 %	Latest Balance 27/01/20 £m	Latest Rate 27/01/20 %
Prime Rate	15/06/2009	14.3	15.00	15.00	0.75	15.00	0.72
Aberdeen Standard (Ignis)	25/01/2010	-	15.00	14.00	0.75	15.00	0.72
Insight	03/07/2009	-	1.60	10.40	0.73	8.45	0.71
Legal & General	23/08/2012	-	1.50	5.9	0.72	-	-
Blackrock	16/09/2009	-	-	-	-	-	-
Fidelity	20/11/2002	-	-	0.4	0.66	-	-
Morgan Stanley		-	-	-	-	-	-
TOTAL		14.3	33.1	45.7	0.71	38.5	

3.4.1.3 Current balances in MMFs are higher than at year end mainly due to funds being held to cover cashflow requirements in February and March when income from Council Tax and Business Rates is significantly lower than the rest of the year, as well as ensuring that the Council has sufficient liquidity to cover any 'non-standard' expenditure.

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 £5m was invested with Thames Valley Housing Association (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) 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 Growth	Total Return
Annualised net 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 - 31/12/19	4.47	-1.97	2.50
Cumulative return	4.60	0.35	4.95

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 0.35%.

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 Contract Management Portfolio Holder. The annualised fund return for the year to 31st December 2019 was capital growth of 3.54% and dividends paid of 5.46% resulting in a total return of 9.0%.

3.4.4.8 Since inception, dividends paid have averaged 4.62% per annum and the capital value has reduced slightly by 0.15% per annum (overall reduction of 0.28% to date) resulting in a net annual return of 4.48%. 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	4.24	-6.02	-1.78
01/04/18 - 31/03/19	4.26	1.38	5.64
01/04/19 - 31/12/19	5.46	3.54	9.00
Cumulative Return	4.62	-0.15	4.48

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 Treasury Management Strategy Statement and Annual Investment Strategy 2020/21

3.5.1 Appendix 4 sets out the Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21. This combines the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services (revised in 2009 and updated in 2011 and 2017) and the Prudential Code. The Strategy includes throughout details of proposed prudential indicators, which are summarised in Annex 3 (page 43) and will be submitted for approval to the February Council meeting. Many of the indicators are academic as far as the Council is concerned, as they seek to control debt and borrowing (generally not applicable for Bromley), but they are a statutory requirement.

3.5.2 Members will be aware that, since the Icelandic bank crisis in October 2008, the Council has approved a number of changes to the eligibility criteria and maximum exposure limits (both monetary and time) for banks and building societies. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council’s minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one of which meets the Council’s criteria while the other does not, the institution will fall outside the lending criteria. The Council also applies a minimum sovereign rating of AA- to investment counterparties.

- 3.5.3 While the Council effectively determines its own eligible counterparties and limits, it also uses Link Asset Services (formerly Capita) as an advisor in investment matters. Link use a sophisticated modelling approach that combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes indicate Link's recommendations on the maximum duration for investments. The Council will use its own eligibility criteria for all investment decisions, but will also be mindful of Link's advice and information and will not use any counterparty not considered by Link to be a reasonable risk. In line with the requirements of the CIPFA Treasury Management Code of Practice, the Council will always ensure the security of the principal sum and the Council's liquidity position before the interest rate.
- 3.5.4 A number of UK banks have been the subject of credit ratings downgrades in recent years, which has resulted in reductions to the number of eligible counterparties and to monetary and duration limits on the Council's lending list. It should be emphasised that the downgrades were, in most cases, relatively minor and were not an indication of a likely bank default but, nevertheless, they were enough to impact on the Council's lending list. As a result, the total of investments placed with money market funds has increased significantly in recent years, although this has reduced following Council approval to invest in pooled vehicles and increased limits for the part-nationalised banks.
- 3.5.5 The treasury management strategy is kept under constant review and no changes are currently being proposed in this report.
- 3.5.6 Details of eligible types of investment and counterparties are set out in the Annual Investment Strategy (Annex 2 of Appendix 4).

3.6 Regulatory Framework, Risk and Performance

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

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

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

5.1 Despite 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.

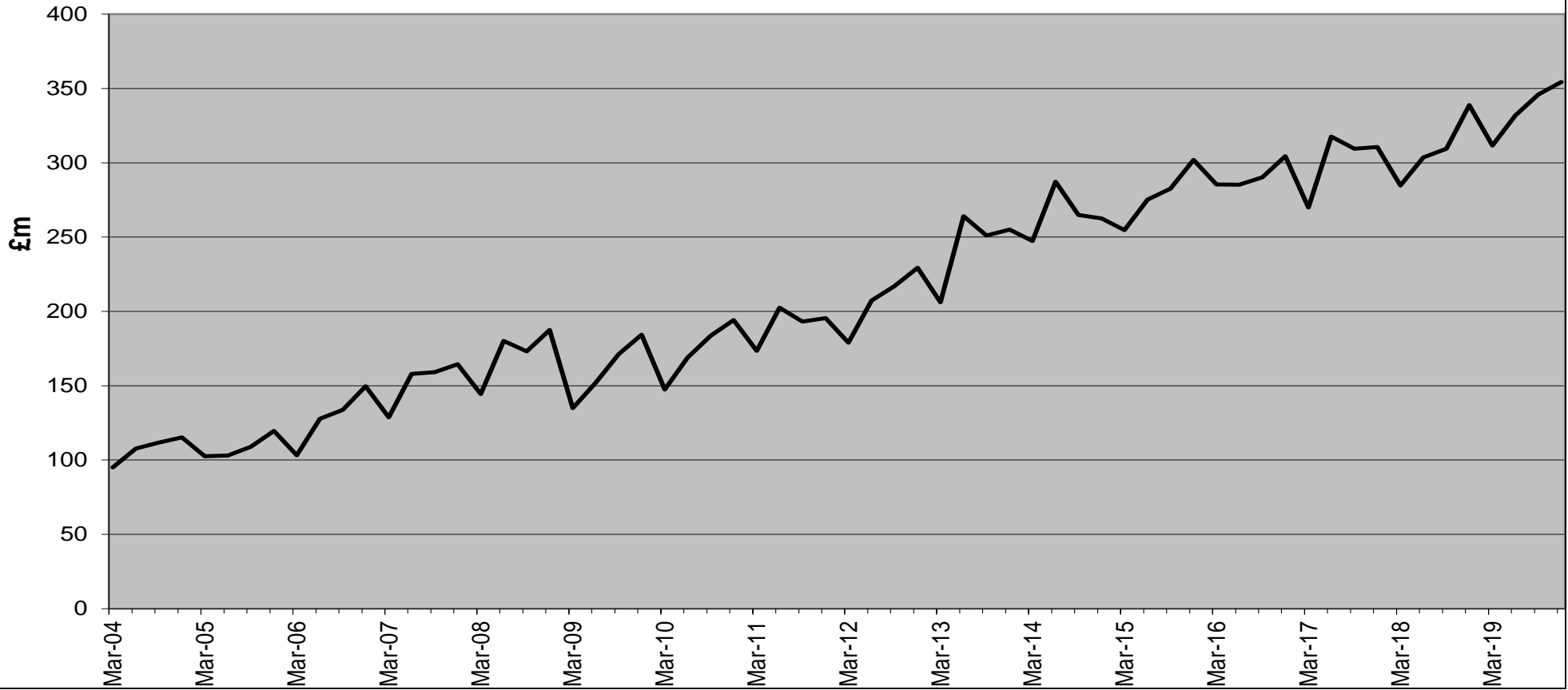
5.2 In addition, the utilisation of the Investment and Growth funds as well as the Highways Investment Scheme, have reduced the resources available for treasury management investment. However, the treasury management strategy has been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks.

5.3 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.

5.4 With regard to 2020/21, the draft budget has been increased to £3,591k, an increase of £300k, to reflect the increased level of interest earnings from alternative investments as set out above which is in part offset by an expected reduction in balances available for investment as a result of the utilisation of capital receipts and grants/contributions as well as earmarked revenue reserves.

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

TOTAL INVESTMENT PORTFOLIO



INVESTMENTS HELD AS AT 31ST DECEMBER 2019

APPENDIX 2

Counterparty	Start Date	Maturity Date	Rate of Interest	Amount	Fitch		Moody's		S&P Ratings		Fitch		Moody's		S&P Ratings	
					Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
									Ratings at time of Investment				Ratings as at 31st December 2019			
FIXED DEPOSITS			%	£m												
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
GOLDMAN SACHS	01/11/2019	30/10/2020	1.05	10.0	A	F1	A1	P-1	A+	A-1	A	F1	A1	P-1	A+	A-1
NATWEST BANK (Ring Fenced)	15/11/2019	13/11/2020	0.98	10.0	A	F1	Baa2	P-2	A-	A-2	A+	F1	A1	P-1	A	A-1
SANTANDER BANK	15/11/2019	15/11/2020	1.10	5.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
LLOYDS BANK PLC	05/12/2019	04/12/2020	1.10	20.0	A+	F1	Aa3	P-1	A+	A-1	A+	F1	Aa3	P-1	A+	A-1
WOKINGHAM BOROUGH COUNCIL	19/12/2018	18/12/2020	1.45	10.0	N/A				N/A				N/A			
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0	N/A				N/A				N/A			
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0	N/A				N/A				N/A			
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
THAMES VALLEY HOUSING ASSOCIATION LTD	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		
WARRINGTON BOROUGH COUNCIL	29/10/2019	29/10/2021	1.55	15.0	N/A				N/A				N/A			
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0	N/A				N/A				N/A			
TOTAL FIXED INVESTMENTS				240.0												
OTHER FUNDS																
ABERDEEN STANDARD (IGNIS) LIQUIDITY FUND				15.0												
INSIGHT STERLING LIQUIDITY FUND				1.60												
LEGAL & GENERAL LIQUIDITY FUND				1.50												
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			40.0												
PROJECT BECKENHAM LOAN	09/06/2017			1.3												
TOTAL INVESTMENTS				354.40												

INVESTMENTS HELD AS AT 31ST DECEMBER 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	05/12/2019	04/12/2020	1.10	20.0	25.0	30.0	5.0
NATWEST BANK PLC	09/04/2019	09/04/2021	1.35	10.0			
NATWEST BANK PLC	15/11/2019	13/11/2020	0.98	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			
GOLDMAN SACHS INTERNATIONAL BANK	01/11/2019	30/10/2020	1.05	10.0	20.0	20.0	0.0
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	15/11/2019	15/11/2020	1.10	5.0	30.0	30.0	0.0
CLOSE BROTHERS LTD	19/07/2019	17/07/2020	1.25	10.0			0.0
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							
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	0.0
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0	5.0	15.0	0.0
WARRINGTON BOROUGH COUNCIL	29/10/2019	29/10/2021	1.55	15.0	15.0	15.0	0.0
HOUSING ASSOCIATIONS							
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.0			
THAMES VALLEY HOUSING ASSOCIATION LTD	09/04/2019	09/04/2021	1.73	5.0	10.0	10.0	0.0
SOUTHERN HOUSING GROUP LTD	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		0.00	15.0	15.0	15.0	0.0
INSIGHT STERLING LIQUIDITY FUND	15/06/2009		0.00	1.6	1.6	15.0	13.4
LEGAL & GENERAL LIQUIDITY FUND	23/08/2012		0.00	1.5	1.5	15.0	13.5
PRIME RATE STERLING LIQUIDITY FUND	15/06/2009		0.00	15.0	15.0	15.0	0.0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014		0.00	40.0			
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			40.0	80.0	100.0	20.0
PROJECT BECKENHAM LOAN	09/06/2017		6.00	1.3	1.3	2.3	1.0
TOTAL INVESTMENTS				354.4	354.4		

Report No.
Please obtain
a report
number

London Borough of Bromley

PART ONE - PUBLIC

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

Date: 5 February 2020

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

Title: SCRUTINY OF THE CHIEF EXECUTIVE

Contact Officer: Ade Adetosoye OBE, Chief Executive
Tel: 020 8313 4197 E-mail: ade.adetosoye@bromley.gov.uk

Chief Officer: Ade Adetosoye OBE, Chief Executive

Ward: All Wards

1. Reason for report

This report provides a written update to inform the scrutiny of the Chief Executive at the Executive, Resources and Contracts PDS Committee.

2. **RECOMMENDATION(S)**

Members are requested to note the report.

Impact on Vulnerable Adults and Children

1. Summary of Impact:
-

Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safe Bromley Supporting Independence Vibrant, Thriving Town Centres Healthy Bromley Regeneration
-

Financial

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

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications:
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Introduction

Since my last scrutiny session in October 2019, I can provide the following updates:

Transformation Programme 2019 - 2023

As an organisation, we have now completed the first year of the Transforming Bromley programme. As part of the draft budget for 2020/21, the first phase of the transformation savings equate to £4.1m in 2020/21, rising to £6.1m by 2023/24.

The Transformation Board will continue to review service delivery across the Transformation Board workstreams, ensuring that the Council can deliver effective services within a sustainable financial envelope and address the emerging budget gap over the next four financial years.

The governance, management and implementation of the Council's transformation strategy were reviewed by internal audit in October 2019. It was determined that there is "substantial assurance" of the control arrangements in place to successfully deliver the Council's transformation programme.

Key strategic updates from priorities outlined in the Transforming Bromley Roadmap:

As outlined in the Transforming Bromley Roadmap, the organisation identified eight strategic priorities to ensure the successful delivery of services to our residents. Updates against these strategic priorities are listed as below:

1. Responsible financial management strategy

- The Council has achieved a balanced budget for 2020/21 through the identification of key transformation savings and ongoing prudent financial management. There remains a budget gap of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. Officers will continue to closely monitor progress in addressing the budget gap through regular review of the financial forecast and regular updates to Members.
- The provisional Local Government Financial Settlement for 2020/21 was published on 20 December 2019 and has provided further clarity for local government on funding for children and adult social care, homelessness, early years and further education for the next financial year.
- The anticipated in-depth review of local government funding through the Fair Funding Review, the Devolution of Business Rates and a three year Spending Review has been deferred to 2021/22. The publication of the Adult Social Care Green Paper has also been deferred. The Council continues to lobby the Government about the fairness of the funding system and to secure a fairer deal for our residents.
- Bromley won the Pensions Treasury and Asset Management award category of the Public Finance Awards, demonstrating our prudent approach to pension management.

2. Maintaining organisational resilience

- Our business continuity arrangements across the Council are robust: service-level business continuity plans are now in place across the Council. The Corporate Leadership Team reviews progress against identified actions set out in the plans on a bi-monthly basis.
- We are improving resilience arrangements in the Council. Bromley has completed a self-assessment against the London Resilience Standards framework and this will inform a peer challenge review scheduled with neighbouring local authorities in February 2020.
- All Chief Officers are now trained to 'Gold' level to ensure that Bromley can act appropriately in the event of a local or London-wide emergency. The 'Silver' and 'Bronze' training is also being rolled out across the Council.

3. Empowering leadership, management and governance

- We are consulting with our partners on a refresh of the Building a Better Bromley Corporate Plan, which will set out the direction of travel for the borough over the next five years. The Borough Plan for 2020 – 25 will outline our vision for Bromley as a “fantastic place to live and work, where everyone can lead healthy, safe and independent lives” and outlines our approach as an organisation to work with our partners, residents and the wider voluntary and community sector to achieve this goal. The plan will come to Members for approval in April 2020.
- We are looking to recruit permanently into a number of senior leadership posts in the next few months, including the Director of Children’s Services (DCS) post, the Assistant Director of Children’s Social Care post and the Assistant Director of Integrated Commissioning post.
- We held a successful all staff conference in November 2019 to ensure that colleagues across the organisation are engaged and informed on the Transforming Bromley agenda.

4. Modern, efficient and flexible work environment

- The Assistant Director for Governance and Contracts is leading a review of the Council’s Contract Procedure Rules to ensure they are user-friendly, accurately reflect officer delegation following the senior leadership restructure, and to review thresholds of contract values for decision making. The proposed changes will be subject to consultation with Members before a formal decision is sought in early 2020.
- Our Step up to Care programme is successfully recruiting new staff into the care sector to improve recruitment and retention in adult social care.
- We continue to promote frontline staff into senior management roles in children’s services: seven social workers became senior practitioners in October 2019 as part of ‘grow your own’ and ‘talent spotting’ schemes.
- Key elements of the Council’s IT strategy will be implemented from February onwards, including improved Wi-Fi coverage across the Civic Centre site and an IT systems and equipment upgrade.
- Bromley has been shortlisted for the Public/Private Partnership award category of the 2020 Local Government Chronicle (LGC) Awards in recognition of its IT partnership with BT.
- The first phase of the Council’s digitalisation project, which involves the complete digitalisation of our off-site archival documentation in storage, is now complete. The intention is for Council staff to access digitalised copies of documents via the Sharepoint platform, reducing the need for ongoing storage of documents offsite.

5. Effective resident engagement

- The draft Public Protection Enforcement policy went out for consultation for several months until the end of the January 2020. It aims to ensure that the public, the regulated community and other stakeholders know what to expect from the services within public protection and is due to be finalised in April 2020.
- The Regeneration Strategy is due to go out to consultation in early 2020 and will set out the Council’s regeneration priorities for the borough.
- Bromley has awarded the public health nursing contract for 0-19 year olds following extensive stakeholder engagement involving Children and Family Centre users, GP practices and the Early Years Development and Childcare Partnership. The service will incorporate the 0 – 4 health visiting service, the family nurse partnership and health support to school services to ensure a more seamless service offer.
- As part of the budget consultation for 2020/21, we held a Residents Association roundtable in November 2019 to collect resident’s views and priorities to inform budget setting for the next financial year.

6. Improving the public realm, maintaining our green spaces and promoting economic growth

- Bromley has been recognised for its impressive parks and green spaces in this year's Good Parks London Report.
- Regeneration projects in progress include the re-provision of a gymnastics centre for Bromley Valley Gymnastics Club and housing at West Wickham Library and Station Road Car Park.
- The invest-to-save programme to upgrade 4000 street lights has been completed and it is expected to deliver both future savings and contribute to the Council's pledge to have net zero carbon emissions by 2029.
- We are continuing to improve the quality of our building control services and our planning regulatory function with suitable service improvement plans in place.
- We will be undertaking a review of our Woodland Strategy to support biodiversity and to assist with meeting our net zero carbon target.
- Our 2019 independent street cleansing satisfaction survey results have been very encouraging. Our residents and visitors continue to give positive feedback and results in most survey areas indicate improving performance.

7. Flexibility, independence and choice in service delivery

- The new housing management information system (HOPE) went live in December 2019 to better support workers to in their work to deliver early intervention and regular visiting to prevent homelessness.
- As part of the Children's and Education Transformation Board Workstream, Bromley has joined the West London Alliance (WLA) partnership with 11 other local authorities across London to achieve value-for-money in securing placements for children and young people that meet their needs.
- By the end of 2019, Bromley was ranked the best performing borough in London and second best in England in relation to hospital discharge.
- The Red Bag scheme has been rolled out across the borough to improve the patient journey from care home to hospital and back again.
- Bromley is also performing well in relation to keeping residents safe and well at home following a hospital discharge. Based on local data, 93.5% of residents are still at home over three months after discharge, exceeding our planned target of 85 - 90%.

8. Prioritising the health, safety and wellbeing of residents

- The Quality Improvement service in children's social care held a practice week to share learning and knowledge between different service areas, as well as to provide an opportunity for Members and officers from other departments to observe social work practice. The next practice weeks are in May and October 2020.
- The Safer Bromley Strategy is currently in development and four key priorities will be tackling burglary, domestic violence, non-domestic violence with injury and anti-social behaviour.
- We continue to make significant progress against our Food Safety Service Plan, which sets out the Council's annual plan for effective enforcement of food safety legislation.
- The Council's Housing Strategy for 2019-2029 is due to go to the Executive for approval in February 2020 and it outlines strategic objectives that include better quality and more affordable homes, homelessness prevention and supporting vulnerable residents in housing need.
- Our preventative work in tackling homelessness so far has resulted in a small decrease in the number of residents in nightly paid accommodation, reducing spending pressures on the Council.
- Between 16 and 20 September, Ofsted and Care Quality Commission (CQC) carried out a joint inspection to judge the effectiveness of the local area's implementation of the special education needs and disability reforms as set out in the Children and Families Act 2014.

The inspection report letter was published in January 2020 and has identified the key strengths of the local area, as well as areas of improvement.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

In line with the Transforming Bromley Roadmap, the Adult Social Care workstream and the Children’s Services and Education workstream of the Transformation Programme, as well as the strategic priority on “Prioritising the health, safety and wellbeing of residents” aim to ensure that vulnerable adults and children are kept safe from harm in Bromley as part of the Transforming Bromley agenda.

5. POLICY IMPLICATIONS

Through the Transformation Programme, any proposals where a policy decision is required will be presented to Members. The specific implications of each proposal will be addressed in the associated report.

6. FINANCIAL IMPLICATIONS

Through the Transformation Programme, there will be transformation proposals with financial implications as part of the work to reduce the emerging budget gap. Each Transformation Programme workstream has a finance lead supporting the development of transformation proposals. Consequently, each individual proposal will outline cost implications for Members to enable effective decision making.

7. PERSONNEL IMPLICATIONS

The Professional Services workstream will look at professional services supporting both service departments and corporate functions, including looking at staffing capacity in the organisation. Each of the Transformation Programme workstreams has a HR lead supporting the development of transformation proposals. Consequently, each individual proposal will outline personnel implications for Members to enable effective decision making.

8. LEGAL IMPLICATIONS

Each of the Transformation Programme workstreams receives support from legal services as part of the development of transformation proposals. Consequently, each individual proposal will outline legal implications for Members to enable effective decision making.

9. PROCUREMENT IMPLICATIONS

Through the work of the Transformation Programme, each Transformation Programme workstream will have the support of a procurement lead to develop transformation proposals.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	Scrutiny of the Chief Executive – October 2019

Cllr Kira Gabbert

**Executive Support Assistant to the Portfolio Holder for Resources,
Commissioning and Contract Management -**

Having been appointed by Cllr Graham Arthur in May 2019, this is my first year in the position of the Executive Assistant with this Portfolio. I shall briefly set out my involvement with the Portfolio to date.

- Solar Farms: identifying potential sites and financial viability

The project is multifaceted and spans several Portfolios, however my initial focus was on a possibility of income generation. Subject to return on investment being acceptable, this project could prove extremely versatile. Solar farm(s) could generate additional income for the Council and at the same time help the Council achieve its' commitment to become carbon-neutral by 2029.

I initially looked at West Suffolk Council's owned Toggan Farm, at their financial model and expected rate of return on investment.

I have also examined the financial model for one of the West Sussex Council solar farms, and both the projected rate of return over 20 years and a payback time were found to be favourable.

Broadly, returns could be expected to be in the range of 6-9% per year. Investment required is in the region of £700K-1M per 1MW unit (excluding cost of land, on an assumption that units would be built on Council owned land). An initial meeting was held with a firm that facilitate investments into solar farms, and following the meeting a decision was made to research the possibilities further.

Having briefly looked at several sites within the Borough that had been previously considered and found unacceptable and which still didn't appear viable for various reasons, I have asked the Council's Carbon Programme Manager to compile a comprehensive list of all potentially suitable sites.

The list is now being compiled employing three sources (Cushman & Wakefield, GIS software and the Council's Asset Register). Once suitable sites are identified, cross-checked and shortlisted, a detailed technical site(s) assessment will be progressed.

Quotations for detailed assessments are being sought.

In terms of funding, a meeting was held with a firm that administers the Mayor of London Energy Efficiency Fund. Low interest loans can be obtained for solar farms' purposes but certain conditions, including technical, should be met. This is something that can be evaluated once the sites and potential achievable energy output is better understood.

There are of course important planning considerations and hurdles to overcome including the issue of Green Belt. However, with the carbon management agenda gaining traction, it should be possible to make a strong case demonstrating benefits to solar farm projects. Ultimately, land can easily be returned to Green Belt following dismantling of units once solar farms' lifespan comes to an end (~ 25 years).

I know that officers in the Environment department and members of the Environment PDS Committee are taking a close interest in this project from the perspective of achieving the Council's carbon neutral target, and updates will be provided in due course to all relevant PDS committees.

- **HR and procedures**

I have initiated discussions with HR department on a subject of disclosure obligations applicable to those Council employees working with children, families and vulnerable adults, but which employees are not necessarily qualified social care professionals. This is being carefully considered in the context of Statement of Employment Particulars, Contract of Employment, prescribed regulatory bodies' requirements and the implied duty of mutual trust.

- **Customer services, Liberata and digital self-service drive**

Earlier this month, I spent a day at the Reception and the Call Centre, both run by Liberata. The experience was thought-provoking and positive. I have to compliment Liberata on their smooth and professional running of the service. I witnessed the staff going an extra mile to help our most vulnerable residents, for example those struggling with housing issues, even on a day when no scheduled housing appointments are normally held.

On the operations side, I was impressed by the drive to steer residents towards digital self-service. The focus is on educating residents how to perform simple IT tasks, for example scanning and attaching documents to claim forms using PCs and iPads (which are available in the Reception area for free use by the residents) and their phones. But there is more to be done. With the operations manager, we examined the current landscape of digital self-service and talked about how Liberata are hoping to progress the initiatives further. We discussed barriers potentially preventing the widening of services transformation. Migration away from legacy systems, as well as changing residents' behaviors would often be considered as main barriers. What I observed on the day was that, as long as residents felt they had help and support available they were very much willing to try self-service.

The configuration of the Reception area would be something to look at, as part of a wider review, to see if this space could be made more suitable and conducive to self-service.

There are big savings to be achieved through digital transformation program, and I shall be looking at our overall digital self-service strategy and particularly at barriers to implementation in this area and within other departments.

I also spent some time with the Registrars, observing their work on an ordinary day. The service the team members are providing is simply outstanding, with a particular focus on customer satisfaction. At the same time the department is delivering the highly ambitious income targets.

I have joined meetings with the Portfolio Holder and the officers as and when required as well as regularly attending Executive, Resources and Contracts PDS Committee meetings.

Report No.
FSD20012

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Wednesday 5 February 2020

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

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

Tel: 020 8313 4335 E-mail charles.obazuaye@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides Members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the Gross 'High' (Red) rated risks from the Corporate Services, Finance and, Human Resources and Customer Services Risk Registers.

2. **RECOMMENDATION(S)**

Members of the Executive, Resources and Contract Policy, Development and Scrutiny Committee are requested to note the attached Risk Register extracts.

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 directly 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: Where applicable, the risk category 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 Contract 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 Gross 'High (Red) rated risks for the areas falling within their remit.
- Corporate Services (Appendix A)
 - Finance (Appendix B)
 - Human Resources and Customer Services (Appendix C)
- 3.2 Each Director retains responsibility for the Risks and Controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee.
- 3.3 The Risk Registers were last presented, in full, to the Executive, Resources and Contracts Policy, Development and Scrutiny Committee on 20th November 2019. Since that date, two salient amendments, detailed below, have been made to the Corporate Services Risk Register and the 2020/21 budget position has been reflected in the Finance Risk Register narrative. There have been no salient amendments to the Human Resources and Customer Services Risk Register.

Corporate Services Risk Register	
Risk 11	<p>Deletion of the 'Failure to deliver the Council's Target Operating Model as a Commissioning Organisation' Risk*</p> <p>*This amendment aligns the Corporate Services Departmental Risk Register with the Corporate Risk Register from which the above risk was removed following the addition of the 'Failure to deliver the Transforming Bromley Programme' Risk (ER&C report FSD 19099 20th November 2019)</p>
Risk 12	<p>Reduction of the 'Ineffective governance and management of contracts' Gross Risk Rating from 'High' to 'Significant'*</p> <p>*This amendment has also been reflected in the Corporate Risk Register.</p>

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 There are no direct implications for Vulnerable Adults and Children arising from the attached Risk Register extracts 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 Building a Better Bromley and the suite of Risk Registers supports delivery of those aims.

6. FINANCIAL IMPLICATIONS

- 6.1 The Finance department's Gross Red Risks are attached as Appendix B. Where applicable, the risk category in all registers is reflected as 'Financial, Operational'.

7. PERSONNEL IMPLICATIONS

7.1 The Human Resources department’s Gross Red Risk is attached as Appendix C. Where applicable, the risk category in all risk 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 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

Corporate Services Risk Register, Gross 'High' (Red) Risks Extract - Appendix A

										DATE LAST REVIEWED:	20/12/2019		
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

Corporate Services Risk Register, Gross 'High' (Red) Risks Extract - Appendix A

										DATE LAST REVIEWED:	20/12/2019		
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		
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

Finance Risk Register, Gross 'High' (Red) Risks Extract- Appendix B

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:	07/01/2020
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
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
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 2020/21 Council Tax report identified the need to reduce the Council's 'budget gap' of £16.9m per annum by 2023/24. Funding changes have been announced in the One Year Local Government Finance Settlement 2020/21. 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. Local government may be required to take on new funding responsibilities in the future without adequate funding. 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

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

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Human Resources and Customer Services Risk Register, Gross 'High' (Red) Risks Extract - Appendix C

									DATE LAST REVIEWED:	12/09/2019			
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>			CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER	
					LIKELIHOOD	IMPACT	RISK RATING	LIKELIHOOD	IMPACT	RISK RATING			
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		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

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

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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