TO MEMBERS OF THE COUNCIL

Notice is hereby given that a meeting of the Council of the London Borough of Bromley is to be held in the Council Chamber at Bromley Civic Centre on Monday 24 February 2020 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

Prayers

A G E N D A

1 Apologies for absence

2 Declarations of Interest

3 To confirm the Minutes of the meeting of the Council held on 9th December 2019 (Pages 3 - 54)

4 Petitions

5 Questions

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 - Monday 10th February.

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 Tuesday 18th February 2020.**

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

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

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

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

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

Recommendations from the Executive

7 2020/21 Council Tax (Pages 55 - 108)

8 Capital Programme Monitoring Q3 2019/20 and Capital Strategy 2020 to 2024
(Pages 109 - 130)

9 Crystal Palace Park
(Pages 131 - 142)

10 TEC Amendment to allow London Councils a Collaborative Role in Electric Vehicle Charging Infrastructure
(Pages 143 - 152)

11 Treasury Management - Annual Investment Strategy 2020/21 and Quarter 3 Performance 2019/20
(Pages 153 - 198)

Recommendations from General Purposes and Licensing Committee

12 2020/21 Pay Award
(Pages 199 - 238)

13 Pay Policy Statement 2020/21
(Pages 239 - 258)

14 Members Allowances Scheme 2020/21
(Pages 259 - 270)

15 Local Pension Board Annual Report
(Pages 271 - 284)

Recommendation from Standards Committee

16 Appointment of Independent Person
(Pages 285 - 288)

17 To consider Motions of which notice has been given.

18 The Mayor's announcements and communications.

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Ade Adetosoye OBE
Chief Executive

BROMLEY CIVIC CENTRE
BROMLEY BR1 3UH
Friday 14 February 2020
Vol.56 No.6

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the Meeting of the Council of the Borough held at 7.00 pm on 9 December 2019

Present:

The Worshipful the Mayor
Councillor Nicholas Bennett J.P.

The Deputy Mayor
Councillor Kira Gabbert

Councillors

Gareth Allatt
Vanessa Allen
Kathy Bance MBE
Yvonne Bear
Julian Benington
Kim Botting FRSA
Mike Botting
Mark Brock
Kevin Brooks
David Cartwright QFSM
Mary Cooke
Aisha Cuthbert
Peter Dean
Ian Dunn
Robert Evans
Simon Fawthrop
Peter Fortune
Hannah Gray
Will Harmer
Christine Harris
Colin Hitchins
William Huntington-Thresher
Simon Jeal
David Jefferys
Charles Joel
Josh King
Kate Lymer
Christopher Marlow
Robert Mcilveen
Russell Mellor
Alexa Michael
Peter Morgan
Keith Onslow
Tony Owen
Angela Page
Chris Pierce
Neil Reddin FCCA
Will Rowlands
Michael Rutherford
Richard Scoates
Colin Smith
Diane Smith
Gary Stevens
Melanie Stevens
Harry Stranger
Michael Tickner
Pauline Tunnicliffe
Stephen Wells
Angela Wilkins

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Nicholas Bennett J.P.

157 Apologies for absence

Apologies for absence were received from Councillors Marina Ahmad, Graham Arthur, Katy Boughey, Nicky Dykes, Judi Ellis, Samaris Huntington-Thresher, Suraj Sharma and Kieran Terry.

Apologies for lateness were received from Councillors Will Harmer and Michael Rutherford.

158 Declarations of Interest

There were no declarations of interest.

159 To confirm the Minutes of the meeting of the Council held on 14th October 2019

RESOLVED that the minutes of the meeting held on 14th October 2019 be confirmed.

160 Petitions

There were no petitions to consider.

161 Questions

Eight questions had been received from members of the public for oral reply. The questions, with the answers given, are set out in Appendix A to these minutes.

Three questions had been received from members of the public for written reply. The questions, with the answers given, are set out in Appendix B to these minutes.

Fifteen questions had been received from members of the Council for oral reply. The questions, with the replies given, are set out in Appendix C to these minutes.

(During consideration of question 14, Councillor Alexa Michael declared an interest as a member of CILIP (the Chartered Institute of Library and Information Professionals).)

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

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

No statements had been requested.

163 Council Tax Support/Reduction Scheme 2020/21
Report CSD19173

The following amendment was moved by Councillor Simon Jeal and seconded by Councillor Angela Wilkins -

“Add:

(3) Exempts Bromley young People leaving care, up to the age of twenty five, for their first two years of independent living.”

On being put to the vote, the amendment was **LOST.**

A motion to note the updated impact assessment and the responses to the public consultation exercise, and adopt the proposed Council Tax Support/Reduction Scheme for 2020/21 retaining the calculation of entitlement for working-age claimants on 75% of the household’s Council Tax liability (thereby the maximum assistance provided to a claimant of working age is 75% of his/her Council Tax liability) was moved by Councillor Colin Smith, seconded by councillor Peter Fortune and **CARRIED**.

164 TEC Delegation for the Regulation of Dockless Vehicle Hire Schemes
Report CSD19174

A motion to delegate to London Councils the power to make a pan-London byelaw for the regulation of dockless vehicle hire schemes and approve the proposed or revised amendment to the TEC Agreement required to make the proposed byelaw, authorising the Director of Environment and Public Protection to sign the delegation as required, was moved by Councillor William Huntington-Thresher, seconded by Councillor Will Harmer and **CARRIED**.

165 Capital Programme Monitoring - 2nd Quarter 2019/20
Report CSD19171

A motion to approve (i) an increase of £1,208k SEND Provision capital funding to the Basic Need scheme, and (ii) an increase of £1,385k to the Section 106 receipts from developers, was moved by Councillor Colin Smith, seconded by Councillor Peter Fortune and **CARRIED**.

166 Treasury Management Quarter 2 Performance 2019/20 and Mid Year Review
Report CSD19172

A motion to note the report and approve changes to the 2019/20 prudential indicators, as set out in Annex B1 of the report, was moved by Councillor Colin Smith, seconded by Councillor Peter Fortune and **CARRIED**.

167 To consider Motions of which notice has been given.

No motions had been received.

168 The Mayor's announcements and communications.

The Mayor reported that, following the motion passed at the last meeting to congratulate Dina Asher-Smith, a certificate had been drawn up and he was waiting to hear from her agent to set a date for a presentation ceremony.

The Ten Pin Bowling Night had been very successful, and the Mayor thanked Mytime Active for use of the Pavilion.

The Mayor, Deputy Mayor, Deputy Leader and Portfolio Holder for Public Protection and Enforcement had visited China, and a full report would be made to the relevant Committee.

The Mayor reported that he had opened the Staff Conference at the Churchill Theatre on two occasions, and also that he had opened the Staff Lounge (the former Well Bar).

A charity dinner was being planned at the Corza Restaurant in West Wickham - further details, including the date, would be circulated.

The annual Mayor's Quiz would be held on 14^{th} February 2020 in the Great Hall.

The Mayor concluded by wishing good luck to the five Members standing in the General Election, and wishing everyone a happy Christmas and New Year.

The Meeting ended at 8.00 pm.

Mayor

<u>Appendix A</u>

COUNCIL MEETING

9th December 2019

QUESTIONS FROM MEMBERS OF THE PUBLIC FOR ORAL REPLY

1. From Fiona Kerlogue, to the Portfolio Holder for Environment and Community Services

In the light of the Climate Emergency and the 2018 recommendations of the Committee for Climate Change to double the number of new trees planted annually, what changes have been made or are planned to Bromley Council's Tree Management Strategy 2016-2020 which will ensure an immediate and substantial increase in the number of trees on Council-owned land in the Borough?

Reply:
As a minimum, the council will be planting 402 new trees this winter through normal service commitments. Also, as part of the Council's Carbon Management Programme, we are currently reviewing viable options for achieving our 2029 Net Zero Carbon target, with planting mini-woodlands being one of those options. However, it should be noted that significant capital investment for tree maintenance is an essential factor - establishing trees is not a cheap or low cost exercise. Proper investment is essential to achieve a healthy urban forest or mini-woodland of suitable tree species.

Supplementary Question:
Am I right in understanding that the Council is committing to planting thousands of trees next year?

Reply:
At this stage, no, we have not committed to any number in the current programme. The carbon Management Plan, which will feed in to the strategy for reaching the 2029 target, will come to the Environment and Community Services PDS Committee in January and from that we will be looking at further investment to pant more trees.

The number I have given is the first phase of our tree planting programme for this year and as yet we have not defined a number that will be in subsequent phases.

Additional supplementary Question from Cllr Simon Fawthrop:
Is the Portfolio Holder aware that if Sadiq Khan has his way in the London Plan we could plant as many trees as we wanted, but thousands of trees would be removed by his desire to build on back gardens across Greater London and that the Inspectors who have looked at that Plan want to build over swathes of green belt and, again, eradicate trees.

Reply:
Our Local Plan does indicate what developers are expected to contribute, in terms of carbon offset of any development and one would hope, although this is something that should be directed to Cllr Michael as Chairman of Development Control Committee, in terms of how we equate for the loss of carbon offset features, such as trees, in the development of a new proposal, and therefore what they have to provide as a minimum, either as carbon offset or solar or other carbon efficient features in new developments.

Additional supplementary Question from Cllr Vanessa Allen:
I would like Bromley to plant more trees, and it does not need to lose trees at the expense of house building. Can the Portfolio Holder liaise with the Chairman of Development Control Committee on that?

Reply:
I think Cllr Fawthrop has pointed out that trees will be taken out on non-public land and we will be planting trees on public land. They are completely separate issues. We obviously do need to protect the Green Belt and all the other elements that compose the lungs of our environment.

2. From Katie Lawlor to the Portfolio Holder for Environment and Community Services

We would like to voice our serious concerns about the safety of our children crossing Nightingale Lane, Homesdale Road, Pembroke Road and Bishop's Avenue on their way to and from Bickley Primary School, as there are currently no pedestrian crossings.

What will the Council do to ensure the safety of our children on their journey to Bickley Primary School?

Reply:
The safety of children travelling to school is always of great importance to Bromley Council. To this end, the Council's team of School Travel Advisers liaise with every school to engage with them in a dialogue as to how best to develop plans to help parents and pupils walk or cycle to school, or use other active means such as scooters. Also, Road Safety Officers from the Council run a programme of targeted road safety education lessons and campaigns, aimed primarily at school children in the Borough.

In regard to adding crossing facilities, the Council will seek to introduce these where appropriate, but not every location where children cross the road is suitable. Of the roads listed, Homesdale Road is considered to be a barrier to walking, as it carries a heavy traffic flow, and consideration is being given to introducing a crossing here (most likely a zebra crossing). Traffic engineers have investigated the main crossing points on the other roads you have listed - Nightingale Lane, Pembroke Road and Bishop's Avenue - and have concluded that with the recent introduction of various safety signs and road markings, it is not suitable to add crossing points in these roads.

Supplementary Question:
Are we able to see a copy of the Traffic Engineer’s report? We, as parents, have a slightly different view. Is there any way to feed in to that, or have that reviewed at a later stage?

Reply:
I did not imply that there was a report. This is through the general liaison and expertise of our Team looking at the road - there is not actually a formal report. You have a second question, and the best way to engage with this process is through speaking to the school and feeding in to the school travel plan.

3. From Pamela Hicks to the Portfolio Holder for Renewal, Recreation and Housing

What is the current position regarding the proposed development of modular housing for temporary accommodation in Burnt Ash Lane car park and when is the application for planning permission to be submitted?

Reply:
The planning application for the Burnt Ash Lane housing is due to be submitted before the end of December this year, and local residents and traders will be consulted during the consideration process of that application, which is likely to be early 2020.

4. From Garnet Frost to the Portfolio Holder for Renewal, Recreation and Housing

Regarding the Council's plans for Beckenham Library, the Beckenham Society, in partnership with local residents' and business groups, have commissioned a professionally sourced report, examining the feasibility as well as the desirability of these proposals. I know that the Council does not usually accept reports that it hasn't commissioned itself, but, in this instance, will the chamber please allow this particular report to be submitted and examined?

Reply:
The proposals to relocate Beckenham Library are at a very early stage. There is no reason why Council officers would not look at the report you have mentioned, alongside their own viability assessment and, indeed, wider community consultation.

5. From Reverend Agnita Oyawale, Bromley Town Centre Chaplin, to the Leader of the Council

The Council have indicated that they want to work effectively with community groups and charities. What measures are in place to facilitate this?

Reply:
The Council has a long history of working with a range of voluntary groups and local charities in a myriad of ways, both formally and informally, across the wide range of services the Council is directly responsible for and beyond. The Council has also been responsible for helping establish a number of groups and we continue to also work with groups to help build capacity within their group setting too. We continue to work closely with Community Links Bromley, who as well as being a leader and voice

for the third sector in Bromley, also has 260 voluntary and community groups in their membership. We have recently been consulting with Resident Association groups about the forthcoming budgetary priorities for the year ahead, which is something we have done for a number of years now. We were responsible for setting up the successful Mytime Active organisation, which operates as a social enterprise and charity, as well as operating leisure centres across the Borough. The Council was also instrumental in setting up the Friends Forum, which helps to represent Friends of Parks groups across the Borough and we remain highly supportive of the many Friends of Parks groups, as well as Street Friend and Snow Friends groups who are standby over the winter period. The Council also works with religious groups, with many churches and other organisations offering their premises in the event of an emergency whenever that may occur. More could be said about all of this but clearly whilst there are limits, we will continue to look to improve these many relationships and develop others, both in depth and breadth, for the good of residents borough wide, and particularly in addressing our loneliness agenda.

Supplementary Question:
That is very commendable and great to hear. I would like to know how many members of staff and how many hours has been allocated to ensuring that this work with community groups can grow and develop, particularly with religious groups, because there is a lot of goodwill towards the Council and they want to be more involved.

Reply:
I am heartened to hear that. We are on the same page. I do not have those numbers available to me this evening, but I will ask if officers to try and quantify that for you. Thank you for your helpful comments.

6. From Katie Lawlor to the Portfolio Holder for Environment and Community Services

Will the Council approve pedestrian crossings on the surrounding roads to ensure our children's safety?

Reply:
As I have previously set out, crossings will most certainly be considered where they are needed, on a priority basis. As distances from the school get greater the number of different crossing points increases and therefore one of the things we do is to help children cross the road, so it is not just on the walk to school but is also when they go into the green spaces around here that they are safe on our roads. It is providing the skills to cross the road safely.

7. From Pamela Hicks to the Portfolio Holder for Renewal, Recreation and Housing

Report No. DRR19/044a date 02/08/2019 - paragraph 3.8 refers to usage data (which is understood relates to a usage survey - carried out over 4 days in June 2019), states that the car park operates below its current capacity. Can the Council confirm if the usage of the car park by Driving Test Candidates (amounting to a maximum of 10 candidates parked in the car park at any given time - see Council document 18/01775/FULL1) attending the Driving Test Centre at 121-123 Burnt Ash

Lane was taken into consideration when the decision was made that the car park operates below its current capacity?

Reply:
The use of the car park was monitored through survey work over a complete week. The car park has also been visited by officers since then for additional monitoring. Whilst it was not possible to ascertain why particular users were using the car park during monitoring, all users were included in the survey.

Supplementary Question:
My actual question was whether or not you had taken account of the driving test candidates also using the car park, as that planning application went in last year and it was not mentioned at the Council meeting when you said that the car park was not meeting its current capacity.

Reply:
If driving test candidates were using the car park during the full week of our survey they were taken into account.

Additional Supplementary Question from Ms Hicks:
No, they weren't, it has only just opened, but the planning permission had been granted before the survey; when the decision was made in August it did not look as if you had taken account of the fact that the driving test centre was now going to open, using an additional ten spaces.

Reply:
We have not made the decision, the planning application is going in by the end of this month and all those issues will be debated during consideration of the planning application, including the use by the driving test centre.

Additional Supplementary Question from Cllr Michael Turner:
Is the Portfolio Holder aware that parking spaces for the driving test candidates are not actually in the car park, they are in the area behind the parade of shops which is separated from the car park by a low fence?

Reply:
I am most grateful for that information and I will pass it through to the officers.

8. From Reverend Agnita Oyawale, Bromley Town Centre Chaplin, to the Portfolio Holder for Renewal, Recreation and Housing

I have met a number of young homeless, unemployed people while serving as the Bromley Town Centre Chaplain therefore, I would like to know what plans the Council has in place to effectively house young homeless people between the ages of 18 and 25 over the next 3 years.

Reply:
Bromley Council's Homelessness Strategy 2018-2023 has identified four key priorities as part of our work to prevent homelessness. One of these key priorities is to achieve positive outcomes for our young people (that means 18 through to 24) through a series of measures to prevent homelessness wherever possible or to secure alternative safe and suitable accommodation through a supportive housing

pathway which includes both access to accommodation, life skills training, and education and employment activities. This work has been developed using best practice guidance and the support of the specialist housing adviser for young people at the Ministry of Housing, Communities and Local Government. The work-streams arising from the homelessness strategy are reviewed and monitored through the multi-agency homelessness forum. The full homelessness strategy can be found on the Council's website.

Supplementary Question:
I am wondering how we can do better because I am still meeting young people whose situation is dire?

Reply:
All ideas are welcome - if you have any ideas please tell me afterwards. We have considered 185 cases this year so far; 50 of those we managed to organise so that they stayed at home, 70 of them we had to put up in temporary accommodation and 65 we managed to put into more permanent accommodation, whether flat-sharing or the private rented sector. We are making good progress, but you are quite right, we never do enough and any ideas are welcome.

Additional Supplementary Question from Cllr Simon Jeal:

Could the Portfolio Holder please confirm how the Council assesses that its accommodation is safe and suitable for young people, particularly when the housing may be outside of the borough?

Reply:
I think I am right in saying that all accommodation is inspected by our officers before it is allocated.

The Mayor added that one of the two charities that he was supporting this year was the Latch, which aimed to help youngsters between 18 and 24, who were the hidden homeless, with lodgings. That is chaired by Mrs Moira Morgan who does an excellent job.

Appendix B

COUNCIL MEETING

9th December 2019

QUESTIONS FROM MEMBERS OF THE PUBLIC FOR WRITTEN REPLY

1. From Rohan Selva-Radov to the Portfolio Holder for Environment and Community Services

Does Bromley plan on becoming a 2020 “Green Town” as part of the 50th anniversary of Earth Day? If not, why?

Reply:
The Council acknowledges that there are many schemes and initiatives which it could sign up to, and whilst we will not be signing up to this specific one the Council recognises that we are already delivering on many of the actions and initiatives suggested by the Earth Day Network. For example,

- **Single-use plastics**: we are implementing schemes to support this (e.g. water bottle refills)
- **Creating a Zero Waste or Circular Economy plan**: we have committed to a zero waste to landfill by 2021/2, and we are currently developing a more robust circular economy approach via our procurement process.
- **Developing a biodiversity protection strategy and establishing green corridors for wildlife in your city:** we will be launching our new five year Biodiversity Plan in 2020.
- **Committing to plant hundreds of thousands of trees**: we are currently reviewing opportunities for planting mini-woodland areas within the borough.
- **Launching a Zero Carbon plan:** in July 2019 the Council committed to a 2029 Net Zero Carbon target for its organisational emissions.
- **Passing stricter clean water and clean air ordinances**: we will be launching a new AQAP and have signed up to LAQN.
- **Setting high building efficiency standards for development projects and building upgrades**. Our Local Plan and the Mayor’s London Plan sets out the sustainable design standards we adhere to for major new developments. Energy and carbon efficiency is reviewed as part of the Planning Application stage.

2. From Luci Nye-Jones to the Portfolio Holder for Renewal, Recreation and Housing

I would like the Council to address the sale of Waitrose Burnt Ash Lane to Lidl's, in regards to the known Asbestos within the Waitrose building. Can a member of the council take responsibility for the health of the Bromley residents living all around that site on Burnt Ash Lane, Miller Close and beyond? There are a lot of families with children; nobody wants to be inhaling asbestos into their lungs. We need solid confirmation that either it is going to be removed correctly with everything sealed off, or never touched. Someone at the Council needs to ensure Lidl's knows about it, and will deal with it correctly, as a matter of urgency.

Reply:
The sale of Waitrose in Burnt Ash was a private transaction, and the Council had no involvement in this. Council officers can be asked to contact Lidl to ensure they are aware of the asbestos, in the same way that you are also at liberty to make Lidl aware if you believe they are not already.

The duty to manage asbestos when buildings are being demolished or constructed is covered by The Construction (Design and Management) Regulations 2015. For all commercial projects, these regulations legally require clients to make suitable arrangements for managing their project, enabling those carrying it out to manage health and safety risks in a proportionate way. The HSE provide full guidance on this here: http://www.hse.gov.uk/construction/cdm/2015/commercial-clients.htm .

3. From Luci Nye-Jones to the Portfolio Holder for Renewal, Recreation and Housing

I would also like to ask the Council to ensure the residents of Burnt Ash Lane, the houses behind Waitrose, Miller Close and Roslyn Way receive documentation as a letter or notice on lamp posts; something to detail the plans so those of us affected by the lorry disruption and building noise etc know what is going to happen when, there have already been multiple lorries along Brindley Way going into the Waitrose loading bay, raising the concerns that somebody is ensuring the asbestos is looked into properly.

Reply:
In relation to the proposed residential development, planning notices will be served and published during the consultation period. In relation to the asbestos this is a private matter for Waitrose and Lidl. If they undertake works that require public notice then notice will be given.

(See comments about asbestos removal in the answer above.)

Appendix C

COUNCIL MEETING

9th December 2019

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR ORAL REPLY

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

The officer's recommendation to refuse permission on a planning application for 10 Hazelwood Road, Cudham, Sevenoaks TN14 7QU ref 19/00594 was over-turned by just one vote at Plans 4 on April 25th 2019 and approval was given.

I am told by officers who have investigated this for me that this application was not called-in by a member of this Council.

The property involved is residential, relatively isolated and of no public interest; there were no objections from neighbours or elsewhere.

Please provide a full explanation for why this application was decided at committee and not under delegated authority.

Reply:
I am advised by the Assistant Director, Planning that the application was subject to discussions between a Councillor and the case officer and the officer decided to put the application up for a committee decision based on this interest. As well that, officers are permitted to refer applications to committee even if they fall within delegated authority.

Supplementary Question:
Are you aware that the report that went to the planning committee for this application stated quite clearly that this application had been called in by a member, and also in reference to a written question put in by Cllr Allen, it was also confirmed in that reply that this application was called in by a Member, so I don't entirely accept your explanation.

Reply:
Whether Cllr Wilkins accepts my explanation or not, that is what the Chief Planner told me. Unless you know more than that, there is not much more to say other than that there has been some confusion whether this item was called in or not, but officers are stating very clearly that it was not. It is mentioned within this report that it was passed by one vote, and that Cllr Ahmad voted in favour of it, so there cannot be anything wrong with it.

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

I understand that, following preparation by officers, proposals for the care homes options appraisal have been provided to you by the interim director for adult social services. What recommendations have been made as a result of the review?

Reply:
At my personal suggestion, a detailed options appraisal was carried out to investigate the potential for the Council to provide residential/nursing provision for older people in Bromley. The work identified that this option would not prove cost effective, requiring the Council to charge way above the standard rate that it pays to existing providers in order to break even.

Since that time, and, again, at my request, the interim Director of Adult Services has reviewed this work in close detail and she supported the findings. In addition, she observed that the Council no longer has the infrastructure or expertise to manage a service of this sort internally, which would add additional cost and burden to the service. We will therefore not be progressing this idea at this time.

Supplementary Question:
I believe in the budget there is £1.5m of either the Better Care Fund or the Improved Better Care Fund allocated for this options appraisal. What will happen to that money given that it will not be used on this project?

Reply:
It will be used on other worthy health initiatives as decided between the CCG, Care Services and the Health and Wellbeing Board here in Bromley.

3. From Cllr Marina Ahmad to the Portfolio Holder for Children, Education & Families (as Cllr Ahmad was not present a written reply would be provided.)

What safeguards do we have in place to monitor and protect our children who are placed in unregulated and unregistered homes?

Reply:
We have NO children in unregulated placements and Bromley do not place children in any placement that is not rated good or above.

4. From Cllr Vanessa Allen to the Portfolio Holder for Renewal, Recreation & Housing

In July I submitted a written question asking for details of planning applications which had been called in for decision by committee, including the name of the councillor who called them in. All of the information requested was provided with the exception of the name of the councillor who called each application in.

Please explain why this information was not provided?

Reply:
We have not got the information tonight, but it is in course of preparation by the officers - it is quite a long piece of work. I am told that I will have it this week and it will be sent by email to all Councillors. You will have all the numbers and all the names then. (See Appendix 1)

Supplementary Question:
Cllr Allen thanked the Portfolio Holder and stated that she would await the document with great interest.

Additional Supplementary Question from Cllr Angela Wilkins:
Can the Portfolio Holder confirm that the application referred to in my first question, which is on that list, will include the name of the member who called it in?

Reply:
I believe that all of the ones that were on that list will have a name against them.

5. From Cllr Ian Dunn to the Portfolio Holder for Renewal, Recreation & Housing

Is the Portfolio Holder aware that the Supplementary Planning Guidance for the Elm Road Conservation Area describes Beckenham Library as -

> *Number **22 Beckenham Road** (the Library) is a good example of late Art Deco architecture and was built in 1939. A large multi stock brick building with large vertical metal framed windows with concrete surrounds. Fine decorative bust in keystone in the surround on the window above the main library road entrance. There is also a large decorative keystone above the large window facing Beckenham Road. The entrance facing Beckenham Road has an imposing pair of geometric panelled wooden doors with a moulded concrete coat of arms above it.*

Reply:
Yes.

Supplementary Question:
What do you think the impact on the Elm Road Conservation Area will be if the library is replaced by a five storey block of flats?

Reply:
First of all, we do not know that it is going to be replaced by a five storey block of flats. The illustration in the document that we looked at last week at the Executive was simply a space study. Whatever goes on that site, if anything goes on there at all, will be carefully designed. There will be an architectural competition and we will invite members of the public to comment. The supplementary guidance which you refer to describes all of the buildings within that conservation area. This particular building is not either locally or statutorily listed, however the heritage impact will be fully considered for any proposals being made and, if applicable, as a key part of any planning application.

6. From Cllr Kathy Bance MBE to Portfolio Holder for Renewal, Recreation & Housing:

Can the Portfolio Holder explain why with the funding High Street Penge received from the New Homes Bonus and TfL for regeneration the effects of the money spent has shown no improvement to the High Street? Officers have been allowed to agree to losing a perfectly mature tree and provide two unsightly trees planted into huge tree pits, 2/3rd too big and which take up so much of the concourse. The seating is too close to filthy bins and electricity cases and face the oversized tree pits.

Reply:
I cannot agree with the Councillor's assessment that the public realm works have shown no improvement to the High Street, although the Member should note that the improvement scheme is not yet complete.

The scheme has included works to the carriage ways to improve bus routes and junctions, works to improve the public footway, decluttering of the public realm, improvements to the legibility and use of Arpley and Empire Squares and a shop front improvement scheme.

Supplementary Question:
There may be fringe benefits, but the work is absolutely appalling. Will you agree to have a senior officer come and do a site visit with me so that we can point out exactly what all the problems are, although they are clear to be seen if you walk down the High Street.

Reply:
I will do my best to arrange that, and I will come myself.

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

What is the justification of the description of Beckenham Public Halls as "underutilised" given in the paper on the relocation of Beckenham Library discussed at the last Renewal, Recreation and Housing PDS Committee?

Reply:
The data provided by the current lease holder of the facilities, MyTime, indicates the under usage. There are many rooms in the building. This year there have been just six one off events at the Hall, and the regular weekly activities do not make full use of all the space. For example on Thursdays the following activity takes place at the Hall:

- 9.30am – 12.30pm meeting
- 2.00pm – 4.00pm meeting
- 4.00pm – 6.30pm Bridge Club
- 7.30pm – 9.30pm Yoga

The Public Hall is a large building, with many rooms, so this booking information does demonstrate that it is underutilised. Additionally it is worth noting that all these activities are compatible with a library setting and there is no reason why they could not continue if the library were relocated.

Supplementary Question:
When I visited the halls and looked at the notice-boards I did see a large number of activities and groups, some of these during the day when one might expect the Library to be open. Despite what the Portfolio Holder said, there could be events that will not be compatible with a quiet library. Do you not understand the residents' dismay about the reduction in community space which the relocation of the Library to the Beckenham Public Halls will result in?

Reply:
We will look at all these things when we do our study.

Additional Supplementary Question from Cllr Alexa Michael:
What assurances can the Portfolio Holder give that there will be no reduction in the volume of book stock as and when Beckenham Library moves to its new home, and that the same number of facilities will remain available to the public in the Library?

Reply:
If we find that the facilities are not adequate for a similar number of books and the same number of facilities and activities then it will not proceed.

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

LBB's CCTV service is responsible for the management and operation of cameras installed in crime hotspots and town centre. Penge Traders and BID team recently attended the CCTV Control Room where it was clear that Empire Square (McDonalds) is a known black spot in our High Street, yet there is no CCTV cover. Would the Portfolio Holder meet the Penge BID team halfway with the cost of installing a CCTV camera?

Reply:
There are 12 cameras in Penge which cover the High Street. The CCTV control room report that when they get calls to McDonalds they are able to cover the entrance by using three of the existing cameras. However, if Police consider this is an ASB hotspot which would benefit from an additional camera then we would consider this in the usual way. To date, we have not received any requests from Police to install any more cameras at this location, and additionally Mr Terry Eagle - who is the Manager of McDonalds in Penge - is a member of the Bromley Safer Neighbourhood Board, and he has never raised any concerns about the camera coverage outside his business.

Supplementary Question:
I'll be pleased to go back to both Mr Eagle and the Police with your answer because the Penge BID is one of the smallest in Bromley so therefore has a similar budget. It is already sponsoring community cohesion events and is funding two part-time High Street Wardens. This is one of the biggest hotspots for crime in Penge so any help that we can get from the Council would be very much appreciated. If I can get the Police and Mr Eagle back to you that would be great.

Reply:
I will be happy to hear back from Mr Eagle and the Police. This morning I was sent a screenshot of a camera from the CCTV room, and it did have McDonalds and Empire Square in shot, so I am not sure that there is a need for an additional camera, but I am always happy to look at further applications.

9. From Cllr Simon Jeal to the Portfolio Holder for Environment and Community Services

What events, initiatives or other communications did council officers undertake to mark or raise awareness as part of National Road Safety Week (November 18th to 23rd)?

Reply:
The Road safety team believe that every week should be road safety week and they have an extensive education, training and publicity programme that runs throughout the year.

The programme includes:

Child car seat fitting and checking
Year 2 road safety role play
Year 3 Scootsure- Scooter training
Year 5 Speed Gun workshops
Year 6 road safety talks
Recruiting and supporting the JTA (Junior Travel Ambassador) Scheme
Year 6 Bikeability level 1 & 2 cycle training
Year7 Transition talks
Year 7 Bikeability level 3 cycle training
Year 11 Moped Education
Year 12 Pre Driver Training
Year 13 New Driver Training
Police Road Safety Education stops.

They always try to support any additional requests from schools and their partners during road safety week but try to encourage road safety to be to be delivered at more regular intervals than just one week.

Supplementary Question:
Would he agree that other weeks and initiatives, such as the safeguarding week performed by the Adult Safeguarding Board have proved very effective at highlighting some of these issues. Given your reference earlier to the importance of road safety awareness will you agree to look at what we could do for Road Safety Week next year?

Reply:
There are a large number of weeks. Often what we do in that week is publicise what we are doing all year round. For example, the week following that was National Tree Week. We do not only plant trees in one week - we plant them in the planting season which is about three or four months long. Certainly, if it is useful to highlight exactly what we are doing we can look at doing that next year.

10. From Cllr Marina Ahmad to the Portfolio Holder for Children, Education & Families (as Cllr Ahmad was not present a written reply would be provided.)

Why is Bromley paying more than other boroughs to place children in the same unregulated children’s homes?

Reply:
Bromley do not pay more for any placements.

11. From Cllr Vanessa Allen to the Portfolio Holder for Renewal, Recreation & Housing

The government has recently relaxed legislation relating to the sale of housing stock by registered social landlords or housing associations. Previously RSLs were required to seek the permission of the local authority who had formerly owned these properties before they put them up for sale.

There is clear evidence of RSLs in the north of the borough selling off homes which are desperately needed by this Council, and our housing team report reductions in the number of properties which they have been offered by our in-borough housing associations.

Will he agree to make the strongest representations locally with RSLs and nationally with the government to be elected later this week?

Reply:
Yes, this continues to be raised through the Bromley Federation of Housing Associations, which I generally attend, and meetings with the GLA. Whilst legislation has changed, the vast majority of housing associations with stock in the Borough do continue to liaise with the Council's housing department in respect of potential availability. Options are considered prior to disposal to try and maintain stock within the social housing sector. Where a decision is taken to dispose this is usually because it is not economically or structurally viable to maintain the accommodation at the necessary standard. It may be worth noting that this has resulted in some stock being disposed of to other housing associations or social housing providers.

Supplementary Question:
I would like to have more specific information about how this is monitored, how many have been lost as opposed to being sold to another provider, and whether there is any other action that you can consider taking?

Reply:
I will endeavour to provide that information for you.

Additional Supplementary Question from Cllr Simon Fawthrop
If a housing association either offered right to buy or sold a property and as a result of that was able to invest in other properties, who would be against it?

Reply:
Not I.

Additional Supplementary Question from Cllr Aisha Cuthbert:
Is the Portfolio Holder aware that under the social housing regulator, housing associations must still have permission. Could he follow that up?

Reply:
I will indeed. I am sure that they all comply with whatever rules and regulations they have to.

12. From Cllr Ian Dunn to the Leader of the Council

Can you please explain why the Council permitted a backlog of £400,000 in maintenance to build up at the grade 2 listed Beckenham Public Halls?

Reply:
Members will be aware of the financial pressures the Council has faced in recent years and indeed continues to face looking forwards.

As a result of these pressures, the maintenance of all Council assets have had to be dealt with on the basis of evidenced need and on a prioritised basis, rather than by pre-set maintenance schedules, which have had to be extended in the light of the financial reality.

Supplementary Question:
The Library paper stated that the Beckenham Public Halls was last surveyed in 2014/15. Could the Leader tell the Council when our property will next be surveyed, because, being five years since it was last surveyed does not strike me as being very prudent?

Reply:
I clearly do not have that information to hand, although I believe it was quite recently, and I will feed back with a written answer.

Additional Supplementary Question from Cllr Michael Tickner:
Is the Leader aware that Beckenham Public Halls currently has scaffolding being erected, and maintenance work being carried out on a substantial scale?

Reply:
I have not been advised of the works, which clearly are a good thing if they are putting right the maintenance backlog.

13. From Cllr Kathy Bance MBE to Portfolio Holder for Renewal, Recreation & Housing

Waterman's Square is part of the Heritage in Penge. Can the Portfolio Holder confirm that LBB is responsible for the historic aspects of Waterman's Square? If he is, is he also aware that Clarion's processes for reporting faults are ensuing that Waterman's Square slowly falls into disrepair and will he agree to a joint inspection with LBB and Officers to address the issues on this historic site?

Reply:
The Council is responsible for Waterman's Square itself, but not the buildings therein. The Council is not aware of Clarion's fault reporting process, as the Council does not have any responsibility on that. We are not aware of any outstanding repairs which are the responsibility of the Council. However, if matters are brought to the Council's attention, in relation to the Square itself, then they will be inspected and dealt with as normal, although that probably falls within the Environment and Community Services Portfolio.

Supplementary Question:
If I give you a matrix of the outstanding work that I and the residents have been working on for two years, would you take a look at it and point me in the right direction?

Reply:
Of course.

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

What is the Portfolio Holder's view of the motion passed by CILIP members (the librarian's professional body) against the decision to admit GLL into CILIP's 'Employer Partner' scheme?

Reply:
At its annual general meeting the CILIP considered a motion to review its Employer Partner scheme. The motion proposed a series of changes that might be made to the scheme generally and was not a motion about GLL specifically which is already a partner. Reference was made to the industrial action taken against GLL by some of its employees and asked CILIP to provide a statement on its position. The motion was passed by 77 votes for and 47 against. The motion has advisory status for the Board of Trustees who are currently considering the matter.

Supplementary Question:
Do you not agree that the members' perception of GLL as an employer who is casualising and de-professionalising the role of librarians will not attract the best librarians to work in Bromley in the future and that this poses a risk to the quality of Bromley's Library Service.

Reply:
No, because I completely disagree with the supposition that you make.

(During consideration of question 14, Councillor Alexa Michael declared an interest as a member of CILIP (the Chartered Institute of Library and Information Professionals).)

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

The security lighting in Queen Adelaide Court is fixed to the portals of the facade has not worked for 18 months despite regular reports. Clarion have not yet accepted responsibility nor have LBB. This is a Health & Safety issue as one resident has already fallen in the dark. Can you advise when action will be taken to identify whose responsibility this is and to implement repair/replace of these lights or issue notice to Clarion to do so?

Reply:
These lights are not the responsibility of the Council and as a consequence officers will be raising this directly with Clarion.

Supplementary Question:
Clarion seeming to own half of Penge, I put the wrong information down here, so can I ask the same question but about Watermen's Arms? (The Mayor advised that this did not arise from the original question or the reply, so could not be taken.)

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/04267/FULL1	Bickley Park School 24 Page Heath Lane Bickley Bromley BR1 2DS	Demolition of the existing 2 storey theatre building, single storey classrooms and stores and erection of 2 storey performing arts centre together with removal of trees and replacement fencing and temporary classroom building	Bickley	Cllr Smith - updated 14/02/19	**20.03.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
18/04541/FULL1	Mulberries Mavelstone Road Bromley BR1 2PD	Demolition of existing dwelling and erection of a two storey detached 4 bedroom dwelling and new vehicle access onto Mavelstone Road.	Bickley	Cllr Gabbert - updated 25/01/19	**31.01.2019**	**REFUSED**	DELEGATED		
18/05127/FULL6	24A Claremont Road Bickley Bromley BR1 2JL	Demolition of existing conservatory and construction of single storey rear extension.	Bickley	Cllr Gabbert - If you are minded to grant permission, please note I would like to call this application in.	**06.02.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Allowed
18/05565/OUT	Phoenix Lodge 14A Woodlands Road Bickley Bromley BR1 2AP	Demolition of existing dwelling and erection of a three storey building comprising 2 one bedroom and 11 two bedroom flats with associated parking, amenity space, refuse/cycle store and landscaping OUTLINE APPLICATION	Bickley	Cllr Gabbert - email 06/06/19	**28.06.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal In Progress

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/00445/FULL6	Roseview Hill Brow Bromley BR1 2PG	Extensions and alterations to the dwelling including a garage extension to the front	Bickley	Cllr Smith	**20.05.2019**	**REFUSED**	COMMITTEE	A - Accepted	Appeal Dismissed
19/00444/FULL6	Roseview Hill Brow Bromley BR1 2PG	Part single/two storey front extension incorporating garage extension and new basement, first floor part rear extension and first floor side extensions with hip to gable roof conversion including alterations to rooflights creating one additional rooflight, internal and elevational alterations.	Bickley	Cllr Smith	**21.05.2019**	**REFUSED**	COMMITTEE	A - Accepted	Appeal Allowed
19/00483/FULL6	47 Southborough Road Bickley Bromley BR1 2EL	Single storey rear extension, infill extension to link garage to main dwelling and enlargement/alterations to roof to create first floor accommodation, and relocation of vehicle crossover with associated hardstanding, landscaping, refuse storage and front boundary wall	Bickley	Call-in Cllr Smith 20/2/19 and Cllr Gabbert 11/3/19 revised plans recieved 29/3/19. Call-in Cllr Gabbert 3/4/19 Cllr Gabbert 16/05/19 - Following my conversation with some of the neighbours, it appears that their concerns have been addressed, at least to some extent. I shall therefore not call this application in.	**21.06.2019**	**PERMISSION GRANTED**	DELEGATED		

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/01281/FULL1	Mulberries Mavelstone Road Bromley BR1 2PD	Demolition of existing dwelling and erection of a two storey detached 4 bedroom dwelling and new vehicle access onto Mavelstone Road.	Bickley	Cllr Gabbert - called in - email 06/06/19	**28.06.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal in Progress
18/03996/FULL1	Land Outside 15 Stock Hill Biggin Hill	Construction of a 2/3 storey block of 6 flats (4 x 2-bed and 2 x 1-bed) plus a detached two storey house together with the provision of a vehicular access for 7 off-street parking spaces and bicycle, refuse/recycling stores	Biggin Hill	Cllr Stevens - email 02.03.2019 Confirmation if refusal ok under dele.	**15.03.2019**	**REFUSED**	DELEGATED		
18/05154/FULL1	Land Adjacent 2 The Grove Biggin Hill	Construction of new two storey 3 bedroom detached dwelling with off street parking, raised terrace and alterations to the site levels and layout on land adjacent to 2 the Grove Biggin Hill	Biggin Hill	Cllr Melanie Stevens - unless you are mindful to refuse on the overdevelopment reason	**24.01.2019**	**REFUSED**	DELEGATED		
18/05461/FULL1	Site Of Former 41 Sunningvale Avenue Sunningvale Close Biggin Hill	Erection of 4 x part two/three storey semi-detached houses in two blocks with ancillary car parking and bin stores (revision to planning permission reference 17/02081/FULL1 granted for the erection of a total of 8 houses (comprising of 6 x semi-detached and 2 x detached dwellings) with associated access road. ancillary parking and bin stores to northern end of Sunningvale Close to enable change of approved units 1-2 to provide 4 x part two/three storey semi-detached houses in lieu of 2 x	Biggin Hill	Cllr Stevens call-in. To do to committee if recommended for permission.	**02.04.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Allowed

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were ‘Called In’

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
		two/three storey detached houses)							
18/05679/FULL1	9 Jail Lane Biggin Hill TN16 3SA	Demolition of No. 9 Jail Lane and redevelopment of land to provide 8 dwellings comprising two semi-detached and six terraced houses with associated vehicular access, parking and landscaping.	Biggin Hill	Cllr Bennington Cllr Stevens - if you are minded to grant permission then would like to call it into committee.	**15.03.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
18/00871/FULL1	Keston Parish Church Church Road Keston	The enlargement of the existing car park for Keston Parish Church and Church Hall.	Bromley Common And Keston	Call in req by email from Cllr Alexa Michael 28.3.2018	**20.02.2019**	**PERMISSION GRANTED**	COMMITTEE	O - Overturned	
18/04265/FULL1	Potters Farm Turpington Lane Bromley BR2 8JN	Demolition of existing buildings and removal of existing yard area. Erection of 3 detached bungalows with car parking, landscaping and tree planting and provision of boundary fencing/railings.	Bromley Common And Keston	Cllr Michael 'call in' 8/10/18 if to approve only.	**18.02.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were ‘Called In’

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/05112/FULL1	Land Rear Of 15 - 21 Commonside Keston	Erection of a detached two storey five bedroom dwellinghouse, vehicular access, refuse store, means of enclosure and associated landscaping on land at the rear of 15-21 Commonside.	Bromley Common And Keston	Email req call in from Cllr Alexa Michael if approval is recommended 14.1.2019	**21.02.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Allowed
18/03201/LBC	The Royal Bell 175 High Street Bromley BR1 1NN	Demolition of the former stable block and external steps (173 - 177 High Street), conversion and refurbishment of the former public house including an extension of a 9 storey building plus a basement to provide a 50-bed hotel with a gym, swimming pool and a retail unit (Class A1). Installation of 2 new shopfronts and formation of a new entrance with an associated access to the rear from Walters Yard (LISTED BUILDING CONSENT).	Bromley Town	Email req call in from Cllr Rutherford unless it is approved - 22.8.2018	**01.03.2019**	**LISTED BUILDING CONSENT GRANTED**	COMMITTEE	A - Accepted	
18/03239/FULL1	18 Bromley Common Bromley BR2 9PD	Demolition of existing vacant day centre and erection of 2/3 storey building to create 15 self contained units, comprising of 1 and 2 beds.	Bromley Town	Cllr Alexa Michael - Emails 04/12/2018 _ 05/12/2018	**28.02.2019**	**REFUSED**	DELEGATED		
18/05020/FULL3	20 Market Square Bromley BR1 1NA	Change of use of the premises from vacant Use Class A1 (retail) to a Use Class A3 (restaurant) and the installation of external plant	Bromley Town	Cllr Rutherford call-in if minded to refuse. Email dated 5/12/18	**14.01.2019**	**PERMISSION GRANTED**	DELEGATED		

Updated 11/12/2019

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/05111/FULL1	18 London Road Bromley BR1 3QR	Change of use from Use Class A1 (retail) to Use Class A4 (craft micro ale house).	Bromley Town	Email from Cllr Rutherford requesting a call in if this is refused - 18.12.2018	**14.02.2019**	**PERMISSION GRANTED**	DELEGATED		
18/05287/FULL1	Land Rear Of 48 Farnaby Road Madeira Avenue Bromley	Erection of a detached two bedroom dwelling facing Madeira Avenue on land formerly the rear garden of 48 Farnaby Road	Bromley Town	Cllr Dykes call in 14/1/19 if to approve.	**08.02.2019**	**REFUSED**	DELEGATED		Appeal in Progress
19/01504/FULL1	5 St Mark's Square Bromley BR2 9UY	Change of use from A3 to flexible A3/A4 use as per the uses contained within the Town and Country Use Classes Order (as amended).	Bromley Town	Cllr Rutherford - email date 24/05/19	**30.05.2019**	**PERMISSION GRANTED**	DELEGATED		
19/01788/DEMCON	87 Beckenham Lane Bromley BR2 0DN	Demolition of the existing two storey building and single storey side element under Class B of Part 11 of the Town and Country Planning (General Permitted Development) Order 2015 (as amended) - Application for prior notification of proposed demolition	Bromley Town	Cllr Dykes call in 20/5 if to approve	**13.06.2019**	**REFUSED**	DELEGATED		

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were ‘Called In’

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/01770/FULL1	Norsted Manor Farm Norsted Lane Orpington BR6 7PB	Erection of detached barn for farm use and storage of caravans, motor homes and trailers	Chelsfield And Pratts Bottom	Cllr Samaris Huntington-Thresher - Called-in to committee unless for refusal - advise of recommendation and / or committee date	**22.02.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
18/02106/FULL1	21 Windsor Drive Orpington BR6 6EY	Change of use from A1 (retail) to A3 (restaurant) incorporating single-storey rear extension and associated ventilation equipment.	Chelsfield And Pratts Bottom	email req call in rec'd from Cllr Mike Botting 21.6.2018 Email confirmation from Cllr Botting, dated 10.01.2019, agreeing to Dele permission following suitable ventilation as agreed by EHO	**14.02.2019**	**PERMISSION GRANTED**	DELEGATED		
18/02244/FULL1	Norsted Manor Farm Norsted Lane Orpington BR6 7PB	Continued use of barn 4 as motorcycle workshop on ground floor with office above	Chelsfield And Pratts Bottom	Cllr Buttinger called in to PSC	**13.03.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
18/04573/FULL1	The Chelsfield 1 Windsor Drive Orpington BR6 6EY	Demolition of existing building and redevelopment of the site to create a replacement public house and landlord accommodation; A1 convenience store; 10x residential apartments; reconfiguration of the car park and bin/cycle storage.	Chelsfield And Pratts Bottom	Cllr Angela Page call in if recommending for approval.	**21.02.2019**	**RESOLVED TO CONTEST APPEAL**	COMMITTEE	A - Accepted	Appeal Dismissed

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/05029/FULL1	5 Gleeson Drive Orpington BR6 9LJ	Demolition of existing garage and construction of a two storey, three bedroom dwelling to the rear of No.5 Gleeson Drive.	Chelsfield And Pratts Bottom	Cllr Botting (email 4/1/19) - Wish to call in if recommended for approval, if of a view to refuse then happy to be dealt with by means of delegated powers.	**24.01.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
18/02987/FULL6	Wengen Elmstead Lane Chislehurst BR7 5EQ	Increased height of single storey rear extension, new front porch and elevational alterations PART RETROSPECTIVE APPLICATION	Chislehurst	Call in - Cllr Boughey	**07.01.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Allowed
18/04122/ADV	Queen Mary House Manor Park Road Chislehurst BR7 5PY	Nine non-illuminated railing mounted signs, four non-illuminated post mounted directional signs and four non-illuminated hanging signs with posts.	Chislehurst	email received from Cllr Sharma req call in unless this is refused - 24.10.2018	**24.01.2019**	**ADVERT CONSENT**	COMMITTEE	A - Accepted	
18/04397/FULL1	14 Wimborne Avenue Chislehurst BR7 6RQ	Demolition of existing dwelling and erection of 2 no. two storey houses with basement garage (plot 2) and attached garage, hard and soft landscaping and formation of access onto Berens Way.	Chislehurst	Cllr Boughey. Concerns over overdevelopment of the plot, cramped appearance, out of keeping with the Marlings Park Estate ASRC.	**11.02.2019**	**REFUSED**	DELEGATED		Appeal In Progress

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/04550/FULL1	1 Marlowe Close Chislehurst BR7 6ND	Part demolition of existing garage and erection of detached two storey 2 bedroom dwelling on land to the rear of 1 Marlowe Close	Chislehurst	email req call in from Cllr Sharma unless this is refused 6.11.2018	**08.02.2019**	**REFUSED**	DELEGATED		Appeal In Progress
18/04589/FULL1	Jason Yester Road Chislehurst BR7 5HN	Demolition of existing bungalow and erection of a three storey pair of semi-detached dwellings with accommodation in roof space (RETROSPECTIVE APPLICATION)	Chislehurst	Cllr Boughey - email 21/11/18 Cllr Sharma - email 27/11/18	**04.01.2019**	**PERMISSION GRANTED**	COMMITTEE	A- Accepted	
18/05166/FULL6	241 Leesons Hill Chislehurst BR7 6QJ	Demolition of existing garage and shed, construction of part one/two storey rear and side extensions, extension to raised patio, loft conversion to include addition of rooflights and elevational alterations.	Chislehurst	Cllr Boughey 27/2/19 - following revised plans, would not object to the application being determined under delegation with a recommendation for permission	**22.03.2019**	**PERMISSION GRANTED**	DELEGATED		
18/05285/FULL1	Haddon Beechcroft Chislehurst BR7 5DB	Demolition of existing dwelling and the erection of two detached four bedroomed dwellings with accommodation in the roof space as a (Revisions to ref: 16/03482/FULL1 which was approved on 12.10.2016 to provide additional accommodation within the loft space).	Chislehurst	Cll. Boughey - Call in if not refused.	**25.04.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/05484/LBC	The Cedars 82 Camden Park Road Chislehurst BR7 5HF	Demolition of coal bunker and construction of basement to rear with swimming pool LISTED BUILDING CONSENT	Chislehurst	Cllr Boughey - Email date 16/04/19	**18.04.2019**	**LISTED BUILDING CONSENT GRANTED**	DELEGATED		
18/05477/FULL6	The Cedars 82 Camden Park Road Chislehurst BR7 5HF	Construction of basement to rear with swimming pool	Chislehurst	Cllr Boughey - email date 16/04/19	**18.04.2019**	**PERMISSION GRANTED**	DELEGATED		
19/00124/FULL6	1 Denbigh Close Chislehurst BR7 5EB	First floor side extension to create additional bedroom with ensuite	Chislehurst	email req unconditional call in from Cllr Terry - 11.2.2019	**25.04.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
19/00152/FULL6	156 Woodside Avenue Chislehurst BR7 6BS	First floor rear extension	Chislehurst	Cllr Boughey - Would not object to the application being determined under delegation with a recommendation for refusal.	**20.03.2019**	**REFUSED**	DELEGATED		Appeal Dismissed

Updated 11/12/2019

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/00327/FULL1	4 Elmlee Close Chislehurst BR7 5DU	Erection of detached two storey three bedroom dwelling.	Chislehurst	Cllr Boughey (Email 3/4/19) - Not object to application being determined under delegation with a recommendation for refusal, otherwise would like to call it in for a committee.	**04.04.2019**	**REFUSED**	DELEGATED		
19/00705/FULL1	1 Riverwood Lane Chislehurst BR7 5QN	Demolition of existing dwelling and erection of detached two storey 4 bedroom dwelling with integral garage, rear balcony and terracing.	Chislehurst	Cllr Katy Boughey - To PSC unless Del (Ref)	**13.06.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
19/00890/FULL6	Bywood Manor Park Chislehurst BR7 5QD	Demolition of existing detached garage and chimney stack and erection of single storey front, side and rear extensions, and elevational alterations	Chislehurst	Cllr Katy Boughey - To PSC unless Del (Ref)	**13.06.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Allowed
19/00966/FULL5	Coopers School Hawkwood Lane Chislehurst BR7 5PS	Removal of existing 6 no. antennas behind existing GRP cladding, installation of 3.5m high GRP cladding above existing GRP to accommodate12 no. proposed antennas, 3 no. proposed dishes of 600mm and 3 no. equipment cabinets, and associated ancillary works	Chislehurst	Cllr Boughey (Email 22th April) - Not object to application being determined under delegation if the recommendation was for refusal, otherwise I would like it to be brough to committee.	**13.06.2019**	**REFUSED**	DELEGATED		

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were ‘Called In’

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/01201/FULL6	11 Grove Vale Chislehurst BR7 5DS	Demolition of existing garage, part single/two storey side/rear extensions with rear Juliet balcony and side roof lantern.	Chislehurst	Cllr Boughey (Email 2/5/19) - If the application is to be recommended for refusal, I would like to request it is determined by committee.	**07.05.2019**	**PERMISSION GRANTED**	DELEGATED		
18/04828/FULL1	13 Blakeney Avenue Beckenham BR3 1HH	Conversion of single family dwelling into 2 x 1 bedroom and 1 x 2 bedroom flats.	Clock House	email from Cllr Dunn req call in unless this is refused 22.11.2018	**24.01.2019**	**PERMISSION GRANTED**			
18/03042/FULL1	Crusader Hall High Street Beckenham	Demolition of existing private clubhouse (Class D2) and redevelopment of site to provide a three storey apartment block comprising of 2 x1 bedroom apartments and 7 x 2 bedroom apartments together with the provision of cycle, refuse/ recycling storage, amenity space and associated pedestrian access.	Copers Cope	Cllr Mellor - email 21.09.2018 Called in to Planning Sub-Committee	**20.03.2019**	**REFUSED**	COMMITTEE	A - Accepted	Appeal In Progress
18/04548/FULL1	Car Park Adjacent To St Marys Church High Street St Mary Cray Orpington	Erection of 7 two storey terraced 2 bedroom dwellings with accommodation in roof space and integral garages	Cray Valley East	Cllr Pierce - email date 26/04/19	**01.05.2019**	**REFUSED**	DELEGATED		Appeal Allowed

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/00446/TELCOM	Land Opposite 27-33 Chelsfield Road Orpington	Installation of 15m high monopole supporting 6no. antennas together with ground based equipment comprising one cabinet and ancillary development thereto. 56 DAY CONSULTATION BY CTIL AND TELEFONICA UK LTD REGARDING THE NEED FOR APPROVAL OF SITING AND APPEARANCE	Cray Valley East	Cllr Pierce (Email 20th Feb) - Conditional Call In to Committee if recommended for approval (Ok to refuse on delegated authority)	**29.03.2019**	**PRIOR APPROVAL REFUSED**	DELEGATED		
17/04576/FULL1	43 Selby Road Penge London SE20 8ST	Conversion of the existing residential dwelling into a HMO for 7 individual residents (Retrospective Application)	Crystal Palace	Cllr Wilkins	**04.01.2019**	**REFUSED**	COMMITTEE	O – Overturned	Appeal Dismissed
19/00052/FULL1	Grape And Grain 2 Anerley Hill Anerley London SE19 2AA	Refurbishment and extension of public house including extension, roof garden and upgraded facilities comprising a two storey upper level extension over the existing pub building and a three storey extension to the western side of the building turning the street side corner adjacent to No.3 Church Road.	Crystal Palace	Cllr Wilkins call in 22/1/19 if to refuse only.	**29.04.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
19/00651/FULL1	Land Adjacent To Rochester House 2 - 10 Belvedere Road Anerley London	Demolition of existing bin store fronting Belvedere Road and removal of 6 no. car parking spaces to the courtyard with erection of 4 bedroom three storey townhouse with associated car parking and replacement bin-store.	Crystal Palace	email from Cllr Wilkins req call in unless refused - 24.4.2019	**13.06.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Dismissed

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/03895/FULL1	Glen Haven Berrys Hill Berrys Green Westerham TN16 3AG	Demolition of existing bungalow and partial demolition of outbuildings and the erection of a 2 storey four bedroom chalet bungalow	Darwin	Call in Cllr Richard Scoates	**06.02.2019**	**REFUSED**	COMMITTEE	A - Accepted	
18/04688/FULL6	19 Standard Road Downe Orpington BR6 7HJ	Single storey side extension incorporating light lanterns	Darwin	No information on file	**07.03.2019**	**REFUSED**	DELEGATED		Appeal Allowed
18/05263/FULL1	Land Opposite Snag Farm Snag Lane Cudham Sevenoaks	Conversion of stable block to single storey three bedroom dwelling.	Darwin	Please could I call the following application into committee if not recommended for refusal Cllr Scoates 8/1/19	**25.01.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
18/05466/FULL6	2 Buckston Browne Gardens Downe Orpington BR6 7FF	Single storey rear extension	Darwin	Email from Cllr Richard Scoates req call in if this is approved 4.2.2019	**29.04.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/00509/FULL1	Luxted Farm Luxted Road Downe Orpington BR6 7JT	4 dormer extensions and elevational alterations to include enlarged doors, glazed roof panels and alterations to windows	Darwin	email req call in unless refused - Cllr Scoates, 24.4.2019	**13.06.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
19/00641/FULL6	Kinross North End Lane Downe Orpington BR6 7HQ	Demolition of existing conservatory and erection of single storey ground floor extension to the side, elevational alterations to provide roof over extended bungalow with habitable accommodation in the roof space.	Darwin	Cllr Richard Scoates - called into committee if not for refusal	**29.04.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
19/00782/FULL1	7 Moselle Road Biggin Hill TN16 3HS	Demolition of existing bungalow and detached garage and construction of 2 detached three bedroom bungalows with additional vehicular access, associated parking, and cycle and refuse stores	Darwin	Called into committee by Cllr Scoates unless recommended for refusal	**13.06.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
18/04998/FULL1	2 Church Road Farnborough Orpington BR6 7DB	Conversion of part of first floor to create 1no. bedroom flat, first floor rear extension and internal changes to the existing building including refuse/ cycle storage	Farnborough And Crofton	Cllr Joel	**21.02.2019**	**PERMISSION GRANTED**	DELEGATED		

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were ‘Called In’

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommenda tion Accepted or Overturned	Notes
18/05093/FULL6	19 Pondfield Road Orpington BR6 8HJ	Part one/two storey rear extension and roof extensions including front, side and rear dormers	Farnborough And Crofton	Cllr called-in unless recommended for refusal	**30.01.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
18/05327/FULL1	125 High Street Farnborough Orpington BR6 7AZ	Conversion of first floor from retail use (Class A1) to residential use (Class C3) comprising one 1-bedroom flat with associated elevational alterations to front and rear.	Farnborough And Crofton	joel - confirmed no call-in 24.2.19 email in IDOX	**13.03.2019**	**PERMISSION GRANTED**	DELEGATED		
19/01701/FULL1	2 Church Road Farnborough Orpington BR6 7DB	Erection of second floor roof extension and conversion of existing first floor to provide 2 apartments and associated works including car parking, refuse and cycle storage	Farnborough And Crofton	Cllr Joel - email 04/06/19	**06.06.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
18/00747/PLUD	101 Birch Tree Avenue West Wickham BR4 9EQ	Proposed outbuilding. (Lawful Development Certificate - Proposed)	Hayes And Coney Hall	Cllr Reddin - Conditional call-in. Email sent 13/04/2018	**07.02.2019**	**REFUSED**	COMMITTEE	A - Accepted	

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/01817/FULL1	33 Upper Elmers End Road Beckenham BR3 3QY	Change of use of part of site to hand car wash ancillary to the car dealership with construction of open sided canopy.	Kelsey And Eden Park	Email from Cllr Michael on behalf of ward members. To PSC unless refused.	**14.06.2019**	**REFUSED**	DELEGATED		
18/02786/FULL1	Eltham College Grove Park Road Mottingham London SE9 4QF	Temporary planning permission until June 2019 for the construction and use of a temporary spectator stand accommodating up to 366 seated spectators on land at College Meadows, Eltham College, Grove Park Road, Mottingham to provide weatherproof seating for visitors and members of the existing sporting fixtures and clubs held at Eltham College	Mottingham And Chislehurst North	email req call in from Cllr Moore 29.10.2018	**06.02.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
18/04985/OUT	21 Lancing Road Orpington BR6 0QS	(Land rear of No. 21 Lancing Way, Orpington). Demolition of existing double garage and workshop, subdivision of plot, erection of two/three storey block comprising six 1-bedroom flats and one 2-bedroom flat with amended access on to Gravel Pit Way. (OUTLINE APPLICATION)	Orpington	email req call in from Cllr Huntington-Thresher if approved - 21.1.2019	**21.01.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
19/00620/OUT	14 Knoll Rise Orpington BR6 0DD	Outline planning application for the demolition of four existing houses (No. 14 to No. 20 Knoll Rise), erection of three new buildings ranging from three to four-storeys comprising 41 apartments with associated access, parking and amenity space	Orpington	email req call in from Cllr W Huntington-Thresher 14.3.2019	**13.06.2019**	**REFUSED**	COMMITTEE	A - Accepted	Appeal in Progress

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/02863/FULL1	61 Thayers Farm Road Beckenham BR3 4LY	Demolition of existing dwelling and erection of three 4 bedroom detached dwellings with roofspace accommodation, associated vehicular access and parking, landscaping, cycle and refuse storage.	Penge And Cator	Cllr Jeal. Correspondence throughout application; emailed 17th January 2019 to confirm he is happy for Dele grounds to contest	**25.01.2019**	**RESOLVED TO CONTEST APPEAL**	DELEGATED		Appeal Withdrawn
18/04612/FULL1	34 Hollingworth Road Petts Wood Orpington BR5 1AQ	Demolition of existing garage and sub-division of existing plot to create one new two-bedroom detached dwelling with associated parking and garden. New dividing fence.	Petts Wood And Knoll	email req call in received from Cllr Fawthrop 27.11.2018	**02.04.2019**	**REFUSED**	COMMITTEE	A - Accepted	Appeal Dismissed
18/04731/FULL6	75 Lynwood Grove Orpington BR6 0BQ	Demolition of existing side garage and extension, and rear extension. Two storey front/side extension and part two storey/single storey rear extension.	Petts Wood And Knoll	Call-in Cllr Onslow 5/11/18 - if permission	**13.03.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
18/05042/FULL6	96 Petts Wood Road Petts Wood Orpington BR5 1LE	Single storey front, two storey side and single storey rear extensions	Petts Wood And Knoll	email from Cllr Fawthrop requesting call in 27.11.2018	**11.01.2019**	**REFUSED**	DELEGATED		

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/05053/FULL6	40 Manor Way Petts Wood Orpington BR5 1NW	Hip to gable loft conversion with rear dormer and front rooflights	Petts Wood And Knoll	email req call in recd from Cllr Fawthrop 27.11.2018	**30.01.2019**	**REFUSED**	DELEGATED		Appeal Allowed
18/05356/FULL6	44 The Covert Petts Wood Orpington BR6 0BU	Proposed velux type roof window to front elevation (RETROSPECTIVE)	Petts Wood And Knoll	Emila from Cllr Fawthrop requesting call in - 18.12.2018	**05.02.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
18/05257/PLUD	80 Crescent Drive Petts Wood Orpington BR5 1BD	Erection of a single storey, detached outbuilding to use as a garage and workshop/store together with hardstanding and vehicular access LAWFUL DEVELOPMENT CERTIFICATE (PROPOSED)	Petts Wood And Knoll	Email req call in from Cllr Fawthrop - 18.12.2018 (Confirmed conditional call in 21.01.19).	**22.01.2019**	**REFUSED**	DELEGATED		
18/05522/FULL6	77 Lynwood Grove Orpington BR6 0BQ	Single storey front/side extension, first floor side and rear extension, loft conversion with rear dormer and roof lights.	Petts Wood And Knoll	No information on file	**13.02.2019**	**PERMISSION GRANTED**	DELEGATED		

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were ‘Called In’

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/05579/FULL6	148 Petts Wood Road Petts Wood Orpington BR5 1LF	Loft conversion incorporating Juliet balcony, roof lights and dormer to side and rear.	Petts Wood And Knoll	email req call in from Cllr Fawthrop 16.1.2019	**21.02.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
18/05592/FULL6	10 Derwent Drive Petts Wood Orpington BR5 1EW	Single storey side extensions incorporating garage conversion, enlargement of existing porch entrance, and enlargement of roofspace incorporating extension to rear roof to provide first floor accommodation with rooflights to front and side and Juliet balcony to rear.	Petts Wood And Knoll	email req call in unless this is refused (Cllr Fawthrop) 31.1.2019	**13.06.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Dismissed
19/00034/PLUD	40 Manor Way Petts Wood Orpington BR5 1NW	Single storey rear extension and detached garden building LAWFUL DEVELOPMENT CERTIFICATE (PROPOSED)	Petts Wood And Knoll	Call in by Cllr Fawthrop unless refused	**21.02.2019**	**PERMISSION**	COMMITTEE	A - Accepted	
19/00426/FULL6	61 Towncourt Crescent Petts Wood Orpington BR5 1PH	Alterations to existing loft conversion to form rear dormer and 2 front rooflights.	Petts Wood And Knoll	Cllr Fawthrop. A second roof light window would be out of keeping and would disrupt the character of the ASRC.	**02.04.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/00711/FULL6	63 Towncourt Crescent Petts Wood Orpington BR5 1PH	Hip to gable extension to match attached property. Rear dormer with front roof lights.	Petts Wood And Knoll	Cllr Fawthrop - call in if refused email 27.03.19	**02.04.2019**	**PERMISSION GRANTED**	DELEGATED		
19/00953/FULL1	75 Queensway Petts Wood Orpington BR5 1DQ	Detached two storey building with accommodation in roof space comprising 2 two bedroom maisonettes, with 2 car parking spaces on land to the rear of 75 Queensway	Petts Wood And Knoll	Email from Cllr Onslow requesting call in 23.4.2019 (whether for permission or refusal)	**13.06.2019**	**REFUSED**	COMMITTEE	A - Accepted	
19/00723/PLUD	80 Crescent Drive Petts Wood Orpington BR5 1BD	Erection of detached outbuilding together with hard standings LAWFUL DEVELOPMENT CERTIFICATE (PROPOSED)	Petts Wood And Knoll	email req call in from Cllr Fawthrop if not refused - 6.3.2019	**20.05.2019**	**REFUSED**	COMMITTEE	A - Accepted	
19/00796/FULL6	53 St John's Road Petts Wood Orpington BR5 1HT	(Demolition of garage and rear dormer window. Erection of single storey rear extension and two storey side extension incorporating porch, dormer windows and integral garage, and replacement hard surfacing to front. (Amended plans and description).	Petts Wood And Knoll	Email from Cllr Fawthrop to call in - 23.3.2019	**13.06.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/01206/FULL1	174 Petts Wood Road Petts Wood Orpington BR5 1LG	First floor rear extension and roof alterations including front rooflights and rear dormer, and conversion of upper floors of Nos.172-174 into 2 one bedroom flats	Petts Wood And Knoll	Email from Cllr Fawthrop req call in unless refused recommended 9.4.2019	**28.06.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
19/01595/FULL6	9 Princes Avenue Petts Wood Orpington BR5 1QP	Demolition of detached garage at rear and erection of part one/two storey side and rear extension with light lantern	Petts Wood And Knoll	Called in by Councillor Keith Onslow - 10/05/19	**28.06.2019**	**REFUSED**	COMMITTEE	O - Overturned	Appeal Allowed
18/05167/FULL2	Sundridge Park Nursery Station Approach Plaistow Lane Bromley BR1 3JE	Change of use from A1 retail to a hand car wash with new canopy	Plaistow And Sundridge	Email req call in from Cllr Allatt if approved - 18.12.2018	**11.03.2019**	**REFUSED**	DELEGATED		Appeal Dismissed
19/01705/FULL1	39 Park Avenue Bromley BR1 4EG	Demolition of existing building and single storey garage. Construction of block of 7 flats (2 Bedroom /4Person apartments) together with external cycle store and refuse enclosure.	Plaistow And Sundridge	Call in from Cllr Morgan 22.5.2019 if to approve.	**21.06.2019**	**REFUSED**	DELEGATED		Appeal In Progress

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
18/04977/FULL6	23 Bushey Way Beckenham BR3 6TA	Single storey and part two storey rear extension, two storey side extension and loft conversion.	Shortlands	email req call in from Cllr Cooke unless recommended for refusal - 16.1.2019	**07.02.2019**	**REFUSED**	DELEGATED		
18/05460/FULL1	Land Adjacent St Marys Church Hall St Mary's Avenue Shortlands Bromley	Replacement of existing 12m telecommunications monopole with proposed 15m high telecommunication mast, with 2 no. additional equipment cabinets (equipment cabinets to be sited on other side of the road).	Shortlands	Email req call in from Cllr Cooke unless this is refused - 2.1.2019	**25.01.2019**	**REFUSED**	DELEGATED		
19/00406/FULL6	23 Bushey Way Beckenham BR3 6TA	2.24m high garden fence	Shortlands	Call in from Cllr Mary Cooke unless this is refused. 26.2.2019	**20.05.2019**	**PERMISSION GRANTED**	COMMITTEE	A - Accepted	
19/00756/TELCOM	Land Rear Of 109 Hayes Way Hayes Lane Beckenham	Replacement of existing 12.5m high telecommunications mast with proposed 12.5m high telecommunications mast with additional equipment cabinets (land to side of 2 Brabourne Rise/Rear of 109 Hayes Way) (56 day consultation by Telefonica UK ltd and Vodafone Ltd regarding the need for approval of siting and appearance of telecommunications apparatus).	Shortlands	email req call in from Cllr Cooke unless it's rejected - 11.3.2019	**02.04.2019**	**NOTREQ**	COMMITTEE	A - Accepted	

Planning Applications Determined between 01/01/2019 and 30/06/2019 which were 'Called In'

Planning Application Reference Number	Site Address	Proposal	Ward		Decision Date	Decision	Committee or Delegated	Recommendation Accepted or Overturned	Notes
19/01753/FULL6	23 Bushey Way Beckenham BR3 6TA	Single storey rear, part two storey rear and two storey side extension	Shortlands	email req call in unless this is refused - Cllr Cooke 31.5.2019	**10.06.2019**	**REFUSED**	DELEGATED		Appeal DIsmissed

 Updated 11/12/2019

Appendix D

COUNCIL MEETING

9th December 2019

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR WRITTEN REPLY

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

Please provide a breakdown of the Council’s use of Agency Staff, showing person days and net cost, by month from April 2018 to as recently as figures are available, broken down by Adult Social Care, Children’s Social Care, other EHCS, ECS and other. Please also show the number of employees in FTE with the same breakdown.

Reply:
(See Appendix 1)

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

Please provide the value of the maintenance backlog and the date it was last assessed for the following properties; Beckenham Spa, Beckenham Public Hall, Crofton Hall, Biggin Hill Leisure Centre, The Pavilion, Darrick Wood Swimming Pool, The Great Hall at the Civic Centre, the remainder of the Civic Centre, Anerley Town Hall, the Walnuts Leisure Centre, West Wickham Leisure Centre, the Kentwood Centre, the Widmore Centre, Central Depot, Churchfields Depot and each Library.

Reply:
Of the list of buildings included in the question, the Council has no repairing liabilities at the following sites for the reasons listed below:

Beckenham Spa	Leaseholder has full repairing insuring lease
Crofton Hall	Leaseholder has full repairing insuring lease
Biggin Hill Leisure Centre	Leaseholder has full repairing insuring lease
The Pavilion	Leaseholder has full repairing insuring lease
Anerley Town Hall	Leaseholder has full repairing insuring lease
The Widmore Centre	Now La Fontaine School, leaseholder responsible for all repairs

With reference to the other sites, for which the Council has repairing obligations, the current value of backlog maintenance is not known, as no surveys have been carried out at these sites since 2014/15.

3. From Cllr Kevin Brooks to the Portfolio Holder for Resources, Commissioning & Contract Management

Please provide the justification for the Council applying the same price:quality ration of 60:40 when assessing such diverse contracts as Waste Services, Domiciliary Care and professional services for architectural design work.

Reply:
The Council's standard evaluation methodology is based on a 60:40 ratio for price and quality respectively. The Council's Contract Procedure Rules specify that Award Criteria for contracts must be based on the 'Most Economically Advantageous Tender' ('MEAT') where considerations other than price (e.g. quality) apply.

However, regardless of the price/quality ratio that is applied, any bid must be deemed acceptable in terms of quality in order to be considered for an award of contract. Any bid that is evaluated as failing to meet the acceptable quality threshold for any one quality element may be disqualified, regardless of price offered.

The standard 60:40 price/quality ratio serves us well but may be adjusted where there is a clear rationale for doing so as happens form time to time. For procurement with a value of less than £500k, this will be an Officer decision subject to consultation with the Head of Procurement and the relevant Head of Finance. For procurement with a value greater than £500k, this will be a Member decision and the rationale for the proposed evaluation methodology (where it is proposed to deviate from the standard ratio) should be detailed in a Gateway report to Members prior to proceeding to procurement.

In addition, where it is agreed to use a framework, the price/quality ratio to be used may be specified by the framework.

4. From Cllr Marina Ahmad to the Portfolio Holder for Children, Education & Families

Please provide the ten highest monthly rates paid for children in care for 2018 and 2019 to date.

Reply:
All fees are quoted on weekly basis in accordance with provider quotes:

2018/19 (per week rates)
£11000.00
£8765.00
£7300.00
£7300.00
£7360.00
£7093.02
£6755.00
£6500.00
£6500.00
£6385.00

2019/20 (per week rates)

£9,875.60
£9,760.00
£6,500.00
£7,735.00
£7,300.00
£7,093.02
£5,950.00
£5,950.00
£5,488.20
£5,480.00

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

Can the Portfolio Holder provide a timetable for occupation by tenants of the modular housing schemes currently in progress?

Reply:
All of the proposed schemes are at various stages. It is currently envisaged that the schemes proposed for Burnt Ash Lane, Anerley Overflow Car Park and Bushell Way, Chislehurst will be built (subject to planning permission) and occupied by the end of 2020.

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

Would the Portfolio Holder please supply details of the expenditure on consultancy fees on housing projects within the housing department in the last twelve months?

Reply:
The Council has not spent any money on consultancy fees directly related to any housing projects in the last 12 months.

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

Given that the government announced funding to address the problem of non-fire-resistant cladding on blocks of flats in May of this year, please provide an update on what the Council has done since then to expedite repairs to Northpoint Tower? Please also provide an anticipated start date for remedial works to take place.

Reply:
Officers responded as quickly as possible to the request from the Northpoint Directors for the building control approval certificate, which was provided to assist with their ACM funding application to Government. This followed close liaison with the Directors prior to the Government funding announcement and whilst the outcome of this is not yet known, the Directors have been asked to let the Council know about the outcome.

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Appendix D - Appendix 1
(Question 1)

Year	Month	Month Name	Group Name	Calc Days	Hours	Avg Daily Rate	net Amt	vat Amt	gross Amt	Employee FTE as at last day of month
2018	4	April	1. Adult Social Care	1,361.22	9,800.75	219.41	298,668.42	59,733.76	358,402.18	178.33
2018	4	April	2. Childrens Social Care	1,740.31	12,530.25	301.20	524,183.55	104,836.82	629,020.37	321.22
2018	4	April	3. Other ECHS	582.81	4,196.25	308.76	179,948.70	35,989.82	215,938.52	321.4
2018	4	April	4. ECS	1,000.87	7,206.25	165.39	165,530.17	33,106.02	198,636.19	254.76
2018	4	April	5. Other	320.69	2,309.00	172.36	55,275.27	11,055.10	66,330.37	166.57
2018	4	April	6. Unknown, e.g. Capital Coded Project	0.28	2.00	3,678.78	1,021.88	204.38	1,226.26	
2018	5	May	1. Adult Social Care	1,261.46	9,082.50	215.65	272,031.50	54,406.36	326,437.86	177.33
2018	5	May	2. Childrens Social Care	1,387.71	9,991.50	304.93	423,160.41	84,632.18	507,792.59	320.05
2018	5	May	3. Other ECHS	529.34	3,811.25	336.92	178,345.85	35,669.17	214,015.02	316.7
2018	5	May	4. ECS	866.25	6,237.00	156.36	135,445.10	27,089.10	162,534.20	258.56
2018	5	May	5. Other	211.28	1,521.25	199.72	42,196.73	8,439.32	50,636.05	166.68
2018	6	June	1. Adult Social Care	1,664.86	11,987.00	220.72	367,474.10	73,495.01	440,969.11	181.88
2018	6	June	2. Childrens Social Care	1,751.94	12,614.00	301.55	528,291.50	105,658.31	633,949.81	319.22
2018	6	June	3. Other ECHS	668.15	4,810.70	290.52	194,114.38	38,822.77	232,937.15	317.18
2018	6	June	4. ECS	1,071.56	7,715.25	168.97	181,059.42	36,212.06	217,271.48	258.06
2018	6	June	5. Other	305.32	2,198.30	178.98	54,646.00	10,929.15	65,575.15	164.36
2018	7	July	1. Adult Social Care	1,268.92	9,136.25	216.43	274,634.63	54,926.93	329,561.56	182.77
2018	7	July	2. Childrens Social Care	1,394.10	10,037.50	301.44	420,238.30	84,047.62	504,285.92	321.99
2018	7	July	3. Other ECHS	544.94	3,923.60	336.11	183,163.23	36,632.72	219,795.95	312.67
2018	7	July	4. ECS	1,025.66	7,384.75	162.69	166,863.69	33,372.81	200,236.50	257.24
2018	7	July	5. Other	269.53	1,940.65	186.73	50,331.54	10,066.29	60,397.83	167.17
2018	8	August	1. Adult Social Care	1,574.20	11,334.25	219.45	345,451.86	69,090.45	414,542.31	180.87
2018	8	August	2. Childrens Social Care	1,791.32	12,897.50	319.58	572,473.01	114,494.68	686,967.69	318.99
2018	8	August	3. Other ECHS	548.16	3,946.75	303.66	166,454.83	33,290.96	199,745.79	313.67
2018	8	August	4. ECS	1,230.35	8,858.50	158.04	194,448.79	38,889.84	233,338.63	253.13
2018	8	August	5. Other	358.99	2,584.75	189.73	68,110.11	13,622.12	81,732.23	165.57
2018	9	September	1. Adult Social Care	1,168.30	8,411.75	223.99	261,686.56	52,337.35	314,023.91	189.33
2018	9	September	2. Childrens Social Care	1,664.97	11,987.75	306.76	510,739.23	102,147.80	612,887.03	339.44
2018	9	September	3. Other ECHS	509.34	3,667.25	340.83	173,600.52	34,720.15	208,320.67	315.54
2018	9	September	4. ECS	913.72	6,578.75	168.83	154,263.10	30,852.66	185,115.76	251.08
2018	9	September	5. Other	260.66	1,876.75	200.25	52,196.59	10,439.25	62,635.84	169.74
2018	10	October	1. Adult Social Care	1,202.92	8,661.00	224.83	270,450.75	54,089.97	324,540.72	190.83
2018	10	October	2. Childrens Social Care	1,752.08	12,615.00	299.44	524,646.17	104,929.22	629,575.39	339.13
2018	10	October	3. Other ECHS	503.26	3,623.50	329.03	165,588.09	33,117.66	198,705.75	317.43
2018	10	October	4. ECS	960.10	6,912.75	168.42	161,699.97	32,340.06	194,040.03	248.15
2018	10	October	5. Other	247.40	1,781.25	211.80	52,397.44	10,479.47	62,876.91	169.37
2018	11	November	1. Adult Social Care	1,490.63	10,732.50	230.98	344,297.73	68,859.57	413,157.30	191.72
2018	11	November	2. Childrens Social Care	2,196.53	15,815.00	300.79	660,690.95	132,138.11	792,829.06	338.02
2018	11	November	3. Other ECHS	642.88	4,628.75	361.93	232,675.56	46,535.15	279,210.71	322.49
2018	11	November	4. ECS	1,254.69	9,033.75	170.93	214,462.22	42,892.55	257,354.77	249.2
2018	11	November	5. Other	341.81	2,461.00	217.66	74,395.90	14,879.16	89,275.06	167.36
2018	12	December	1. Adult Social Care	1,042.85	7,508.50	228.15	237,921.21	47,584.26	285,505.47	187.47
2018	12	December	2. Childrens Social Care	1,526.63	10,991.75	294.03	448,881.92	89,776.34	538,658.26	329.55
2018	12	December	3. Other ECHS	424.93	3,059.50	343.19	145,833.90	29,166.78	175,000.68	331.12
2018	12	December	4. ECS	834.17	6,006.00	163.51	136,396.87	27,279.44	163,676.31	250.01
2018	12	December	5. Other	236.98	1,706.25	214.17	50,754.72	10,150.94	60,905.66	163.36
2019	1	January	1. Adult Social Care	1,138.26	8,195.50	222.37	253,114.71	50,622.99	303,737.70	186.5
2019	1	January	2. Childrens Social Care	1,634.38	11,767.50	289.83	473,689.44	94,737.95	568,427.39	329.63
2019	1	January	3. Other ECHS	353.37	2,544.25	422.62	149,341.07	29,868.19	179,209.26	338.2
2019	1	January	4. ECS	889.51	6,404.50	175.09	155,748.33	31,149.79	186,898.12	249.81
2019	1	January	5. Other	258.54	1,861.50	203.39	52,583.70	10,516.76	63,100.46	163.5
2019	1	January	6. Unknown, e.g. Capital Coded Project	1.94	14.00	166.61	323.96	64.79	388.75	
2019	2	February	1. Adult Social Care	1,235.10	8,892.75	219.85	271,543.67	54,308.82	325,852.49	189
2019	2	February	2. Childrens Social Care	1,760.31	12,674.25	311.48	548,297.81	109,659.69	657,957.50	328.34
2019	2	February	3. Other ECHS	381.04	2,743.50	414.77	158,043.72	31,608.76	189,652.48	341.91
2019	2	February	4. ECS	902.92	6,501.00	186.76	168,627.91	33,725.72	202,353.63	249.1
2019	2	February	5. Other	238.85	1,719.75	217.26	51,893.82	10,378.78	62,272.60	162.5
2019	2	February	6. Unknown, e.g. Capital Coded Project	6.18	44.50	166.61	1,029.73	205.94	1,235.67	
2019	3	March	1. Adult Social Care	1,583.37	11,400.25	221.30	350,399.00	70,079.96	420,478.96	189
2019	3	March	2. Childrens Social Care	2,022.85	14,564.50	298.10	603,012.11	120,602.44	723,614.55	327.22
2019	3	March	3. Other ECHS	505.45	3,639.25	409.86	207,164.62	41,432.97	248,597.59	335.33
2019	3	March	4. ECS	1,005.56	7,240.00	161.95	162,844.93	32,569.08	195,414.01	246.37
2019	3	March	5. Other	329.17	2,370.00	200.53	66,007.91	13,201.60	79,209.51	160.71
2019	4	April	1. Adult Social Care	1,072.36	7,721.00	223.45	239,623.30	47,924.76	287,548.06	191.92
2019	4	April	2. Childrens Social Care	1,414.41	10,183.75	306.60	433,651.40	86,730.23	520,381.63	326.39
2019	4	April	3. Other ECHS	279.38	2,011.50	487.57	136,215.09	27,243.02	163,458.11	336.18
2019	4	April	4. ECS	728.40	5,244.50	175.72	127,995.12	25,599.15	153,594.27	246.48
2019	4	April	5. Other	195.17	1,405.25	196.11	38,275.09	7,655.04	45,930.13	162.82
2019	5	May	1. Adult Social Care	1,358.13	9,778.50	221.48	300,799.84	60,160.03	360,959.87	194.46
2019	5	May	2. Childrens Social Care	1,727.19	12,435.75	298.58	515,708.11	103,141.72	618,849.83	331.42
2019	5	May	3. Other ECHS	408.26	2,939.50	414.87	169,377.28	33,875.53	203,252.81	340.88
2019	5	May	4. ECS	857.60	6,174.75	191.21	163,982.62	32,796.64	196,779.26	244.91
2019	5	May	5. Other	290.66	2,092.75	203.76	59,225.45	11,845.07	71,070.52	163.62
2019	6	June	1. Adult Social Care	1,109.20	7,986.25	227.48	252,317.10	50,463.50	302,780.60	194.86
2019	6	June	2. Childrens Social Care	1,352.29	9,736.50	289.93	392,068.64	78,413.72	470,482.36	333.14
2019	6	June	3. Other ECHS	285.10	2,052.75	380.08	108,363.70	21,672.81	130,036.51	343.17
2019	6	June	4. ECS	760.83	5,478.00	154.39	117,467.34	23,493.60	140,960.94	247.08
2019	6	June	5. Other	312.95	2,253.25	188.26	58,917.49	11,783.49	70,700.98	161.04
2019	7	July	1. Adult Social Care	1,115.63	8,032.50	220.98	246,530.01	49,306.04	295,836.05	192.61
2019	7	July	2. Childrens Social Care	1,318.68	9,494.50	295.42	389,559.97	77,911.97	467,471.94	333.95
2019	7	July	3. Other ECHS	339.20	2,442.25	309.09	104,842.81	20,968.56	125,811.37	347.55
2019	7	July	4. ECS	756.60	5,447.50	179.04	135,458.35	27,091.84	162,550.19	248.19

Appendix D - Appendix 1
(Question 1)

2019	7	July	5. Other	338.26	2,435.50	176.94	59,853.72	11,970.77	71,824.49	161.04
2019	8	August	1. Adult Social Care	1,181.56	8,507.25	220.11	260,077.05	52,015.45	312,092.50	195.11
2019	8	August	2. Childrens Social Care	1,653.02	11,901.75	292.63	483,719.60	96,743.91	580,463.51	339.89
2019	8	August	3. Other ECHS	348.40	2,508.50	274.84	95,754.82	19,150.94	114,905.76	345.25
2019	8	August	4. ECS	974.58	7,017.00	166.36	162,132.95	32,426.68	194,559.63	247.81
2019	8	August	5. Other	366.11	2,636.00	192.55	70,496.12	14,099.31	84,595.43	160.89
2019	9	September	1. Adult Social Care	886.46	6,382.50	223.10	197,771.66	39,554.34	237,326.00	208.43
2019	9	September	2. Childrens Social Care	1,201.32	8,649.50	283.23	340,248.58	68,049.69	408,298.27	349.62
2019	9	September	3. Other ECHS	269.24	1,938.50	316.01	85,082.06	17,016.42	102,098.48	338.26
2019	9	September	4. ECS	698.44	5,028.75	177.75	124,149.84	24,830.07	148,979.91	250.21
2019	9	September	5. Other	234.97	1,691.75	198.00	46,522.23	9,304.53	55,826.76	161.14
2019	10	October	1. Adult Social Care	803.58	5,785.75	219.71	176,555.55	35,311.13	211,866.68	212.42
2019	10	October	2. Childrens Social Care	1,078.75	7,767.00	280.19	302,252.91	60,450.58	362,703.49	350.53
2019	10	October	3. Other ECHS	283.33	2,040.00	258.81	73,329.03	14,665.86	87,994.89	341.12
2019	10	October	4. ECS	856.81	6,169.00	177.04	151,685.63	30,337.32	182,022.95	248.63
2019	10	October	5. Other	251.74	1,812.50	223.46	56,254.16	11,250.89	67,505.05	157.84
2019	11	November	1. Adult Social Care	519.31	3,739.00	222.33	115,456.16	23,091.27	138,547.43	215.14
2019	11	November	2. Childrens Social Care	826.84	5,953.25	276.70	228,786.46	45,757.27	274,543.73	345.94
2019	11	November	3. Other ECHS	204.20	1,470.25	261.42	53,382.15	10,676.39	64,058.54	344.13
2019	11	November	4. ECS	665.83	4,794.00	179.86	119,754.46	23,950.99	143,705.45	249.42
2019	11	November	5. Other	232.81	1,676.25	208.37	48,511.21	9,702.27	58,213.48	162.52

Report No.
CSD20019

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**2020/21 COUNCIL TAX**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

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1. Reason for report

1.1 At its meeting on 12th February 2020, the Executive considered the attached report on the 2020/21 Revenue Budget and made recommendations concerning the level of the Bromley element of the 2020/21 Council Tax and Adult Social Care precept. At the meeting, the Executive received comments from all PDS Committees on the budgets proposed for their respective portfolios, and amended recommendations from the Director of Finance (also attached). The Executive supported the amended recommendations and recommended that they be approved by full Council. The Executive also authorised the Director of Finance to report any further changes directly to the Council meeting on 24th February.

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2. RECOMMENDATIONS

2.1 The Executive recommends to Council that it -

(a) Approves the schools budget of £79.506m which matches the estimated level of Dedicated Schools Grant (DSG) after academy recoupment;

(b) Approves the draft revenue budgets (as in Appendix 2) for 2020/21 to include the following updated changes:

(i) minor variation of £27k relating to the collection fund surplus/ collection fund surplus set aside.

(c) Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 15th January 2020*;*

(d) Approves the following provisions for levies for inclusion in the budget for 2020/21:

	£'000
London Pensions Fund Authority *	**447**
London Boroughs Grant Committee	**248**
Environment Agency (flood defence etc.) *	**252**
Lee Valley Regional Park *	**309**
Total	**1,256**

* Provisional estimate at this stage

(e) Approves a revised Central Contingency sum of £12,666k to reflect the changes in (d);

(f) Notes that the 2020/21 Central Contingency sum includes significant costs not yet allocated and there will therefore be further changes to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget;

(g) Approves the revised draft 2020/21 revenue budgets to reflect the changes detailed above;

(h) Sets a 3.99% increase in Bromley's council tax for 2020/21 compared with 2019/20 (1.99% general increase plus 2% Adult Social Care Precept) and notes that, based upon their consultation exercise, the GLA are currently assuming a 3.6% increase in the GLA precept;

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

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

(k) Executive agrees that the Director of Finance be authorised to report any further changes directly to Council on 24th February 2020.

2.2 Council Tax 2020/21 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011).

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

	2019/20 £	**2020/21 £**	**Increase £**	**Increase % (note #)**
Bromley (general)	**1,128.80**	**1,153.00**	**24.20**	**1.99**
Bromley (ASC precept)	**87.46**	**111.77**	**24.31**	**2.00**
Bromley (total)	**1,216.26**	**1,264.77**	**48.51**	**3.99**
GLA *	**320.51**	**332.07**	**11.56**	**3.61**
Total	**1,536.77**	**1,596.84**	**60.07**	**3.91**

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

(#) in line with the 2020/21 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,216.26 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 24th February 2020.

2.3 The Executive recommends to Council to formally resolve as follows:

1. It be noted that the Council Tax Base for 2020/21 is 132,026 'Band D' equivalent properties.

2. Calculate that the Council Tax requirement for the Council's own purposes for 2020/2021 is £166,983k.

3. That the following amounts be calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):

(a) £543,554k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.

(b) £376,571k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.

(c) £166,983k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.

(d) £1,264.77 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

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

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2020/21 for each part of its area and for each of the categories of dwellings.

Valuation Bands	London Borough of Bromley £	Greater London Authority £	Aggregate of Council Tax Requirements £
A	843.18	221.38	1,064.56
B	983.71	258.28	1,241.99
C	1,124.24	295.17	1,419.41
D	1,264.77	332.07	1,596.84
E	1,545.83	405.86	1,951.69
F	1,826.89	479.66	2,306.55
G	2,107.95	553.45	2,661.40
H	2,529.54	664.14	3,193.68

6. **That the Council hereby determines that its relevant basic amount of council tax for the financial year 2020/21, which reflects a 3.99% increase (including Adult Social Care Precept of 2%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2020/21 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2020/21. Any further changes arising from these Principles will be reported directly to Council on 24th February 2020. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.**

7. **Set aside a sum of £2m in 2019/20 as an earmarked reserve for transformation funding for health and social care.**

8. **Set aside a sum of £993k in 2019/20 as an earmarked reserve for health estate development in Bromley.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Not Applicable:

2. Ongoing costs: Recurring Cost: Impact on future years is detailed in appendix 1.

3. Budget head/performance centre: Council wide

4. Total current budget for this head: £167m Draft 2020/21 draft budget (excluding GLA precept)

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

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Personnel

1. Number of staff (current and additional): See Financial Control Budget to be published in March.

2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Statutory Requirement: Local Government Act 1972, Local Government Finance Act 1998, Local Government Act 2002 and Accounts and Audit Regulations 2015

2. Call-in: Not Applicable: Full Council decisions are not subject to call-in

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All Council customers and users of services

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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable

2. Summary of Ward Councillors comments: Not Applicable

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

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2020/21 COUNCIL TAX REPORT

2. RECOMMENDATIONS

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

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(i) minor variation of £27k relating to the collection fund surplus/ collection fund surplus set aside.

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Bromley (total)	1,216.26	1,264.77	48.51	3.99
GLA *	320.51	332.07	11.56	3.61
Total	1,536.77	1,596.84	60.07	3.91

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

(#) in line with the 2020/21 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,216.26 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 24th February 2020.

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

1. It be noted that the Council Tax Base for 2020/21 is 132,026 'Band D' equivalent properties.

2. Calculate that the Council Tax requirement for the Council's own purposes for 2020/2021 is £166,983k.

3. That the following amounts be calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):

(a) £543,554k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.

(b) £376,571k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.

(c) £166,983k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.

(d) £1,264.77 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

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

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2020/21 for each part of its area and for each of the categories of dwellings.

Valuation Bands	London Borough of Bromley £	Greater London Authority £	Aggregate of Council Tax Requirements £
A	843.18	221.38	1,064.56
B	983.71	258.28	1,241.99
C	1,124.24	295.17	1,419.41
D	1,264.77	332.07	1,596.84
E	1,545.83	405.86	1,951.69
F	1,826.89	479.66	2,306.55
G	2,107.95	553.45	2,661.40
H	2,529.54	664.14	3,193.68

6. That the Council hereby determines that its relevant basic amount of council tax for the financial year 2020/21, which reflects a 3.99% increase (including Adult Social Care Precept of 2%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2020/21 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2020/21. Any further changes arising from these Principles will be reported directly to Council on 24th February 2020. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

EXECUTIVE COMMITTEE MEETING ON 12th FEBRUARY 2020

2020/21 COUNCIL TAX REPORT - SUPPLEMENTARY INFORMATION

RECOMMENDATION

The Executive is requested to recommend to Council that it:

7. **Set aside a sum of £2m in 2019/20 as an earmarked reserve for transformation funding for health and social care;**

8. **Set aside a sum of £993k in 2019/20 as an earmarked reserve for health estate development in Bromley;**

BACKGROUND

(i) Bromley Clinical Commissioning Group are key stakeholders with the Council to work together to develop integrated commissioning in Bromley. The Council continue to work with (BCCG) in developing new transformation opportunities for the wider benefit of health and social care. Joint working and adequate resourcing are critical to achieve successful outcomes.

(ii) BCCG have identified one off funding of £2m to support wider health and social care initiatives.

(iii) It is proposed that the sum of £2m, which forms part of a joint Section 75 agreement, between BCCG and the Council is set aside as an earmarked reserve.

(iv) The primary purpose of the set aside earmarked reserve is for transformation funding which provides a benefit to health care with a positive impact on social care.

(v) The social care impact is one of the determinants for the release of such funds. Any proposal for the use of the monies will require the approval of Executive.

(vi) BCCG are also providing one off funding of £993k to form part of a joint Section 75 arrangement to set aside investment resources for the health estates development in Bromley, with key priorities including the Bromley Health and Well Being Centre and also primary care developments in areas, such as Anerley and Penge.

(vii) It is proposed that the sum of £993k, which forms part of a joint Section 75 agreement, between BCCG and the Council is set aside as an earmarked reserve.

(viii) Any proposal for the use of the monies will require the approval of Executive.

SUMMARY OF DRAFT 2020/21 REVENUE BUDGET - PORTFOLIO

	2019/20 Final Budget £'000	**Portfolio/Item**		2020/21 Draft Budget £'000		2020/21 Band "D" Equivalent £
	84,176	Education		85,785		649.76
Cr	76,722	Less costs funded through Dedicated Schools Grant	Cr	79,506	Cr	602.20
	7,454	Sub total		6,279		47.56
	37,304	Childrens Social Care		35,735		270.67
	69,424	Adult Care and Health		71,700		543.07
	31,295	Environment & Community Services Portfolio		31,086		235.45
	2,447	Public Protection and Enforcement		2,403		18.20
	16,015	Renewal, Recreation and Housing		14,805		112.14
	31,764	Resources, Commissioning & Contracts Management		31,631		239.58
	3,986	Non Distributed Costs & Corporate & Democratic Core		1,870		14.16
	199,689	Total Controllable Budgets		195,509		1,480.83
	11,768	Total Non Controllable Budgets		9,341		70.75
Cr	792	Total Excluded Recharges	Cr	853	Cr	6.46
	210,665	Portfolio Total		203,997		1,545.12
Cr	10,265	Reversal of Net Capital Charges	Cr	7,794	Cr	59.03
Cr	3,291	Interest on General Fund Balances	Cr	3,591	Cr	27.20
	-	Contribution to Carbon Neutral Initiatives Fund		875		6.63
	-	Contribution to Utilisation of New Homes Bonus for Housing		1,612		12.21
	-	Utilisation of Prior Year Collection Fund Surplus/Set Aside		5,873		44.48
	11,155	Central Contingency Sum		12,666		95.94
		Levies				
	452	- London Pensions Fund Authority*		447		3.38
	249	- London Boroughs Grants Committee		248		1.88
	249	- Environment Agency *		252		1.91
	312	- Lee Valley Regional Park *		309		2.34
	209,526	Sub Total		214,894		1,627.66
Cr	39,810	Business Rate Retention	Cr	40,426	Cr	306.20
Cr	581	Business Rate Levy		-		-
Cr	6,753	Collection Fund Surplus	Cr	5,873	Cr	44.48
Cr	2,531	New Homes Bonus	Cr	1,612	Cr	12.21
	159,851	Bromley's Requirement (excluding GLA)		166,983		1,264.77

* Final allocations awaited

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Report No.
FSD20022

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker:	**Executive**
Date:	**12th February 2020**
Decision Type:	Non-Urgent Executive Key
TITLE:	**2020/21 Council Tax**
Contact Officer:	Peter Turner, Director of Finance Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk
Director:	Director of Finance
Ward:	Borough wide

REASON FOR REPORT

1.1 A key part of the financial strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. Details of the capital programme will be reported separately to Executive.

1.2 The Provisional Local Government Finance Settlement 2020/21, which covers 2020/21 only, provides a significant improvement in funding for local government and represents the most positive funding proposal for local government since austerity began 10 years ago.

1.3 There remains uncertainty around the level of Government funding for 2021/22 and beyond. The longer-term Spending Review has been postponed for one year (until 2021/22) together with the outcome of the Fair Funding Review and Devolution of Business Rates.

1.4 This report identifies the final issues affecting the 2020/21 revenue budget and seeks recommendations to the Council on the level of the Bromley element of the 2020/21 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept will be reported to the Council meeting on 24th February 2020. The report also seeks final approval of the 'schools budget'. The approach reflected in this report is for the Council to not only achieve a legal and financially balanced budget in 2020/21 but to have measures in place to deal with the medium term financial position (2021/22 to 2023/24).

1.5 With the Government reductions in funding since austerity measures began, the burden of financing increasing service demands falls primarily on the level of council tax and share of business rate income.

2. RECOMMENDATIONS

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

(a) Approves the schools budget of £79.506m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;

(b) Approves the draft revenue budgets (as in Appendix 2) for 2020/21;

(c) Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 15th January 2020;

(d) Approves a contingency sum of £12,622k (see section 6);

(e) Approves the following provisions for levies for inclusion in the budget for 2020/21;

	£'000
London Pension Fund Authority*	470
London Boroughs Grant Committee	248
Environment Agency (Flood defence etc.) *	258
Lee Valley Regional Park *	324
Total	1,300

*** Provisional estimate at this stage**

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

(g) Considers the "Bromley element" of the Council Tax for 2020/21 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible 'referendum' issues (see section 16);

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

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

(j) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 24th February 2020.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report

Corporate

Policy Status: Existing Policy
BBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 1
3. Budget head/performance centre: Council wide
4. Total budget for this head £167m Draft 2020/21 Budget (excluding GLA precept)
5. Source of funding: See Appendix 2 for overall funding of Council's budget

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Personnel

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2020/21 Financial Control Budget to be published in March 2020
2. If from existing staff resources, number of staff hours – N/A

Legal

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

Procurement

1. Summary of Procurement Implications: None arising directly from this report

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Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2020/21 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

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

2. Summary of Ward Councillor comments: Council wide

3. PREVIOUS REPORTING TO MEMBERS

3.1 In considering this report further background information was available through the Members' seminars as follows:

(a) Members' Welfare Reform Seminar on 14th January 2019;
(b) Members' Finance Seminar on 24th June 2019.

3.2 The 'Draft 2020/21 Budget and Update on the Council's Financial Strategy 2021/22 to 2023/24' was reported to the Executive on 15th January 2020. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 15th January 2020)

(a) Approach to Budgeting, Financial Context and Economic Situation which can impact on Public Finances (Section 3 and Appendix 1);
(b) Provisional Local Government Finance Settlement 2020/21 (Appendix 2);
(c) Council Tax Levels, Government Funding and Spend Levels (Appendix 3);
(d) Changes since the 2019/20 Budget that impact on the Financial Forecast (Section 6);
(e) Latest Financial Forecast (Section 5 and Appendices 5-6);
(f) Detailed Draft 2020/21 Budget (Section 7 and Appendix 7);
(g) Options being undertaken with a "One Council" approach including Transformation (Section 8);
(h) Future Local Authority Landscape (Section 9);
(i) The Schools' Budget (Section 11);
(j) Consultation (Section 16);
(k) Position by Portfolio – Key Issues/Risks (Section 17 and Appendix 10).

All of the above should be considered with this report as part of finalising the 2020/21 Budget and council tax levels.

4. 2020/21 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE EXECUTIVE

4.1 The last report to the Executive identified a balanced budget in 2020/21, assuming an increase in council tax and adult social care precept of 3.99%, and a 'budget gap' of £16.9m by 2023/24.The main updates are shown below:

(a) The final Local Government Financial Settlement 2020/21 is still awaited and any updates will be provided at the meeting;

(b) The Portfolio Holder for Resources, Commissioning and Contracts Management announced at the last meeting of Executive that the Council is proposing an across the board pay increase of 2.5% for Council staff with further changes to staff on lower scale points(inclusive of the 2.5%). Further details are being reported to General Purposes and Licensing Committee on 11th February 2020. The financial impact of this proposal has been included in the Draft 2020/21 Budget;

(c) Additional Government funding in 2020/21 of £103,654 for Rough Sleepers Initiative. Additional spend of an equivalent amount has been assumed in the Draft 2020/21 Central Contingency Sum.

5. LATEST FINANCIAL FORECAST

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

Variations Compared with 2019/20 Budget	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Changes in Government Core Funding	**-0.6**	**3.0**	**6.0**	**9.0**
Cost Pressures				
Increased costs (2.3% per annum in 2020/21, 2.5% per annum from 2021/22)	6.2	12.9	19.8	26.8
Reinstatement of highways maintenance (previously capitalised)	0.0	0.0	2.5	2.5
Total Additional Costs	**6.2**	**12.9**	**22.3**	**29.3**
Income / Savings				
Interest on balances	-0.3	-0.2	-0.2	-0.2
Release general provision in contingency for significant uncertainty/variables	-4.2	-6.0	-8.0	-8.0
Savings from children's social care linked to invest to save	-0.5	-0.8	-0.8	-0.8
Review of staffing across organisation	-0.9	-0.9	-0.9	-0.9
Impact of fully funded pension scheme - deficit contribution no longer required	-2.1	-2.1	-2.1	-2.1
Adult social care and children's social care grant	-4.2	-4.2	-4.2	-4.2
Additional high needs funding requiring no general fund contribution	-3.2	-4.5	-5.2	-4.3
Transformation Savings (based on commitments/approvals already made)	-4.1	-5.6	-5.9	-6.1
Total Income / Savings	**-19.5**	**-24.3**	**-27.3**	**-26.6**
Other Changes (includes use of non-recurring funds)				
Fall out of Collection Fund surplus 2017/18 set aside as one off support towards meeting the funding shortfall in 2019/20	6.7	6.7	6.7	6.7
Real Changes and other Variations	-0.7	-0.7	0.2	-0.2
Fall out of New Homes Bonus funding	0.9	1.9	2.3	2.5
Fall out of one off business rate levy	0.6	0.6	0.6	0.6
Fall out of London pilot of business rates	2.2	2.2	2.2	2.2
Estimated impact of McCloud judgement on pension costs	0.4	0.4	0.4	0.4
Set aside of New Homes Bonus Funding for housing investment	1.6	0.7	0.2	0.0
Continuation of iBCF funding originally due to fall out in 2020/21	-1.7	0.0	0.0	0.0
Set aside of iBCF funding to support hospital discharge impact on social care costs	1.7	0.0	0.0	0.0
Carbon Neutral Initiatives Fund	0.9	0.0	0.0	0.0
Eduction Funding Risk Reserve	0.5	0.5	0.5	0.5
Total Other Changes	**13.1**	**12.3**	**13.1**	**12.7**
Council Tax				
Assumed increase in council tax base number of properties	-0.7	-1.5	-2.3	-3.0
Increase in council tax (assume 1.99% per annum)	-3.2	-6.4	-9.7	-13.1
Impact of Adult Social Care Precept (assume 2% per annum)	-3.2	-3.2	-3.2	-3.2
Collection Fund Surplus 2018/19	-5.9	0.0	0.0	0.0
Collection Fund set aside to meet future years budget gap	5.9	0.0	-5.9	0.0
Projection of future year collection fund surplus	0.0	-4.0	-3.0	-2.0
Total Council Tax	**-7.1**	**-15.1**	**-24.1**	**-21.3**
Growth/Cost Pressures including mitigation (see Appendix 6)				
Education	1.5	3.1	4.4	5.1
Childrens Social Care	1.1	1.5	1.8	1.8
Adult Social Care	4.4	6.9	8.1	9.3
Housing	0.2	-0.1	-3.2	-3.5
Reduction in investment property income	0.7	0.6	0.9	1.1
Total growth/cost pressures	**7.9**	**12**	**12**	**13.8**
Remaining "Budget Gap"	**0.0**	**0.8**	**2.0**	**16.9**

5.2 The above table shows, for illustrative purposes the impact of a council tax increase of 3 .99% in 2020/21 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.6m. The financial forecast assumes that any future increases in the Adult Social Care precept cease beyond 2020/21. It should be noted that the current legislation only provided powers for this precept until the end of 2020/21.

5.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,264.77 (1.99% general increase plus 2% adult social care precept) and Appendix 3 includes the Draft 2020/21 Central Contingency Sum. Appendix 2 is based on draft portfolio budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept.

5.4 Appendix 1 highlights that the Council, on a roll forward basis, has a "structural deficit" as the on-going budget has increasing costs relating to inflation, service pressures and potential future loss of Government grants. These changes are not being fully funded by a corresponding growth in income. The above projection includes savings previously agreed to reduce the 'budget gap' and the situation has improved following the 2019 Spending Round.

5.5 The above table highlights that, although it has been possible to achieve a potential balanced budget for next year even after allowing for significant cost pressures there remains a "budget gap" of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. The projections in later years have to be treated with some caution, particularly as the Government's next spending review is expected to be implemented from 2021/22 which will include the revised levels of funding for individual local authorities following the 'Fair Funding' review and Spending Review combined with the awaited outcome of the devolution of business rates income (75% share with GLA).

5.6 In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of over £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government having placed severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

5.7 Further changes will be required, prior to the report to full Council on 24th February for the finalisation of the Council Tax, to reflect latest available information on levies, and the final GLA precept.

5.8 The reasons for the budget gap by 2023/24 include, for example:

(a) inflation pressures partly offset by assumed council tax increase (1.99% per annum) and social care precept (2020/21 only) of 2% leaving a balance required of £10.5m;

(b) Loss of core grant funding of £9m;

(c) Growth/cost pressures less mitigation of £12.7m relating to education, social care and housing. If further growth pressure continues in these areas, as well as other areas, the future years 'budget gap' could increase;

(d) Additional income of £4.2m from Government social care funding which partly offsets the social care cost/growth pressures;

(e) Additional High Needs funding from Government, utilising £3.2m in 2020/21 (£4.3m in 2023/24) which partly offsets the education cost/growth pressures;

(f) Phase 1 of the Transformation savings (£4.1m in 2020/21 increasing to £6.1m per annum in 2023/24);

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

(h) Fall out of use of use of collection fund surplus and new homes bonus funding (£7.3m net).

5.9 Even using a 'best case scenario' that there are no government grant reductions after 2020/21, the final budget gap in future years will remain significant (£7.9m).

5.10 In the financial forecast, after allowing for inflation, council tax income and other changes we have an unfunded budget gap mainly due to net service growth/cost pressures. Therefore elements of service growth/cost pressures are effectively unfunded. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

6. DRAFT 2020/21 CENTRAL CONTINGENCY SUM

6.1 Details of the 2020/21 Draft Contingency Sum of £12,622k have been included in Appendix 3*.* This sum includes a provision for risk/uncertainty in the future included in the base budget. There remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings and mitigation of growth not realised and, as in the past, enable funding of key initiatives and investment opportunities.

6.2 It is important to recognise that this sum also includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2020/21 Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council's overall 2020/21 Budget.

6.3 The updated financial forecast assumes the release of £4.2m in 2020/21, £6m in 2021/22 and £8m per annum from 2022/23 to directly support the revenue budget.

7. GENERAL AND EARMARKED RESERVES

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

7.2 The Council will have retained previous year's collection fund surpluses as well as a financial management and risk reserve (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any medium or longer term utilisation of one off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.

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

7.4 The Council had general reserves remaining of £20m as at 31/3/2019. A full breakdown of reserves, including earmarked reserves, is detailed in Appendix 4.

8. 2019/20 BUDGET MONITORING

8.1 The most recent budget monitoring position was reported to Executive on 27th November 2019. The report identified an overall net underspend of £1.6m but highlighted full year costs of £5.2m. The majority of these full year costs relating to Adult Care and Health Services (£3.5m) and Education, Children and Families (£1.8m) have been included in the 2020/21 Budget. The Government's additional funding for social care in 2020/21 (£4.2m) has been utilised towards meeting these full year costs.

9. THE SCHOOLS BUDGET

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

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

PROVISIONAL DSG FUNDING					
	Schools £'000	High Needs £'000	Early Years £'000	Central £'000	Total £'000
2019/20	208,637	49,016	22,181	1,938	281,772
2020/21	218,401	53,540	22,530	1,920	296,391
Variation	**9,764**	**4,524**	**349**	**-18**	**14,619**

9.3 The Schools Block has risen by £9.8m. This is due to an increase in the per pupil unit funding and increases in the population figures.

9.4 The High Needs Block is seeing pressures coming through the system. The Government recently announced increases in funding for 2020/21 of £700m nationally to acknowledge these pressures and the fact that some Authorities were building up high levels of deficit reserves. This announcement by Government has resulted in an increase in funding of £4.5m for Bromley.

9.5 Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. Moreover future funding levels have not yet been announced and so there is uncertainty as to what funding levels will be from 2021/22.

9.6 The Council were contributing core funding of £1.9m in 2019/20 to support High Needs expenditure. The additional grant means that this can now be removed and the additional DSG grant can be used as envisaged by the Government.

9.7 It is also proposed to set aside £1.1m of the funding as part of a four year strategy to smooth the impact of High Needs demands as far as possible until 2023/24.

9.8 There are no firm guarantees for High Needs funding beyond 2020/21 and this will avoid spikes in funding deficits as far as possible.

9.9 The Council are also proposing to set aside £500k per annum of core funding in a reserve, in the event that deficits in the Education funding cannot be met. Any drawdown of this funding would need a report and the agreement of the Executive.

9.10 Early Years funding has increased by £349k. This is due to increases in population and take up and in increase in the rates from government. Early Years DSG is adjusted in years to take account of take up during the year, so the figure will change as the year progresses.

9.11 The Central Block has decreased as expected by £18k. However, this has been offset slightly by an increase in funding based on pupil number increases. There continues to be pressures in the Central Schools DSG due to funding shortfalls.

9.12 Last year the Council used £310k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2020/21 bringing the total Council core funding to £360k.

9.13 The use of DSG is subject to consultation with the Schools Forum and this also went to the Children Education and Families PDS Committee on the 30th January 2020. At the time of writing this report, this is subject to the formal agreement of the Children, Education, and Families Portfolio Holder.

10. LEVIES

10.1 Miscellaneous levies must be charged to the General Fund and shown as part of Bromley's expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 24th February 2020. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

11 COLLECTION FUND

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

11.2 The Council has a non-recurring collection fund surplus of £7.4m reflected in the '2018/19 Provisional Final Accounts' report to Executive on 21st May 2019. The surplus income is mainly due to good debt recovery levels, an increase in new properties in the borough and the successful continuing impact of actions following the data matching exercise on single person discounts. The financial impact of the council tax support scheme was also lower than budgeted. A sum of £1.5m will be allocated to the GLA and £5.9m to the Council. The financial forecast assumes that the surplus will be used towards reducing the Council's "budget gap" in 2022/23, which is an approach previously used to 'smooth out' future years budget gap.

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

12. THE GREATER LONDON AUTHORITY PRECEPT

12.1 The GLA's 2020/21 Draft Budget has been issued for consultation and is expected to be updated to include proposals for an increase of 3.6% in existing GLA precept levels for 2020/21, to reflect a recent Home Office settlement for policing providing greater flexibility in increasing the precept to fund police services. The final GLA precept for 2020/21 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 24th February 2020.

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

13.1 The latest estimated general fund (revenue) balance at 31st March 2020, as shown in the 'Budget Monitoring 2019/20' report to the 27th November 2019 meeting of Executive, is provided below:

	2018/19 Projected Outturn £Million
General Fund Balance as at 1st April 2018	20.0
Impact of net projected underspends reflected in the 2019/20 budget monitoring report	+1.6
Adjustment to Balances: Carry forwards (funded from underspends in 2017/18)	-0.8
Estimated General Fund Balance at 31st March 2020 (end of year)	20.8

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

13.3 The latest capital programme funding projections indicate that the Capital Programme will not require significant levels of funding from the Councils General Fund reserve until 2024/25.

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

13.5 Details of the Council's Building Maintenance Programme and associated costs will be reported to a future meeting of the Executive. No significant changes in the overall cost of the programme have been assumed in the 2020/21 Budget, at this stage.

14. CONSULTATION

14.1 Two separate resident association meetings were held on 18th November 2019 and 25th November 2019 relating to 'Looking to the Future'. The outcome was reported to the previous meeting of the Executive.

14.2 Executive, at its meeting on 15th January 2020, requested that the 'Draft 2020/21 Budget and Update on Council's Financial Strategy 2021/22 to 2023/24' report proposals are considered by individual PDS Committees. PDS Committees comments relating to the report in January will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 24th February 2020 where the 2020/21 Budget and Council Tax will be agreed.

14.3 The use of DSG is subject to consultation with the Schools Forum and this also went to the Children Education and Families PDS Committee on the 30th January 2020. At the time of writing this report, this is subject to the formal agreement of the Children, Education, and Families Portfolio Holder.

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

14.5 Other examples of consultation will include consultation on specific budget proposals.

15. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

15.1 There remain risks in meeting the ‘budget gap’ arising from budget savings, mitigation options to address cost pressures , as well as ongoing cost pressures arising from new burdens and the impact of Government policy changes. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings or seeking alternative savings where required. The Council’s Corporate Risk Register shows that ‘Failure to deliver a sustainable financial strategy which meets Building a Better Bromley priorities and failure of individual departments to meet budget’ is the highest risk the Council is facing.

15.2 Details of the potential risks which will be faced in future years, as part of finalising the 2020/21 Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

16. COUNCIL TAX LEVEL 2020/21

16.1 The updated GLA’s 2020/21 Draft Budget includes proposals for an increase of 3.6% in existing GLA precept levels for 2020/21. The final GLA Precept for 2020/21 is expected to be announced after the Assembly has considered the Mayor’s draft consolidated budget on 24th February 2020.

16.2 The current overall Council Tax (Band D equivalent) includes the “Bromley element” relating to the cost of the council’s services and various levies of £1,216.26 in 2019/20 and a further sum of £320.51 for the GLA precept (providing a total Band D equivalent Council Tax of £1,536.77).

16.3 For 2020/21 every £1m change in income or expenditure causes a 0.6% variation in the ‘Bromley element’ of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.6m.

16.4 As part of the Localism Act, any council tax increase of 2% or above in 2020/21 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £100k. The one off cost of a referendum is estimated to be £700k.

16.5 The Government has enabled the Council in 2020/21 to have a council tax precept of up to 2% per annum to specifically fund adult social care (a 2% increase in council tax equates to £3.2m additional income per annum). The Government recognises that the precept can also include, for example, funding the additional cost of the Living Wage. Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 1.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 4 % without the need for a council tax referendum. The financial forecast assumes the precept could not continue beyond 2020/21. The Council’s ability to raise income through an increase in the council tax and the adult social care precept is reflected in the overall level of Government funding received by the Council.

16.6 If the Council chose to agree a Bromley element 3.99% council tax increase, including the 2% Adult Social Care Precept, and the GLA Precept was increased by 3.6% there would be an overall combined council tax increase of around 3.91%. This would equate to an overall Council Tax (Band D equivalent) of £1,596.84 consisting of the Bromley element of £1,264.77 and GLA precept of £332.07.

16.7 The table below identifies the changes required to the draft 2020/21 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 3 .99%, including 2% for the Adult Social Care Precept, has been assumed in the 2020/21 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2020/21 including Adult Social Care Precept	Additional Income 2020/21 £'m
Freeze	NIL
1.0	1.6
2.0	3.2
3.0	4.8
3.99*	6.4
4.99#	8.0

*Assumed in draft 2020/21 Budget. Adult social care precept of 2% equates to additional income of £3.2m per annum. # Would be subject to a council tax referendum

16.8 Any decision on council tax levels will need to be based on a medium term view and therefore not only consider the financial impact on 2020/21 but also the longer term impact over the four year forecast period.

16.9 The Council Tax Referendum Principles are expected to be confirmed as part of the final Local Government Finance Settlement 2020/21. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.

16.10 Bromley has the second lowest settlement funding per head of population in 2019/20 for the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Further details were reported to the previous meeting of the Executive.

16.11 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2020/21, having regard to all the above factors, including the Director of Finance comments in Sections 18.6, 18.7, 18.8 and Appendix 4.

17. FUNDING SETTLEMENT

17.1 Details of the Council's representation on the response to the 'Local Government Finance Settlement 2020 to 2021: Technical Consultation' were reported to the previous meeting of the Executive. The Council's response to the Provisional Local Government Finance Settlement 2020/21 is provided in Appendix 5. The Council will continue to engage local MPs and Government ministers to secure a better funding deal for the Council and its residents.

17.2 Although the Local Government settlement for 2020/21 represents a significant improvement in funding from Government it remains a one year settlement only.

18. MEDIUM TERM FINANCIAL PLANNING

18.1 Local Government funding arrangements are set to experience their most significant reform for over two decades. The outcome of the Fair Funding Review (a revised formula for local government funding allocation), the devolution of business rates and the Spending Review (provides the plan on how the Government money will be allocated across years determining the financial quantum for local authorities) will not be known until the autumn 2020. In addition, there are likely to be transitional arrangements that will impact on any 'winners' and 'losers' amongst Councils.

18.2 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 15th January 2020 and the Draft 2020/21 Budget and future years' forecasts reflect the impact of this approach.

18.3 With the future funding uncertainty together with ongoing cost/growth pressures, the continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.

18.4 For financial planning purposes, the financial forecast assumes a council tax increase of 1.99% per annum over the following three years to compensate for funding reductions, to meet inflationary costs on social care and provide funding to meet increasing social care costs, demographic cost pressures. As part of the Local Government Finance Settlement 2020/21, the Government's reported 'Spending Power' of local government assumes that Councils will raise alternative funding, to partly determine grant calculations, from council tax increases and utilisation of the Adult Social Care precept. The financial forecast reflects that approach.

18.5 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, recognising that local authorities funding from Government remains 'unprotected' compared with NHS and other 'protected' services. It is therefore likely that, even if funding levels are maintained, the ongoing demographic and other cost pressures are unlikely to be matched by corresponding increases in government funding.

18.6 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management together with an improved financial settlement have provided an opportunity to provide a balanced budget for next year. To illustrate the benefit of the investment approach the Council has undertaken, budgeted income totaling £14.9m from a combination of treasury management income (£3.6m) and rents from investment and operational properties (£11.3m) is expected to be realised. Without this income, equivalent service reductions may be required. Utilisation of the remaining uncommitted Growth and Investment Fund monies will continue to be prioritised for housing investment, at this stage, given the need to reduce the significant cost pressures on homelessness and the opportunities for invest to save. The Council will continue to explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3 to 5 year period. This could include, for example, funding of joint venture opportunities to support land disposal/key investments. The Council has already undertaken secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.

18.7 The background to the impact of real reductions in government funding within the local authority landscape was reported to the last meeting of the Executive. Bromley has delivered savings of over £100m since 2011 and has a low cost base which makes further savings more challenging. Changes in Government funding are not expected to meet future year cost pressures and new burdens which will continue over the next four years. CIPFA have provided advice to local authorities on the financial stress warning signs:

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

18.8 The Council is ‘better placed’ than many other authorities due to remaining debt free , has retained adequate level of reserves and maintained adequate provisions in the Council’s revenue budget for unforeseen costs and risks. The Council has maintained four year financial planning despite the future funding uncertainty (awaited Spending Review, Fair Funding review and devolution of business rates from 2021/22) and it remains essential that action is taken to address any in year overspends, recognising that there could be a full year impact which could increase the ‘budget gap’ further. Continuing the One Council Transformation approach as reported to the previous meeting of the Executive, as well as minimising cost/growth pressures are essential to identify options from 2021/22 to address the medium term budget gap and ensure the Council can continue to ‘live within its means’. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their ‘cash envelope’. Commentary on the level of reserves and robustness of the 2020/21 Budget are provided in Appendix 4.

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

19. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

19.1 The Draft 2020/21 Budget reflects the Council’s key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

20. POLICY IMPLICATIONS

20.1 The Draft 2020/21 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium term financial plan. The Council continues to deliver key services and lives within its means.

21. PERSONNEL IMPLICATIONS

21.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2020/21 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

22. LEGAL IMPLICATIONS

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

22.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply (see Section 16 of the Report). This replaced the previous power of the Secretary of State to "cap" local Authority budgets.

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

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

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

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

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

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

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

Background documents	Treasury Management – Annual Investment Strategy 2020/21 and Quarter 3 Performance 2019/20, Executive, Resources and Contracts PDS Committee and Council, 5th February 2020 and 24th February 2020 Capital Programme Monitoring Q3 2019/20 and Capital Strategy 2020 to 2024, Executive and Council, 12th February 2020 and 24th February 2020 Draft 2020/21 Budget and Update on Council's Financial Strategy 2021/22 to 2023/24, Executive, 15th January 2020 Budget Monitoring 2019/20, Executive, 27th November 2019 Insurance Fund – Annual Report 2018/19, Executive, Resources and Contracts PDS Committee, 9th October 2019 2018/19 Provisional Final Accounts. Executive, 21st May 2019 2018/19 Council Tax, Executive, 13th February 2019
Financial Considerations	Covered within overall report

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Bromley's Budget Requirement in 2019/20 (before funding from Formula Grant) @	200,242	200,242	200,242	200,242	200,242
Formula Grant and Business Rate Share	-40,391	-40,391	-40,391	-40,391	-40,391
	159,851	159,851	159,851	159,851	159,851
Changes in Government Core Funding		**-616**	**3,000**	**6,000**	**9,000**
Cost pressures					
Increased costs (2.3% per annum in 2020/21, 2.5% per annum from 2021/22)		6,231	12,909	19,759	26,787
		6,231	12,909	19,759	26,787
Reinstatement of highways maintenance (previously capitalised)				2,500	2,500
Total additional costs		**6,231**	**12,909**	**22,259**	**29,287**
Income/Savings					
Interest on balances		-300	-200	-200	-200
Release general provision in contingency for significant uncertainty/variables		-4,251	-6,000	-8,000	-8,000
Savings from children's social care linked to invest to save funding		-500	-750	-750	-750
Review of staffing across organisation		-900	-900	-900	-900
Impact of fully funded pension scheme - deficit contribution no longer required		-2,100	-2,100	-2,100	-2,100
Adult social care and children's social care grant		-4,216	-4,216	-4,216	-4,216
Additional high needs funding requiring no general fund contribution		-3,187	-4,535	-5,235	-4,319
Transformation Savings (based on commitments/approvals already made)		-4,096	-5,621	-5,885	-6,070
		-19,550	-24,322	-27,286	-26,555
Other changes					
Fall out of Collection Fund surplus 2017/18 set aside as one off support towards meeting the funding shortfall in 2019/20		6,753	6,753	6,753	6,753
Fall out of New Homes Bonus funding		919	1,860	2,280	2,531
Fall out of one off business rate levy		581	581	581	581
Fall out of London pilot of business rates		2,200	2,200	2,200	2,200
Estimated impact of McCloud judgement on pension costs		400	400	400	400
Set aside of New Homes Bonus Funding for housing investment		1,612	671	251	0
Continuation of iBCF funding originally due to fall out in 2020/21		-1,677	0	0	0
Set aside of iBCF funding to support hospital discharge impact on social care costs		1,677	0	0	0
Carbon Neutral Initiatives Fund		875	0	0	0
Education Funding Risk Reserve		500	500	500	500
Real Changes and other Variations		-717	-676	174	-269
		13,123	12,289	13,139	12,696
Council Tax					
Assumed increase in council tax base number of properties		-750	-1,500	-2,250	-3,000
Growth/Cost Pressures including mitigation					
Adults and Children Social Care, Education and Housing					
- Education		1,452	3,158	4,409	5,113
- Children's Social Care		1,135	1,477	1,773	1,784
- Adults Social Care		4,405	6,956	8,126	9,329
- Health support to schools (funded by cash limiting Public Health		0	0	0	0
- Housing		239	-136	-3,194	-3,485
Reduction in investment property income		713	616	853	1,055
Total growth/cost pressures		**7,944**	**12,071**	**11,967**	**13,796**
Budget Requirement		**166,233**	**174,298**	**183,680**	**195,075**
2019/20 Council Tax Income	-159,851	-159,851	-159,851	-159,851	-159,851
Increase in council tax (assume 1.99% per annum)		-3,182	-6,425	-9,734	-13,109
ASC Precept @2%		-3,200	-3,200	-3,200	-3,200
Budget Gap before use of collection fund surplus		**0**	**4,822**	**10,895**	**18,915**
Collection Fund surplus 2018/19		**-5,900**			
Collection fund set aside to meet future years budget gap		**5,900**		**-5,900**	
Projection of future years collection fund surplus		0	-4,000	-3,000	-2,000
Revised Budget Gap after allowing for growth/cost pressures and draft savings identified		**0**	**822**	**1,995**	**16,915**

1) The above forecast assumes a council tax increase of 1.99% per annum for the four year period and an adult social care precept increase of 2% in 2020/21 only

2) The Draft 2020/21 Budget includes investment income of £14.9m consisting of interest on balances (£3.6m) and investment property income (£11.3m)

SUMMARY OF DRAFT 2020/21 REVENUE BUDGET - PORTFOLIO

	2019/20 Final Budget £'000	Portfolio/Item		2020/21 Draft Budget £'000		2020/21 Band "D" Equivalent £
	84,176	Education		85,785		649.76
Cr	76,722	Less costs funded through Dedicated Schools Grant	Cr	79,506	Cr	602.20
	7,454	Sub total		6,279		47.56
	37,304	Childrens Social Care		35,735		270.67
	69,424	Adult Care and Health		71,700		543.08
	31,295	Environment & Community Services Portfolio		31,086		235.45
	2,447	Public Protection and Enforcement		2,403		18.20
	16,015	Renewal, Recreation and Housing		14,805		112.14
	31,764	Resources, Commissioning & Contracts Management		31,631		239.58
	3,986	Non Distributed Costs & Corporate & Democratic Core		1,870		14.16
	199,689	Total Controllable Budgets		195,509		1,480.84
	11,768	Total Non Controllable Budgets		9,341		70.75
Cr	792	Total Excluded Recharges	Cr	853	Cr	6.46
	210,665	Portfolio Total		203,997		1,545.13
Cr	10,265	Reversal of Net Capital Charges	Cr	7,794	Cr	59.03
Cr	3,291	Interest on General Fund Balances	Cr	3,591	Cr	27.20
	-	Contribution to Carbon Neutral Initiatives Fund		875		6.63
	-	Contribution to Utilisation of New Homes Bonus for Housing		1,612		12.21
	-	Utilisation of Prior Year Collection Fund Surplus/Set Aside		5,900		44.69
	11,155	Central Contingency Sum		12,622		95.60
		Levies				
	452	- London Pensions Fund Authority*		470		3.56
	249	- London Boroughs Grants Committee		248		1.88
	249	- Environment Agency *		258		1.95
	312	- Lee Valley Regional Park *		324		2.45
	209,526	Sub Total		214,921		1,627.87
Cr	39,810	Business Rate Retention	Cr	40,426	Cr	306.20
Cr	581	Business Rate Levy		-		0.00
Cr	6,753	Collection Fund Surplus	Cr	5,900	Cr	44.69
Cr	2,531	New Homes Bonus	Cr	1,612	Cr	12.21
	159,851	Bromley's Requirement (excluding GLA)		166,983		1,264.77

* Final allocations awaited

** There may be further amendments to reflect any changes to the Portfolio structure for 2020/21

Appendix 3

2020/21 CENTRAL CONTINGENCY SUM		£'000
General		
Provision for Unallocated Inflation		4,059
General provision for risk/uncertainty		2,431
Provision for risk/uncertainty relating to volume and cost pressure		2,182
Increase in Cost of homelessness/impact of welfare reforms		1,825
Universal credit roll out - impact on claimant fault overpayment recoveries		750
Tackling Troubled Families Grant Income	Cr	628
Tackling Troubled Families Grant Expenditure		628
Growth for Waste services		587
Homeless Prevention funding	Cr	424
Set aside for Homeless Prevention Initiatives		424
Estimated Impact of McCloud Judgement		400
Adult Social Care Expenditure		210
Deprivation of Liberty		118
Rough Sleeping Initiative Grant Income	Cr	104
Rough Sleeping Initiative Grant Expenditure		104
Planning appeals - changes in legislation		60
		12,622

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

Appendix 4

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

1. Background

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

2. General Reserves

2.1. Bromley has estimated general reserves of £20.8 million as at 31st March 2020 (as reported to Executive on 27th November 2019), as well as earmarked reserves (Section 3). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:

(a) To provide some contingency reflecting the financial risks facing the Council, the scale of budget reductions and associated impact, the need to manage effectively action to reduce the longer term 'budget gap' and recent government changes which include the transfer of risks from central to local government provides significant new risks for longer term planning purposes;
(b) To provide alternative one off funding to offset the impact of any overall large overspends facing the Council;
(c) To provide adequate resources for spend to save initiatives which, following investment, can provide real longer term financial and service benefits;
(d) To provide support in financing the capital programme, particularly to assist in funding key initiatives;
(e) To provide financial support (income) to the revenue budget through interest earnings, which will reduce as balances are gradually reduced;
(f) To utilise short term monies available from any 'front loading' of savings to assist in managing the key risks facing the Council and fund key initiatives preventing the further deterioration in the 'sustainability' of the Council's finances;
(g) To provide investment to seek a long term alternative to current income streams;
(h) To provide funding (e.g. severance costs) to enable the release of longer term ongoing savings;
(i) To set aside income available, that does not provide a permanent income stream, towards one off investment in the community for schemes that meet the Council's priorities;
(j) To buy time to identify further savings needed whilst avoiding 'knee jerk' actions to deal with future budget deficits;
(k) To assist the Council to achieve as much stability as possible for both longer term service delivery and planning the moving of resources to areas of agreed priority.

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

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

2.4 Bromley’s reserves had reduced from £131m to £54m (general reserves) between 1997 and 2011. The Council had previously agreed to set aside part of these reserves towards an Invest to Save Fund and to fund the Growth Fund and Investment Fund. The latest projected level of general reserves remaining is £20.8m.

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

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

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

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

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

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

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

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

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

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

3. Earmarked Reserves

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

Description	Balance at 01/04/19	Estimated Net Movement	Estimated Balance at 31/03/20	Estimated Movement	Estimated Balance at 31/03/21
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
EARMARKED BALANCES					
LPSA/LAA Reward Grant Investment Fund	**231**	0	**231**	-75	**156**
Technology Fund	**5,044**	73	**5,117**	51	**5,168**
Town Centre Improvement Fund (LABGI)	**55**	0	**55**	0	**55**
Transformation Fund	**2,208**	-334	**1,874**	-700	**1,174**
Investment to Community (Resources)	**372**	-17	**355**	0	**355**
Works to Property	**100**	0	**100**	0	**100**
Planning Services Charging Account	**166**	-103	**63**	0	**63**
Government Grants (c/fwd from previous years)	**6,845**	-2,346	**4,499**	-2,898	**1,601**
Invest to Save Fund	**17,084**	975	**18,059**	670	**18,729**
One off Member Initiatives	**891**	-298	**593**	0	**593**
Infrastructure Investment Fund	**1,690**	-370	**1,320**	-249	**1,071**
Commissioning Authority Programme	**365**	0	**365**	0	**365**
Health & Social Care Initiatives – Promise Programme	**3,953**	0	**3,953**	-2,000	**1,953**
Housing Strategy Trading Account	**25**	0	**25**	0	**25**
Community Right to Bid & Challenge	**46**	0	**46**	0	**46**
Investment Fund	**6,050**	0	**6,050**	-6,050	**0**
Winter Pressures Reserve	**2,010**	0	**2,010**	0	**2,010**
Refurbishment of War Memorials	**13**	0	**13**	0	**13**
Key Health & Social Care Initiatives	**1,700**	0	**1,700**	0	**1,700**
Integration of Health & Social Care Initiatives	**1,614**	0	**1,614**	0	**1,614**
Collection Fund Surplus Set Aside	**19,166**	0	**19,166**	5,900	**25,066**
Healthy Bromley Fund	**3,815**	0	**3,815**	0	**3,815**
Glaxo Wellcome Endowment	**132**	-21	**111**	-7	**104**
Cheyne woods & Cyphers Gate	**143**	-1	**142**	-1	**141**
Public Halls Fund	**7**	0	**7**	0	**7**
Future Repairs of High Street Properties	**55**	12	**67**	12	**79**
Parallel Fund	**2,903**	0	**2,903**	0	**2,903**
Growth Fund	**21,092**	-2,326	**18,766**	-57	**18,709**
Health & Social Care Integrated Commissioning Fund	**5,550**	-2,000	**3,550**	0	**3,550**
Financial Planning & Risk Reserve	**10,000**	0	**10,000**	0	**10,000**
Bromley Welfare Fund	**749**	-214	**535**	-215	**320**
Payment in Lieu Reserve for Temporary Accommodation	**149**	27	**176**	27	**203**
Business Rate Risk Reserve	**4,200**	0	**4,200**	0	**4,200**
Sub Total B/fwd	**118,423**	**-6,943**	**111,480**	**-5,592**	**105,888**

Description	Balance at 01/04/19	Estimated Net Movement	Estimated Balance at 31/03/20	Estimated Movement	Estimated Balance at 31/03/21
	£'000	£'000	£'000	£'000	£'000
Sub Total C/fwd	**118,423**	**-6,943**	**111,480**	**-5,592**	**105,888**
Crystal Palace Park Improvements	**26**	-26	**0**	0	**0**
Various Joint Schemes and Pump Priming Investments	**3,375**	-1,781	**1,594**	-304	**1,290**
Transition Fund	**2,560**	0	**2,560**	0	**2,560**
Environmental Initiatives	**467**	-30	**437**	0	**437**
Planning/Planning Enforcement	**197**	-197	**0**	0	**0**
Apprenticeship Scheme	**200**	-55	**145**	-62	**83**
Civic Centre Development Strategy	**457**	-49	**408**	-306	**102**
Future Professional Advice for Commissioning	**147**	0	**147**	0	**147**
Utilisation of New Homes Bonus	**2,256**	0	**2,256**	0	**2,256**
Future Pensions Risk on Outsourcing	**550**	170	**720**	173	**893**
West Wickham Leisure Centre & Library Development	**993**	-993	**0**	0	**0**
Income Equalisation Reserve	**2,594**	0	**2,594**	0	**2,594**
Capital Funding for Property Disposal/Feasibility Works	**79**	-79	**0**	0	**0**
Biggin Hill Airport Project	**124**	-15	**109**	-15	**94**
Transformation Programme	**500**	0	**500**	-85	**415**
Housing Investment Fund	**7,500**	-500	**7,000**	-7,000	**0**
High Street & Parks Improvement Fund	**115**	0	**115**	0	**115**
Contribution to YES Funding for 2019/20	**130**	-130	**0**	0	**0**
Day Centre Rent Relief	**76**	-76	**0**	0	**0**
Housing Invest to Save	**3,409**	0	**3,409**	0	**3,409**
Sub Total	**144,178**	**-10,704**	**133,474**	**-13,191**	**120,283**
PROVISIONS					
Insurance Fund	**3,984**	30	**4014**	30	**4044**
OTHER					
School Budget Share Funds	**1,757**	-116	**1641**	0	**1641**
Total Reserves	**149,919**	**-10,790**	**139,129**	**-13,161**	**125,968**
New Reserves Subject to Final Approval					
Provision for Education Risk Reserve	**0**	0	**0**	500	**500**
IBCF Hospital Discharge Funding Reserve	**0**	0	**0**	1,677	**1677**
Carbon Neutral Initiatives	**0**	0	**0**	875	**875**
New Homes Bonus funding for Housing Investment	**0**	0	**0**	1,612	**1612**
Total Estimated Reserves	**149,919**	**-10,790**	**139,129**	**-8,497**	**130,632**

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

3.3 A summary of other significant areas are:

- School Balances - these are unspent balances of budgets delegated to individual schools and these are legally only available to schools.
- Insurance Reserves – self-insurance is a mechanism used by a number of local authorities including Bromley. In the absence of any other statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves or provisions.
- Technology Fund - this represents IT budgets that have been put into a reserve in previous years to allow projects to be carried out across the boundaries of financial years and the utilisation of this will become increasingly important over the next few years.
- Health and Social Care (various) – there are monies set aside as part of a Section 256 agreement with Bromley Clinical Commissioning Group for the funding of future transformation/integration of health and social care and to contribute towards the financial sustainability of Bromley CCG.

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

3.5 The outcome of the actuarial valuation as at 31/3/19 was reported to Pensions Investment Sub Committee on 30st January 2020 and General Purposes and Licensing Committee on 11th February 2020. The Council's pension fund is now fully funded. The triennial actuarial valuation impacts on the budget from 2020/21 to 2022/23. The Council has received national awards recognising the outstanding investment performance of its pension fund.

4 Budget Assumptions

4.1 Treatment of Inflation and Interest Rates

4.1.1 Despite the previous increase in the Bank of England base rate from 0.50% to 0.75%, there had been very little impact on interest income from lending to banks. This is partly due to banks continuing to have access to lending from central government at very low rates as well as the strengthening of 'balance sheets' reducing the need to borrow. In addition, the utilisation of the investment and growth fund as well as the Highways Investment Fund, have reduced the resources available for treasury management investment. However, the treasury management strategy had previously been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. Further details are included in the 'Treasury Management – Annual Investment Strategy 2020/21 and Quarter 3 Performance 2019/20' report to Executive, Resources and Contracts PDS Committee on 5th February 2020.

4.1.2 A general allowance of 2.3% per annum has been built into the Draft 2020/21 Budget and financial forecast with an assumed 2.5% in future years.

4.1.3 The 2020/21 Budget includes an across the board pay increase of 2.5% for Council staff with additional changes for staff on lower scale points (inclusive of the 2.5%), as announced by the Portfolio Holder for Resources, Commissioning and Contract Management at the last meeting of Executive. Further details are being reported to General Purposes and Licensing Committee on 11th February 2020.

4.2 Level and Timing of Capital Receipts

4.2.1 Details of the level and timing of capital receipts are included in the 'Capital Programme Monitoring Q3 2019/20 and Capital Strategy 2020 to 2024' report elsewhere on the agenda.

4.3 Budget and Financial Management and 'Demand Led' Budgets

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

4.3.2 The major demand led services that currently affect Bromley's budget are homelessness, education (high needs), adults and children's social care. Cost/growth pressures impacting on education, housing, adults and children's social care have been quantified together with the mitigation of costs which have been reflected in the Draft 2020/21 Budget and financial forecast which are summarised below with more details reported to the previous meeting of Executive:

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Growth/cost pressures	12,302	19,282	24,488	29,593
Mitigation	-5,071	-7,827	-13,374	-16,852
Net additional costs	7,231	11,455	11,114	12,741

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

4.3.4 The draft 2020/21 Budget includes reasonable estimates of likely changes in activity in the next financial year. It is important that Chief Officers identify mitigating action to address any in year cost pressures or other mitigation savings not realised to remain within their 'cash envelope'.

4.4 Financial Standing of the Authority

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

4.5 Financial Information and Reporting

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

4.5.2 The Council will need to continue with the Transformation Programme addressing budget pressures and identifying saving options (details reported to last meeting of the Executive), as well providing many positive transformational benefits.

4.6 Virement Procedures

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

4.7 Risk areas

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

4.8 Link with other plans/strategies

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

4.9 Insurance Fund

4.9.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a significant financial stop loss that prevents the council from having to meet losses in excess of this amount on liability claims in any one year. The 'Insurance Fund – Annual Report 2018/19', considered by the Resources, Commissioning and Contracts Management Portfolio Holder at the meeting of the Executive and Resources PDS Committee on 9th October 2019, gives more background information.

4.10 Funds and the adequacy of provisions

4.10.1 As is discussed above, the Council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year's capital expenditure and other commitments. It is essential that an adequate level of reserves is maintained to reflect the impact of the future years budget gap of £16.9m by 2023/24, 'balance sheet' liabilities combined with the ongoing cost/growth pressures facing the Council. The "budget gap" may increase or reduce as a result of a number of variables in future years. Bad debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council's external auditors.

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

4.11 Council's Investment Income contributing to supporting key services

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

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

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

4.11.3 The Council's investment income of £14.9m, assumed in the 2020/21 Budget, is shown below:

	£'m
Investment properties and rental income	11.3
Treasury Management Income	3.6
Total investment income	14.9

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

4.11.5 Details of the approach to treasury management is being reported to Executive, Resources and Contracts PDS meeting on 5th February 2020. The Treasury Management Strategy has previously been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. Additional income of £300k has been assumed in the 2020/21 Budget. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. The approach to addressing Security, Liquidity and Yield is addressed in that report.

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

Telephone: 020 8464 3333
Direct Line: 020 8313 4338
Email: peter.turner@bromley.gov.uk
Fax: 020 8313 4335
Internet: www.bromley.gov.uk

THE LONDON BOROUGH

Appendix 5

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P4DF

17th January 2020

Email: LGFsettlement@communities.gov.uk

Dear Sir/Madam

Provisional Local Government Finance Settlement 2020-21

The London Borough of Bromley welcomes the opportunity to comment on the Provisional Local Government Finance Settlement 2020-21. It is important that this response is considered in the wider context of historic local government funding cuts and increasing demand for our services.

We welcome the additional funding confirmed in the Provisional Settlement, following on from the 2019 Spending Round (SR19). The certainty on funding streams for 2020/21 assists in planning for next year's budget decisions and helps to reduce the impact on services next year. Although it provides a one year settlement with uncertainty remaining from 2021/22, it is a positive outcome.

In terms of meeting the budget challenges in future years, the Council faces significant cost pressures relating to homelessness, educational high needs, adults and children's social care. Even if the level of government grant funding available to the Council no longer reduces, these cost pressures, partly linked to demographic changes, need to be funded which results in an ongoing need to address a significant 'budget gap' that cannot be met by council tax increases alone.

There is national recognition that Social Services is underfunded. One of Bromley's high cost pressure relates to adult social care and it remains essential that a fundamental solution is found to address its funding. The Prime Minister has recognised the need to address this and his comments, reported in the press on 14th January 2020, indicate that action will be taken to address the significant funding issue.

We therefore seek that the next year's Spending Review provides sustainable funding solutions, recognising the significant cost pressures facing Bromley as well as many other local authorities.

Peter Turner. Director of Finance

We are seeking a fair level of funding for Bromley which provides recognition that we keep our costs low, reflects fairly the impact of a high proportion of elderly population and recognises the true financial impact of essential highways maintenance and repair in a borough with a large road network.

Key asks for a Fairer Funding deal for Bromley are:

- Fair Funding should have a mechanism to reward more efficient authorities (e.g. financial incentives in the system);

- Fair Funding should recognise or reward efficient, low cost authorities like Bromley - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of 'protection' to lessen the impact on that basis;

- Fair Funding needs to recognise higher London costs which impacts on service costs and the financial impact of need. Bromley has one of the lowest Area Cost Adjustments for the London area and this needs to be reviewed more closely to reflect that, for example, costs in Bromley are as high as the South West of London;

- Resource element of any funding baseline should not reflect a notional council tax which may be higher than current council tax levels for Bromley;
- Some form of 'damping' protection would be needed to assist in forward planning;

- Authorities with a low cost baseline should not have faced a higher proportion of cuts to funding as part of ongoing austerity and this should be recognised/compensated in any future funding arrangements;

- Need to avoid the situation where low council tax authorities do not need to increase council tax as they have a more generous settlement than other comparable authorities;

- Social Care responsibilities (Improved Better Care Fund) should be determined by adult social care formula (e.g. Bromley had lost potential funding of up to £3m from 2019/20) using the revised formula;

- We are experiencing increased pressures on our homelessness budgets through rising demand and higher costs. The impact of the benefit cap and LHA levels remaining low means that private rented accommodation is unaffordable for low-income households. Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term. Fair Funding should recognize London's cost pressures relating to homelessness - pressures mainly relating to London and a few other areas;

- Bromley's population is expected to increase by more than the national average by 2030 – funding is currently not reallocated based on population growth and also Bromley has a higher increase in over 65 years of age (18.9%) compared with rest of London (12.1%). Using GLA central estimates, between 2017 and 2037 over 65's are expected to increase by 44.4% and over 90's by 123.8% with an overall population increase of 18.8% during that period;

- Benefits data which is used in determining needs assessment does not reflect low level of take up (can it be adjusted to reflect lower take up compared with rest of country?) or the impact of higher housing costs in London. Measuring deprivation levels after housing costs gives a more realistic assessment of disposable income;

- The relative size of the Needs and Resource amounts are ultimately set by MHCLG on the basis of judgement - can some of the unique factors for Bromley be reflected in this to ensure low cost efficient authorities are not penalised?

We request that the ring fencing of grant funding is changed to enable greater flexibility to ensure resources are allocated to reflect local needs and still meet national requirements. This includes education funding and various other grant funding. The national formula funding for education reduced flexibility of funding for special educational needs and, whilst the additional High Needs funding is welcomed, there remains medium term potential placement costs being ultimately met by the council tax payer rather than through schools funding. Extension of legal duties, without additional funding being provided, has increased the cost pressure for the high needs service. This is coupled with the anomaly where the council tax payer is required to fund special educational needs transport costs of £5.3m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.

It is critical that Government recognise the underfunding of existing services, provide additional resources and remove restrictions that prevent local authorities from raising or spending their own resources. Rising demand, increasing costs and reduced funding cannot be sustained and we would urge government to use the opportunity afforded by the Fair Funding review and move to 75% business rate retention locally to fundamentally review the long term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

New burdens doctrine was expected to be transparent in recognising and funding additional cost pressures for local authorities arising from changes in government policy. Some of the cost pressures include new burdens such as, for example, no recourse to public funds, automatic enrolment, extended support to care leavers to age of 25 years old, the lifting of the public sector pay cap, indexation and equalisation of guaranteed minimum pensions, deprivation of liberty, changes to national insurance costs, national living wage and, more recently, the Homelessness Reduction Act which have only been part funded. The new burdens have not been adequately funded, if at all. MHCLG have recognised some of the pressures on adult social care and provided some limited flexibility to use grant funding for children's social care as well as the continuation of the Adult Social Care Precept for 2020/21. However, the further cost pressures on children's social care and homelessness (consequence of welfare reform, impact of limiting local housing allowances and potential implications of universal credit) have not been fully recognised and have resulted in a significant additional cost burden which is not recognised by the funding provided.

Looking further ahead, Bromley would still face a period of significant uncertainty with the awaited Fair Funding Review, the move to 75 percent Business Rates Retention and the 2020 Spending Review which could represent a new 'cliff edge' in financial planning terms. We ask that the precedent of early sight of funding allocations that has been set by SR19 be continued as far as possible next year.

We support the need for the future funding system to be less complex, transparent, provide certainty and be responsive to changes in demand. The key outcome needs to be adequate funding for the future sustainability of Bromley to meet the key services that matter to our residents and taxpayers. As the National Audit Office reported, as part of its Financial Sustainability of Local Authorities 2018 report, the Government 'must set out at the earliest opportunity a long-term financial plan for the (local government) sector that includes sufficient funding to address specific service pressures and secure the sector's future financial sustainability'.

Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Although recent Spending Round announcements are helpful we need a sustainable medium term settlement at next year's full Spending Review.

The huge funding pressures on adult social care, children's services, high needs and homelessness need sustainable funding solutions.

The responses to the specific questions are attached.

Bromley has supported Government policy towards meeting austerity, seeking to generate economic growth through investing (contribution to UK PLC) and keeping public sector costs low whilst driving out more efficiency. We also have the highest proportion of schools converted to academies.

We have previously raised our concerns about the complexity and lack of transparency within the current local government finance system as well as the continued ring-fencing of some funding streams (including schools) which reduces flexibility to re-divert resources according to local priorities. We believe it is absolutely critical that these points are addressed as part of the Fair Funding Review. It remains essential that any whole solution that provides a sustainable platform for the future includes resource equalisation and transitional arrangements.

Bromley's local MPs have highlighted concerns about an ongoing poor financial settlement for Bromley and the need for a fairer system that rewards efficient low cost councils and provides a 'fairer' level of funding in recognition of the needs of residents and council taxpayers. Rt. Hon. Bob Stewart MP made comments in Parliament, following the 2018/19 Local Government Finance Settlement, and more recently Jo Johnson (previously MP for Orpington) and Rt. Hon. Bob Neill MP made comments following the 2019/20 Local Government Finance Settlement.

Peter Turner. Director of Finance

Jo Johnson referred to 'it is time to adjust our local authority's (Bromley) baseline, to reflect the fact that it has made enormous efficiencies in order to absorb a 50% real-terms cut over the past four years, and to reward it for being one of the most efficient local authorities in the country'. Rt. Hon. Bob Neill referred to 'Bromley has been historically a low cost authority, and credit must go to the Conservative-led Bromley Council, which has made savings of around £97million per annum since 2011-12. However, because it has been efficient historically, there is really no fat left for it to cut, and because of the way the system works at the moment, there is no reward for efficiency'.

As a low grant funded borough, the current formula does not reflect the required assessment of need for our borough. There are some local authorities with high spend but this reflects a high level of historic government funding rather than the correct needs assessment. The outcome can result in high costs and inefficiency rather than spend levels matching true need - the opposite applies to Bromley. Apart from a fairer level of funding the Council is seeking that future funding arrangements reward/incentivise more efficient boroughs such as Bromley.

A combination of historic core grant reductions combined with new burdens not fully funded and increasing demand for services, immense pressure on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures and meeting inflation costs means it is becoming increasingly difficult to sustain the scale of funding reductions imposed on us. During the period 2010/11 to 2019/20 we have faced government core grant reductions of around £77m per annum. Although the additional funding announced as part of SR19 is welcomed there remains uncertainty on funding levels beyond 2021/22 which makes medium and long term financial planning more problematic.

Bromley faced a four year "budget gap" of around £32m by 2022/23 but the recent additional funding as part of the Spending Round improves that position to a potential "budget gap" of an estimated £17m per annum within 4 years – although a greatly improved position a significant "budget gap" remains. London Councils and Local Government Association (at the national level) have reported that significant savings are required by local authorities to plug the funding gap which is not sustainable in the longer term without further significant funding.

There were 1,335 statutory duties as at June 2011, identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite overall significant funding reductions. This provides a greater challenge for a low cost authority like Bromley. This highlights the importance of considering the full impact of any changes affecting local government. The Government should consider reviewing the role and duties of local government to match the potential resources available.

Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. Bromley has created a low cost base through many pioneering measures taken including outsourcing on a large scale, transfer of housing stock, creation of leisure trust and relentless cost control. However this provides a further challenge as our scope to achieve savings through efficiencies is significantly reduced compared with other high cost authorities.

In 2019/20 Bromley has the 2nd lowest level of settlement funding in the whole of London despite having the 6th highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications are not reflected in our settlement funding. If we received the average level of grant funding, our income would increase by £62m in 2019/20. It is essential that MHCLG reflect an adjustment to the Council's baseline funding position to address historic low funding levels in the new Fair Funding arrangements.

Bromley's core funding has been cut by more than the London and England average since 2010/11. Prior to the outcome of the 2019 Spending Round, it would have reduced by 75% compared with 63% (London and England) in real terms over the course of the decade.

We acknowledge that the reform of business rates and Fair Funding review will provide opportunities to fundamentally review how local government is funded in the long term but it is clear that the current system for funding local government is unsustainable. The next Spending Review needs to consider the funding requirements for local government to meet key services that matter to our residents and taxpayers and linked with the Fair Funding Review. There should not be an outcome that simply results in a redistribution of existing government funding without considering the impact of cost pressures and new burdens and the limitations in generating alternative income. While the Fair Funding Review is a welcome opportunity to address the best method to distribute resources, there is no escaping the inadequacy of the resources it distributes when compared with the totality of demand - the Spending Review is a key opportunity to put local government on a sustainable footing. Local government has received a disproportionate share of funding reductions when compared with total public and departmental spending.

Apart from the need for a fairer level of funding, the Council requests the removal of the referendum limit for council tax increases and the continuation of the Adult Social Care precept beyond 2020/21 to provide greater recognition of local accountability. There should be further flexibility to extend the precept to fund other key pressure areas such as Children's Social Care and Housing. It is essential that we are given local flexibility to determine how services are funded particularly as we need to balance service priorities and council tax levels.

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

We appreciate being able to contribute to the consultation and welcome the additional funding. If next year's Spending Review and Fair Funding enables a more sustainable funding approach it would be welcomed and enable the Council to provide key services to its residents, support the Government's objectives and support the local economy with a resultant benefit on national economic growth which is key to providing revenues to Government to support services that matter to tax payers and council tax payers.

Peter Turner. Director of Finance

The Government previously introduced four year funding which was welcomed but we now face a situation of significant uncertainty of funding for 2021/22 and beyond. There needs to be sufficient time to plan for 2021/22 and future years and a key consideration for financial planning is the level of Government funding available. Any early indications of the impact on individual authorities, including the distributional impact of the different elements within the formula will be needed and would assist in financial planning and reducing financial uncertainty. It is important to recognise that no organisation of any size can be expected to operate efficiently without multiple years assurance about its level of funding – this would include any government funding.

To allow for sufficient time to meet statutory council tax deadlines and our annual billing deadlines, it is important that the final 2020-21 Local Government Finance Settlement is published before Parliamentary Recess in mid- February 2020.

Both Members and Officers remain keen to work with the Government to help find positive solutions that work for our residents and taxpayers to meet future service priorities in the shorter term as well as the longer term. Bromley Council appreciates the opportunity to respond to the consultation on the 2020-21 Provisional Local Government Finance Settlement.

Yours faithfully

P Turner

Peter Turner
Director of Finance
London Borough of Bromley

Responses to Consultation Questions

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

Given the limited timescale and the awaited Fair Funding Review, we recognise that the proposed approach to distributing RSG is a reasonable interim measure.

Question 2: Do you agree with the Government's proposal to eliminate negative RSG?

Bromley was facing a negative RSG adjustment and the additional funding the Government has found is welcome. Low cost and well run authorities should not be penalised with a negative RSG requirement.

The Fair Funding Review reforms are essential to the effective delivery of important services to the public and must provide a robust system for ensuring that resources are allocated accordingly.

Question 3: Do you agree with the proposed package of council tax referendum principles for 2020-21?

Bromley continues to oppose the 'capping' of council tax increases through the mechanism of referendum principles. Council tax is the only locally determined tax and local authorities must have full flexibility in how it is used as well as how it is set that strikes the appropriate balance between local resources and needs. 'Capping' restricts local decision making.

If there is to be a continuation of the ASC precept in future years (only 2020/21 has been announced), we would urge the Government to allow flexibility for it to be spent on both adult and children's social care as most London boroughs are experiencing large funding pressures in children's social care as well as in adults.

Question 4: Do you agree with the Government's proposals for the Social Care Grant in 2020-21?

The additional funding for social care is welcome and much needed. We also welcome the removal of the ringfence from the Winter Pressures funding that will be rolled into iBCF, and the fact that the Social Care Grant will not be ringfenced, and conditions or reporting requirements will not be attached.

However, Bromley disagrees with the proposed method for distributing funding for both children and adult social care using solely the adult social care RNF. If the intention is for this funding to alleviate pressure on both adult and children's social care, it's distribution should reflect relative levels of needs in both services. We urge the Government to set out why it is not using the existing children's social care RNF.

There is an inconsistency in the proposed allocation method for the new £1 billion of Social Care Grant, with £150 million being used to equalise for what can be raised in ASCP. If the precept remains solely for adult social care, and the support grant for both children's and adult social care, this is effectively reducing the funding available for children's social care pressures.

More broadly, the various different funding streams and accompanying distribution methodologies and reporting frameworks illustrate how there has been a systemic failure in funding of adult social care and of local government in general. We urge the government to deliver a sustainable funding solution to adult and children's social care by SR20, to prevent the current piecemeal and complex funding approach.

Question 5: Do you agree with the Government's proposals for iBCF in 2020-21?

Bromley agrees with the proposal to continue existing iBCF funding for 2020-21 at 2019-20 levels. We also welcome the continuation of the Winter Pressures Grant, the removal of its ringfence and it being rolled into the iBCF. It remains unclear whether the reporting requirements for the funding previously for Winter Pressures will now be the same as the iBCF and we request that this be confirmed in the final settlement.

Question 6: Do you agree with the Government's proposal to fund New Homes Bonus in 2020-21 with the planned £900m from Revenue Support Grant, with additional funding being secured from departmental resources, and to allocate the funds in line with previous years but with no legacy payments?

We welcome the proposed new round of New Homes Bonus allocations in 2020-21, but are disappointed that any new allocations will not result in legacy payments being made in subsequent years. There has been a long series of adjustments over the years that have reduced the incentive provided by the bonus. The number of years for which New Homes Bonus payments are made has been reduced from 6 to 4 years combined with the introduction of a national baseline for housing growth of 0.4% of council tax base from 2017-18 which further reduced any incentive. We are pleased to note that there is no longer a proposal to increase the baseline threshold in the 2020-21 provisional settlement.

We welcome the commitment to consult widely on any future reforms to the New Homes Bonus from 2020/21 and would urge the Government to provide certainty over the future of the scheme as soon as possible and retain a realistic incentive to local authorities if the scheme continues in the medium to longer term.

Question 7: Do you agree with the Government's proposed approach to paying £81m Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?

Bromley disagrees with the provision of additional funding to rural areas, through this mechanism. The existence of the Rural Services Delivery Grant is based on an unclear evidence base. All funding allocated through this separate grant could otherwise have been distributed more fairly across all local authorities in England on the basis of proven need. Bromley requests that the evidence base behind this decision is shared openly.

The additional funding for rural areas raises questions about the adequacy of funding for urban areas. If the Government is minded to further recognise some of the financial pressure on rural authorities, we believe that it is reasonable to expect further consideration to be given to the unique pressures faced by authorities such as Bromley.

Peter Turner. Director of Finance

Question 8: Do you have any comments on the impact of the proposals for the 2020-21 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide evidence to support your comments.

Bromley has no comment to add.

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Report No.
CSD20020

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**CAPITAL PROGRAMME MONITORING Q3 2019/20 AND CAPITAL STRATEGY 2020 TO 2024**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

1. Reason for report

1.1 At its meeting on 12th February 2020 the Executive considered the attached report on the Council's capital strategy. The report summarised the current position on capital expenditure and receipts following the third quarter of 2019/20 and set out a revised Capital Programme. The report was also scrutinised by the Executive, Resources and Contracts PDS Committee on 5th February 2020.

1.2 The Executive noted the report and agreed the revised Capital Programme, including the new schemes listed in Appendix C (and section 3.5) to the report. At the meeting the Leader requested further information on the proposed works to the layout of the Saxon Family Contact Centre, to make it DDA compliant at a cost of £160k, before the money was spent.

2. RECOMMENDATION

That the inclusion in the Capital Programme of the new scheme proposals listed in Appendix C to the attached report be agreed.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy: See attached report

2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Estimated Cost: total net increase of £8.8m over the 5 years 2-19/20 to 2023/24, mainly due to the additional capital bids outlined in the attached report.

2. Ongoing costs: Not Applicable:

3. Budget head/performance centre: Capital Programme

4. Total current budget for this head: £155.4m over 5 years 2019/20 to 2023/24.

5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions

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Personnel

1. Number of staff (current and additional): 1fte.

2. If from existing staff resources, number of staff hours: 36 hours per week

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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:

2. Call-in: Not Applicable: Full Council decisions are not subject to call-in

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

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

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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable

2. Summary of Ward Councillors comments: Not Applicable

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

Report No.
FSD20024

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**Executive** **Council**
Date:	**Executive 12th February 2020** **Council 24h February 2020**
Decision Type:	Non-Urgent Executive Key
Title:	**CAPITAL PROGRAMME MONITORING Q3 2019/20 & CAPITAL STRATEGY 2020 TO 2024**
Contact Officer:	Katherine Ball, Principal Accountant Tel: 020 8313 4792 E-mail: Katherine.Ball@bromley.gov.uk
Chief Officer:	Director of Finance
Ward:	All

1. Reason for report

This report updates the Council's Capital Strategy. It also summarises the current position on capital expenditure and receipts following the third quarter of 2019/20 and presents for approval the new capital schemes in the annual capital review process. The Executive is asked to consider the updated Capital Strategy and approve a revised Capital Programme.

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2. RECOMMENDATION(S)

2.1 The Executive is requested to:

(a) Note the report, including a total re-phasing of £13.6m from 2019/20 into future years, and agree a revised Capital Programme;

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

(i) Increase of £3,141k to the capital programme for a Crystal Palace subway capital scheme (report elsewhere on this agenda) (para 3.2.1),

(ii) Increase of £115k to the Central Depot Wall Reconstruction, funded by the Infrastructure Investment Fund (earmarked reserve) (para 3.2.2) – agreed by the Executive on January 15th 2020,

(iii) Increase of £10k to the TfL Bus Priority Programme scheme, funded by a £10k contribution from the Royal Borough of Greenwich (para 3.2.3) and

(iv) Decrease of £1k to the capital programme to reflect the removal of the Manorfield – Temporary Accommodation scheme from the capital programme (para 3.2.4)

(v) Increase of £232k to the Section 106 receipts from developers – as detailed in paragraph 3.2.5

(c) Recommend to Council:

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

2.2 Council is requested to:

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

Corporate Policy

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

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: Estimated Cost: Total net increase of £8.8m over the 5 years 2019/20 to 2023/24, mainly due to the additional capital bids outlined in this report

2. Ongoing costs: Not Applicable

3. Budget head/performance centre: Capital Programme

4. Total current budget for this head: Total £155.4m over 5 years 2019/20 to 2023/24

5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions

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Staff

1. Number of staff (current and additional): 1fte

2. If from existing staff resources, number of staff hours: 36 hours per week

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Legal

1. Legal Requirement: Non-Statutory - Government Guidance

2. Call-in: Applicable

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable

2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Capital Expenditure

3.1.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2019/20 and also seeks approval for the new capital schemes submitted as part of the 2019 annual capital review process. The report is divided into two distinct parts; the first (sections 3.2 & 3.3) looks at the Q3 monitoring exercise and the second (sections 3.4 & 3.5) includes details of the capital strategy update and proposed new schemes.

3.1.2 Appendix A sets out proposed changes to the Capital Programme. The base position is the revised programme approved by the Executive on 27th November 2019, as amended by variations approved at subsequent Executive meetings. If all the changes proposed in this report are approved, the total Capital Programme 2019/20 to 2023/24 would increase by £8,817k, mainly due to new capital bids. Estimated expenditure in 2019/20 will reduce by £13.6m due to the re-phasing of expenditure from 2019/20 into future years. Details of the monitoring variations are included in Appendices A and B, and the proposed revised programme, including the additional funding provided, is summarised in the table below.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	TOTAL 2019/20 to 2023/24 £000
Programme approved by Executive 27/11/19	44,400	41,387	29,575	31,240	0	146,602
Variations approved at subsequent Executive meetings	0	0	0	0	0	0
Approved Programme prior to 3rd Quarter's Monitoring	44,400	41,387	29,575	31,240	0	146,602
Variations requiring the approval of the Executive (Appendix A)	124	3,373	0	0	0	3,497
Variations not requiring approval of Executive:						
Net rephasing from 2019/20 into future years	Cr 13,631	12,880	751	0	0	0
Total Q3 Monitoring variations	Cr 13,507	16,253	751	0	0	3,497
New Schemes (Appendix C)	0	1,695	1,205	180	2,240	5,320
TOTAL REVISED CAPITAL PROGRAMME	**30,893**	**59,335**	**31,531**	**31,420**	**2,240**	**155,419**
Assumed Further Slippage (for financing purposes)	Cr 5,000	Cr 15,000	10,000	10,000	0	0
Assumed New Schemes (to be agreed)	0	0	3,500	3,500	3,500	10,500
	Cr 5,000	Cr 15,000	13,500	13,500	3,500	10,500
Total revised expenditure to be financed	**25,893**	**44,335**	**45,031**	**44,920**	**5,740**	**165,919**

3.2 Variations requiring the approval of the Executive (£3,497k total net addition)

3.2.1 Crystal Palace subway (£3,141k addition in 2020/21 budget)

A report elsewhere on this agenda requests that the Executive approve the adoption of a capital estimate for £3,141k to undertake restoration works to Crystal Palace park subway on the basis that this will be fully funded by grants and contributions from the Strategic Investment Pot (£2,340k), Historic England grant (£500k), TfL Highway works (£296k) and the Friends of Crystal Palace Subway group (£5k). This has been reflected in the figures in this report.

3.2.2 Central Depot Wall Reconstruction (£115k increase in 2019/20 budget)

At its meeting on January 15th, the Executive agreed the addition of £115k to this existing capital scheme, to be funded from the Infrastructure Investment Fund (earmarked reserve). The Executive is asked to formally agree to increase the capital estimate by this amount. This has been reflected in the figures in this report.

3.2.3 TfL Bus Priority Capital Programme (£10k increase in 2019/20 budget)

The Executive is asked to agree to make improvements at the junction of Mottingham Road with Elmstead Lane, William Barefoot Drive and White Horse Hill in order to ease congestion and reduce injury collisions. The existing 2019/20 budget for the TfL Bus Priority was £360k, of which this specific scheme had an allocated budget of £65k, which will now increase by £10k, with the increase to be funded from a contribution from the Royal Borough of Greenwich. This has been reflected in the figures in this report.

3.2.4 Manorfield Temporary Accommodation: remove from the capital programme – (decrease of £1k in 2019/20)

Members are asked to agree that this scheme be deleted from the capital programme as it has now completed. There is a remaining budget of £1k in 2019/20 which will be removed. This has been reflected in the figures in this report.

3.2.5 Section 106 receipts (uncommitted balance) (net increase of £232k in 2020/21)

In July 2015, the Executive agreed that the Capital Programme budget should reflect the total amount of s106 receipts available to fund expenditure. Members are asked to agree a net increase of £232k in the Capital Programme budget for Education s106 in respect of additional receipts received since the last report.

3.3 Scheme Re-phasings

3.3.1 As part of the 3rd quarter monitoring exercise, a total of £13.6m has been re-phased from 2019/20 into 2020/21 and 2021/22 to reflect revised estimates of when expenditure is likely to be incurred. The largest elements of these are £3.5m relating to the Basic Need Scheme, £3.2m relating to the Affordable Housing Unallocated scheme, £1.4m relating to the Highways Investment scheme, and £1m relating to the Bromley High Street Improvements scheme.

3.3.2 Other schemes rephased into future financial years include the Sharepoint Productivity Platform upgrade/ replacement programme (£756k), the LIP Formula Funding (£415k) and the London Private Sector Renewal Scheme (£411k). This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

3.3.3 In view of the variations that have arisen in recent years, further slippage of £5.0m has been assumed for the remainder of 2019/20, as well as £15.0m of slippage in 2020/21, for financing purposes to cover unforeseen delays to capital schemes.

3.4 **Capital Strategy update and Annual Capital Review – new scheme proposals**

Capital Strategy update

3.4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 introduced the setting and revising of a capital strategy. The Prudential Code laid out:

- Governance Procedure – the setting and revising of the capital strategy and prudential indicators will be done by the same body. For this Council it is the Executive and full Council.

- Determining a Capital Strategy – the Capital Strategy should demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives.

- Prudence & Affordability – each local authority should ensure that all of its capital, investment (and any borrowing) are prudent and sustainable.

3.4.2 As required, this Council's strategy includes capital expenditure, investments and treasury management and the Council's Capital Strategy is linked to the Treasury Management Strategy which reports and monitors the Council's Prudential Indicators. In addition the Director of Finance reports on affordability and risks in the annual budget setting reports.

3.4.3 An annual review of the Capital Programme is undertaken as outlined in section 3.5. The Council's Capital Programme is intended to maintain and improve the quality of life in the borough and help meet its overall priorities as set out in "Building a Better Bromley", and with a four year plan, assists the longer-term planning for capital expenditure and the use of resources to finance it.

3.4.4 In recent years, the Council has steadily scaled down new capital expenditure plans and has transferred all of the rolling maintenance programmes to the revenue budget. General (un-earmarked) reserves, established from the disposal of housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £49.3m (including unapplied capital receipts) as at 31st March 2019. The Council's asset disposal programme has diminished, and as set out in section 3.7, it is currently projected that these balances will be around £14.2m by 2027.

3.4.5 It is therefore likely that any significant future capital schemes not funded by grants/contributions, future disposals or from revenue, may have to be funded from external borrowing. Prior to any consideration of external borrowing, the Council will review its assets to ensure all opportunities to generate capital receipts as alternative funding have been fully explored.

3.4.6 The Council's policy for borrowing and the investment of balances are set out in the Treasury Management Strategy Statement which will be considered by Executive, Resources & Contracts PDS Committee on 5th February 2020, prior to submission for Council approval on 24th February 2020.

3.4.7 In addition to Treasury Management investments, the Council also has an alternative investment strategy for the acquisition of investment properties. To ensure that these investments are made prudently, and that the income generated remains sustainable, the Council has to date funded the property from its own resources rather than utilise any external borrowing.

3.4.8 This combination of lower risk Treasury Management investments and a separate longer-term investment strategy in the form of property acquisitions (generating higher yields and risks) provides a balanced investment strategy.

3.5 Annual Capital Review: new scheme proposals - (£5,320k total net addition)

3.5.1 As part of the normal annual review of the Capital Programme, Chief Officers were invited to present bids for new capital investment. Apart than the regular annual capital bids (TfL-funded Highway and Traffic schemes and Feasibility Studies) three other bids were submitted, which are summarised in paras 3.5.2 to 3.5.4 below, and outlined in Appendix C. The total amount of funding required from Council resources is £3,120k. New Invest to Save bids were particularly encouraged, but none were received and it is assumed that any such bids will be submitted in due course to be funded through the earmarked reserve that was created in 2011.

3.5.2 Future Proofing the Local Authority's six Children's Centres - £1,170k

This capital estimate will cover works to five of the six Children and Family Centres (Bleinheim, Cotmandene, Community Vision, Castlecombe & Biggin Hill) and will encompass internal building works, for example the re-configuration of the existing internal spaces in order to improve the space and increase the capacity, as well as works to improve and add to the external play areas. No external funding has been identified for this programme and therefore the Council's own resources will need to be used to finance the scheme. The provisional sum of £1,170k has been set aside in the capital programme for planning purposes, however the release of these monies will be subject to a future report to the Executive for approval of the final scheme.

3.5.3 Refurbishment of Orpington (Saxon) Family Contact Centre - £160k

This capital estimate will cover works to improve the current layout of the Saxon Family Contact Centre to make it Disability Discrimination Act (DDA) compliant. In addition to the DDA requirement, Bromley's aim is to become accredited under the National Association of Child Contact Centres scheme (NACCC). To enable Bromley to 'sell' this service, which will generate income to off-set a proportion of the cost of delivering the service to our own families, a planned programme of refurbishment work needs to be undertaken. No external funding has been identified for this programme, and therefore the Council's own resources will need to be used to finance the scheme.

3.5.4 Financial Systems Replacement - £1,750k

This scheme will procure and implement a new Financial System to replace the existing Oracle E-Business Suite R12, and in-house developed budget monitoring systems (EBM and FBM). As a result the Council will have a fully supported, more flexible financial system, increased resilience by removing the reliance on and risks of using the Council's on-premises data centre, support for a separate reporting entity for the Pension Fund, and the ability to accept and process electronic invoices from suppliers. No external funding has been identified for this programme, and therefore the Council's own resources will need to be used to finance the scheme.

3.6 Capital Receipts

3.6.1 Details of the receipts forecast in the years 2019/20 to 2022/23 are included in Appendix F to this report to be considered under Part 2 proceedings of the meeting. The latest estimate for 2019/20 has decreased by £6.5m compared to what was reported in November (excluding "other" capital receipts). The estimate for 2020/21 has increased by £7m in comparison to what was reported in November. This relates to the sale of a Council asset that was previously forecast for 2019/20 and now anticipated in 2020/21. A total of £1m per annum is assumed for receipts yet to be identified in later years. These projections, as detailed in Appendix F, reflect prudent assumptions for capital receipts, and do not include estimated disposal receipts from the review being undertaken by Cushman and Wakefield.

3.7 Financing of the Capital Programme

3.7.1 A capital financing statement is attached at Appendix D and the following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections which, as noted above, reflect prudent assumptions on the level and timing of disposals. Total balances would reduce from £49.3m (General Fund £20.0m and capital receipts £29.3m) at the end of 2018/19 to £38.3m by the end of 2021/22 and then £14.2m by the end of 2026/27. It is therefore likely that any significant future capital schemes not funded by grants/contributions or revenue, may have to be funded from external borrowing.

	Balance 31/03/2019 £m	Estimate Balance 31/03/2022 £m	Estimate Balance 31/03/2027 £m
General Fund	20.0	20.8	14.2
Capital Receipts	29.3	17.5	0.0
	49.3	**38.3**	**14.2**

3.7.2 A summary of how the capital programme will be financed is shown in the table below with further detail provided in Appendix D.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Total Capital Expenditure	25,893	44,335	45,031	44,920	5,740	165,919
Financed by:						
Usable Receipts	909	9,182	38,608	25,996	3,211	77,905
Revenue Contributions	4,662	8,346	1,365	329	329	15,031
Government Grants	12,074	16,029	2,653	0	0	30,756
Other Contributions	8,248	10,779	2,406	2,200	2,200	25,832
Internal Borrowing	0	0	0	16,395	0	16,395
General Fund	0	0	0	0	0	0
Total	**25,893**	**44,335**	**45,031**	**44,920**	**5,740**	**165,919**

3.8 Section 106 Receipts

3.8.1 In addition to capital receipts from asset disposals, the Council is holding a number of Section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held as a receipt in advance on the Council's Balance Sheet, the balance of which stands at £10,637k as at 31st December 2019 as shown in the table below, and will be used to finance capital expenditure from 2019/20 onwards:

Specified Capital Works	Balance 31/03/2019 £'000	Receipts 2019/20 £'000	Expenditure 2019/20 £'000	Balance 31/12/2019 £'000
Housing	3,510	0	67	3,443
Education	2,751	765	125	3,391
Local Economy	2,006	1,500	0	3,506
Community Facilities	0	0	0	0
Highways	83	0	83	0
Other	0	300	3	297
Total	**8,350**	**2,565**	**278**	**10,637**

3.8.2 The Council's budgets are limited and, where a developer contribution (S106) can be secured, this will be required as a contribution towards projects, notwithstanding any other allocation of resources contained in the Council's spending plans.

3.8.3 The Executive is asked to note that in December 2019 a sum of £1.5m was received in relation to s106 obligations on the Langley Court development. At its meeting on March 22nd 2016, the Executive agreed that if any of the £4m of s106 monies were received in relation to this site, that they would be used to fund the Bromley High Street Improvements capital scheme in place of funds that had initially been allocated from the Growth Fund. The Executive is asked to note that this funding switch will be applied.

3.9 **Investment Fund and Growth Fund**

3.9.1 To help support the achievement of sustainable savings and income, the Council has set aside funding in the Investment Fund and Growth Fund earmarked reserves to contribute towards the Council's economic development and investment opportunities. To date, total funding of £144.0m has been placed in the Investment Fund and Growth Fund earmarked reserves to contribute towards the Council's economic development and investment opportunities.

3.9.2 Appendix E provides a detailed analysis of the Funds dating back to their inception in September 2011. To date schemes totalling £121.5m have been approved (£92.3m on the Investment Fund, and £27.7m on the Growth Fund), and the uncommitted balances as at end of January 2020 stand at £12.5m for the Investment Fund and £11.5m for the Growth Fund.

3.10 **Feasibility Works – Property Disposals**

3.10.1 At its meeting on 24th May 2017, Executive agreed to the creation of a new Earmarked Reserve with an initial allocation of £250k to be funded from the Growth Fund to allow feasibility works to be commissioned against specific sites so as to inform the Executive of sites' viability for disposal or re-development and potential scheme optimisation together with an appraisal as to worth.

3.10.2 Members requested that an update from the Strategic Property Service be included in quarterly capital monitoring report, this is provided in Appendix G.

3.11 **Post-Completion Reports**

3.11.1 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are due to be submitted to the relevant PDS Committees:

- Banbury House Demolition/Site Prep
- Review of Corporate Customer Services IT System
- Upgrade of MS Dynamics CRM System
- Care Homes – improvements to environment for older people
- Performance Management/Children's Services IT scheme
- Beacon House Refurbishment
- Langley Park Boys School (BFS)
- The Highway Primary
- Suitability / Modernisation Issues in School
- Universal Free School Meals
- The Woodland Improvement Programme
- Upgrade of Core Network Hardware

- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement of MD110 telephone switch
- Windows Server 2003 Replacement Programme

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services.

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix D is a capital financing statement, which gives a long-term indication of how the revised Programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The financing projections assume approval of the revised capital programme recommended in this report, together with an estimated £3.5m per annum for new capital schemes and service developments from 2021/22 onwards.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 27/11/19) Treasury Management – Annual Investment Strategy 2020/21 (Executive and Resources PDS Committee 05/02/20) The Prudential Code for Capital Finance in Local Authorities (2017 edition) CIPFA publication List of potential capital receipts from strategic property as at 24.01.2020 List of Feasibility monies for property disposal from strategic property as at 24.01.2020

APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - FEB 2020 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMMI

Variations on individual schemes	Date of Portfolio meeting	Revised 2019/20	Revised 2020/21	Revised 2021/22	Revised 2022/23	Revised 2023/24	TOTAL 2019/20 to 2023/24	Comments / reason for variation
		£'000	£'000	£'000	£'000		£'000	
Current Approved Capital Programme								
Programme approved by Executive 27/11/2019	Exec 27/11/19	44,400	41,387	29,575	31,240		146,602	
Approved Programme prior to 3rd Quarter's Monitoring		**44,400**	**41,387**	**29,575**	**31,240**		**146,602**	
Variations in the estimated cost of approved schemes								
(i) Variations requiring the approval of the Executive/Council								
Crystal Palace subway	Exec 12/02/20		3,141				3,141	See paragraph 3.2.1
Central Depot Wall Reconstruction	Exec 15/01/20	115					115	See paragraph 3.2.2
Bus Priority Programme (TfL funded)	PDS 29/01/20	10					10	See paragraph 3.2.3
Manorfield - Temporary Accomodation - remove from programme		Cr 1					Cr 1	See paragraph 3.2.4
s106 - unallocated Education			232				232	See paragraph 3.2.5
		124	3,373	0	0	0	3,497	
(ii) Variations not requiring approval		Cr13,631	12,880	751	0		0	See section 3.3 and Appendix B
Net rephasing from 2019/20 into future years		Cr13,631	12,880	751	0	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		**Cr13,507**	**16,253**	**751**	**0**		**3,497**	
Add: Proposed new schemes		0	1,695	1,205	180	2,240	5,320	See section 3.5 and Appendix C
		0	**1,695**	**1,205**	**180**	**2,240**	**5,320**	
TOTAL REVISED CAPITAL PROGRAMME		**30,893**	**59,335**	**31,531**	**31,420**	**2,240**	**155,419**	
Less: Further slippage projection		Cr 5,000	Cr 15,000	10,000	10,000		0	
Add: Estimate for further new schemes				3,500	3,500	3,500	10,500	
TOTAL TO BE FINANCED		**25,893**	**44,335**	**45,031**	**44,920**	**5,740**	**165,919**	

CAPITAL PROGRAMME MONITORING - FEB 2020 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes		2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes						
Basic Need	Cr	3,500	3,500		0	A full detailed report on the various projects within the Basic Need Programme was reported to Executive on 19 Jul 17. Works at Pickhurst are nearing completion, Phase 2 works at Stewart Fleming are underway following the collapse of the contractor and re-tendering. Phase 2 works at Bromley Beacon (Orpington) are complete and Phase 3 has started. Trinity (old EDC) refurbishment works are delayed and due to start Summer 2020. £3.5 million has been re-phased into 2020/21.
Glebe School Expansion	Cr	348	348		0	The contractor is in administration and final accounts are not yet agreed. Although conversations with the contractor are ongoing it is unlikely that the budget will be fully spent in 2019/20 therefore £348k has been re-phased into 2020/21.
Healthy Pupil Capital Fund	Cr	29	29		0	ESFA have allocated the Council £29k from Healthy Pupils Capital Fund. The HPCF is Intended to improve children’s and young people’s physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions. We are currently reviewing, in consultation with public health, how best to deliver this to schools, therefore the remaining budget has been re-phased into 2020/21.
Seed Challenge Fund	Cr	184	184		0	Maintained schools will be requested to submit updates as to whether they will utilise approved budgets - otherwise money will be re-phased back to Basic Need. An additional £184k has been moved to 2020/21 to reflect the likely level of expenditure in 2019/20.
Security Works	Cr	89	89		0	There was an agreed budget of £140k for 2019/20. Notification of works from schools is currently being awaited, therefore re-profiling of £89k has been undertaken in order to better reflect the anticipated spend in 2019/20.
Feasibility Studies	Cr	20	20		0	This budget will be used for feasibility works. £20k has been re-phased into 2020/21.
S106 - Education (unallocated)	Cr	400	400		0	S106 is allocated to education projects at the planning application stage. This budget line represents S106 funding that has become available for use on specific projects due to planning condition triggers being met, but has yet to be been drawn formally down into the Council’s Basic Need budget for use. Drawdown of funding to projects will be agreed in future Basic Need Update reports and £400k has been re-phased from 2019/20 to 2020/21.
Youth centres - Capital improvements	Cr	3	3		0	The remaining budget of £3k has been re-phased to 2020/21. This will be used for any emergency works that are required to enable youth centres to remain open.
Social Care Case Management System	Cr	100	100		0	Approved by Exec 12th Sept 2018 - contract was awarded in Sept 2019 to engage specialist staff resources to support procurement and implementation of a new Social Care Information Management System, value up to £450k by March 2021. Procurement strategy is agreed, likely award of contract for new system by May 2020, therefore £100k has been re-phased into 2020/21.
Mobile technology to support children's social workers	Cr	18	18		0	This spend will afford the ASYEs and 'frontline' staff as part of the recruitment and retention of 'Grow Your Own Staff' to improve the permanency figures to 90%. The remaining budget of £18k budget has been re-phased to 2020/21.

CAPITAL PROGRAMME MONITORING - FEB 2020 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes		2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes						
PCT Learning Disability reprovision programme - Walpole Road	Cr	24	24		0	The Department of Health capital is for uses associated with the reprovision of NHS Learning Disability Campus clients to the community and projects relating to the closure of the Bassetts site. A report was presented to the November 19 Executive seeking a full review of learning disabilities provision and a project plan to be reviewed by Members in the spring of 2020. It is envisaged that this plan will require full utilisation of the remaining capital plus some additional capital investment. It is now envisaged that the £24k for works on LD properties will be included within the main project and this has been re-phased into 2020/21
Customer Services IT System Replacement	Cr	50	50		0	Scheme has commenced, initial scoping, analysis, business process mapping and technical designs are in development. £50k has been re-phased to 2020/21.
Winter maintenance - gritter replacement	Cr	36	36		0	No planned gritter replacement will take place this year. Team is planning the next round of replacement vehicles - these are likely to be purchased in the summer of 2020, therefore the remaining £36k of 2019/20 budget has been re-phased into 2020/21.
SharePoint Productivity Platform upgrade/replacement	Cr	756	256	500	0	The project has been slightly delayed due to the need to align it with the delivery of the 'IT Transformation' capital project. Re-phasing of £756k from 2019/20 into 2020/21, and £500k from 2020/21 to 2021/22 has been undertaken.
IT Transformation	Cr	215	215		0	Each workstream within the Transformation is progressing to plan. In order to align all the workstreams some of the individual projects within the programme have been re-phased for technical dependency reasons, therefore re-phasing of £215k from 2019/20 to 2020/21 is necessary to reflect this.
Orpington Railway Station	Cr	48	48		0	£48k of budget has been re-phased from 2019/20 to 2020/21 to link in with the forthcoming Crofton Road cycle route.
Affordable Housing Unallocated	Cr	3,206	3,206		0	Work is ongoing with housing association partners to identify suitable approved housing development schemes. £3,206k of funding has been re-phased to 2020/21.
Principal Roads Maintenance	Cr	311	311		0	£311k of budget has been re-phased from 2019/20 to 2020/21 to reflect the anticipated spend in 2019/20.
Widmore Road	Cr	105	105		0	This scheme and budget is being reviewed and £105k of budget has been re-phased from 2019/20 to 2020/21.
Orpington Public Realm Improvements	Cr	34	34		0	The remaining budget of £34k of budget has been re-profiled from 2019/20 to 2020/21 when it will be used for minor re-designs to the scheme.
Street Lighting Invest to Save Initiative	Cr	193	193		0	Additional works will be ongoing during the next six months as part of the project and re-phasing of £193k from 2019/20 to 2020/21 has been undertaken.
Highway Investment	Cr	1,400	1,400		0	These works are underway but will not be completed this financial year, therefore £1,400k has been re-profiled into 2020/21.
London Private Sector Renewal Schemes	Cr	411	206	206	0	Due to recycled funding having been added to this programme re-phasing of £411k from 2019/20 into 2020/21 and 2021/22 has been reflected.

CAPITAL PROGRAMME MONITORING - FEB 2020 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes					
Empty Homes Programme	Cr 91	46	46	0	Funding criteria changed in 2017 to improve take up - all long term empty property owners are being targeted and made aware of assistance available. The empty property officer funded from this budget has left and a new temporary appointment is being sought, and re-phasing of £91k from 2019/20 into 2020/21 and 2021/22 has been undertaken.
LIP Formula Funding	Cr 415	415			Due to the ambitious nature of the Clock House Corridor scheme with the need for significant member and public engagement, officers have discussed with TfL and taken the opportunity to carry forward £415k to cover the cost of this project in 2020/21.
Payment in Lieu Fund - Property Acquisitions	Cr 57	57			£1m budget used to purchase nine properties with remaining budget allocated for capital refurbishment. Capital works are currently being commissioned on boilers, roofing etc and re-phasing of £57k from 2019/20 to 2020/21 has been reflected.
Provision of Housing supply in Anerley & Chislehurst	Cr 190	190			Contract award report scheduled for Executive in February 2020. Budget of £190k has been re-phased into 2020/21. Expected completion August 2020.
Star Lane Traveller Site	Cr 133	133			Stage one undertaken by Thames Water has been completed. The work on the site to complete the new supply has had to be re-tendered by Amey. Expected completion date will now be in 2020/21 requiring the remaining budget of £133k to be re-phased.
Crystal Palace Park - Alternative Management Options	Cr 50	50			Due to delays to the outline planning permission application being submitted, re-phasing of £50k from 2019/20 to 2020/21 has been undertaken.
Bromley High Street Improvements	Cr 1,000	1,000			Re-phasing of £1m into 2020/21 has been undertaken due to a changing approach to the commercial units.
Bromley North Village	Cr 65	65			The remaining budget required for remedial works is expected to be used in 2020/21, therefore £65k has been re-phased into 2020/21.
Penge Town Centre	Cr 150	150			Funds for a second round of shop front improvements will be used in the next financial year and therefore £150k has been re-phased into 2020/21.
TOTAL REPHASING ADJUSTMENTS	**Cr 13,631**	**12,880**	**751**	**0**	

CAPITAL PROGRAMME REVIEW 2019 - RECOMMENDED TO EXECUTIVE 12/02/20

Capital Scheme/Project	Priority	TOTAL £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	Revenue effect Running £'000	Revenue effect Financing £'000	Comments
Transforming Bromley by future proofing the Local Authority's six Children and Family Centres	HIGH	1,170	660	330	180		15		
Refurbishment of Orpington (Saxon) Family Contact Centre	HIGH	160	100	60					
Financial Systems Replacement	MED	1,750	935	815			60		
Transport for London (Highways and Traffic Schemes)	HIGH	2,200				2,200	0	0	Further Highways and Traffic schemes to be fully funded by TfL on the basis of the bid in the Borough Spending Plan (BSP). The Capital Programme currently includes estimates for 2020/21 to 2022/23 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.
Feasibility studies - block provisions	HIGH	40				40	0	0	Provision for 2020/21 - 2022/23 already in Capital Programme to fund feasibility works in respect of potential new schemes.
GRAND TOTAL NEW CAPITAL BIDS		**5,320**	**1,695**	**1,205**	**180**	**2,240**	**75**	**0**	

COST TO THE COUNCIL (LBB RESOURCES)	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	TOTAL £'000	
Grand total new bids above	1,695	1,205	180	2,240	5,320	
<u>External funding for new bids</u>						
Transport for London (Highway Schemes)	0	0	0	Cr 2,200	Cr 2,200	100% TFL funding
Funding from Council's resources	**1,695**	**1,205**	**180**	**40**	**3,120**	

CAPITAL FINANCING STATEMENT - EXECUTIVE 12/02/20 - ALL RECEIPTS
(NB. Assumes all capital receipts - see below)

	2018-19 Estimate £'000	Actual £'000	2019-20 Estimate £'000	2020-21 Estimate £'000	2021-22 Estimate £'000	2022-23 Estimate £'000	2023-24 Estimate £'000	2024-25 Estimate £'000	2025-26 Estimate £'000	2026-27 Estimate £'000
Summary Financing Statement										
Capital Grants	12,939	11,221	12,074	16,029	2,653	0	0	0	0	0
Other external contributions	10,289	7,732	8,248	10,779	2,406	2,200	2,200	2,200	2,200	2,200
Usable Capital Receipts	5,367	8,905	909	9,182	38,608	25,996	3,211	2,041	551	1,000
Internal Borrowing	0	0	0	0	0	16,395	0	0	0	0
Revenue Contributions	3,518	3,056	4,662	8,346	1,365	329	329	329	107	0
General Fund	0	0	0	0	0	0	0	1,170	2,882	2,540
Borrowing (external)	0	0	0	0	0	0	0	0	0	0
Total expenditure	32,113	30,914	25,893	44,335	45,031	44,920	5,740	5,740	5,740	5,740
Usable Capital Receipts										
Balance brought forward	26,203	25,695	29,313	31,984	35,502	17,501	2,803	592	0	0
New usable receipts	12,396	12,523	3,580	12,700	20,607	11,298	8,489	9,906	1,000	1,000
	38,599	38,218	32,893	44,684	56,109	28,799	11,292	10,498	1,000	1,000
Capital Financing	Cr 5,367	Cr 8,905	Cr 909	Cr 9,182	Cr 38,608	Cr 25,996	Cr 3,211	Cr 2,041	Cr 551	Cr 1,000
Repayment of Internal Borrowing	0	0	0	0	0	0	Cr 7,489	Cr 8,457	Cr 449	0
Balance carried forward	33,232	29,313	31,984	35,502	17,501	2,803	592	0	0	0
Internal Borrowing										
Balance brought forward	0	0	0	0	0	0	Cr 16,395	Cr 8,906	Cr 449	0
Capital Financing	0	0	0	0	0	Cr 16,395	0	0	0	0
Repaid from new Capital Receipts	0	0	0	0	0	0	7,489	8,457	449	0
Balance carried forward	0	0	0	0	0	Cr 16,395	Cr 8,906	Cr 449	0	0
General Fund										
Balance brought forward	20,000	20,000	20,000	20,814	20,814	20,814	20,814	20,814	19,644	16,762
Less: Capital Financing	0	0	0	0	0	0	0	Cr 1,170	Cr 2,882	Cr 2,540
Less: Use for Revenue Budget	Cr 1,085		814	0	0	0	0		0	0
Balance carried forward	18,915	20,000	20,814	20,814	20,814	20,814	20,814	19,644	16,762	14,222
TOTAL AVAILABLE RESERVES	**52,147**	**49,313**	**52,798**	**56,316**	**38,315**	**23,617**	**21,406**	**19,644**	**16,762**	**14,222**

Assumptions:
New capital schemes - £3.5m p.a. from 2021/22 for future new schemes.
Capital receipts - includes figures reported by Property Divison as at 24/01/20 - as shown in Appendix F
Current approved programme - as recommended to Executive 12/02/20
Internal Borrowing to fund until Capital Receipts pay Back - Site G

INVESTMENT FUND & GROWTH FUND - 12 February 2020

Investment Fund		**£'000**
Revenue Funding:		
Approved by Executive 7th September 2011		10,000
Approved by Council 27th February 2013		16,320
Approved by Council 1st July 2013		20,978
Approved by Executive 10th June 2014		13,792
Approved by Executive 15th October 2014		90
Approved by Executive 26th November 2014 (Transfer to Growth Fund)	Cr	10,000
New Home Bonus (2014/15)		5,040
Approved by Executive 11th February 2015 (New Homes Bonus)		4,400
Approved by Executive 10th June 2015		10,165
Approved by Executive 2nd December 2015 (New Homes Bonus)		141
Approved by Executive 10th Feb 2016 (New Homes Bonus)		7,482
Approved by Executive 6th December 2017		3,500
Approved by Executive 21st May 2018		2,609
		84,517
Capital Funding*:		
Approved by Executive 11th February 2015 (general capital receipts)		15,000
Approved by Executive 10th February 2016 (sale of Egerton Lodge)		1,216
Approved by Executive 7th November 2017 (Disposal of 72-76 High Street)		4,100
		20,316
Total Funding Approved:		104,833
Property Purchase		
Approved by Executive 7th September 2011 (95 High St)	Cr	1,620
Approved by Executive 6th December 2012 (98 High St)	Cr	2,167
Approved by Executive 5th June 2013 (72-76 High St)	Cr	2,888
Approved by Executive 12th June 2013 (104 - 108 High St)	Cr	3,150
Approved by Executive 12th February 2014 (147 - 153 High St)	Cr	18,755
Approved by Executive 19th December 2014 (27 Homesdale)	Cr	3,938
Approved by Executive 24th March 2015 (Morrisons)	Cr	8,672
Approved by Executive 15th July 2015 (Old Christchurch)	Cr	5,362
Approved by Executive 15th July 2015 (Tilgate)	Cr	6,746
Approved by Executive 15th December 2015 (Newbury House)	Cr	3,307
Approved by Executive 15th December 2015 (Unit G - Hubert Road)	Cr	6,038
Approved by Executive 23th March 2016 (British Gas Training Centre, Thatcham)	Cr	3,666
Approved by Executive 15th June 2016 (C2 and C3)	Cr	6,394
Approved by Executive 14th March 2017 (Trinity House)	Cr	6,236
Approved by Executive 1st December 2017 (54 Bridge Street, Peterborough)	Cr	3,930
	Cr	82,869
Other Schemes		
Approved by Executive 20th November 2013 (Queens's Garden)	Cr	990
Approved by Executive 15th January 2014 (Bromley BID Project)	Cr	110
Approved by Executive 26th November 2014 (BCT Development Strategy)	Cr	135
Approved by Executive 2nd December 2015 (Bromley Centre Town)	Cr	270
Approved by Executive 15th June 2016 (Glades Shopping Centre)	Cr	400
Approved by Executive 11th January 2017 (Disposal of Small Halls site, York Rise)	Cr	46
Approved by Executive 10th July 2019 (Modular Homes at York Rise Site)	Cr	3,500
Approved by Executive 2nd August 2019 (Provision of Housing in Burnt Ash Lane)	Cr	3,286
Valuation for 1 Westmoreland Rd	Cr	5
Valuation for Biggin Hill - West Camp	Cr	10
Growth Fund Study	Cr	170
Crystal Park Development work	Cr	200
Civic Centre for the future	Cr	50
Strategic Property cost	Cr	258
Total further spending approvals	Cr	9,430
Uncommitted Balance on Investment Fund		12,534

*Executive have approved the use of specific and general capital receipts to supplement the Investment Fund

APPENDIX E - INVESTMENT FUND GROWTH FUND

Growth Fund:		**£'000**
Funding:		
Approved by Executive 26th November 2014 (Transfer from Investment Fund)		10,000
Approved by Executive 2nd December 2015		6,500
Approved by Executive 23rd March 2016		6,000
Approved by Executive 15th June 2016		7,024
Approved by Executive 22nd March 2017		4,000
Approved by Executive 14th June 2017		3,311
Approved by Executive 21st May 2018		2,319
Total funding approved		39,154
Schemes Approved and Committed		
Approved by Executive 24th March 2015 (Housing Zone Bid (Site G))	Cr	2,700
Approved by Executive 24th March 2015 ((Site G) - Specialist)	Cr	200
Approved by Executive 18th May 2016 (Feasibility Studies and Strategic Employment Review)	Cr	180
Approved by Executive 18th May 2016 (Broadband Infrastructure Investment)	Cr	50
Approved by Executive 20th Jul 2016 (BID - Penge & Beckenham)	Cr	110
Approved by Executive 1st Nov 2016 (19-25 Market Square)	Cr	10,705
Approved by Executive 1st Nov 2016 (63 Walnuts)	Cr	3,804
Approved by Executive 22nd March 2017 (Bromley Town Centre Public Realm Improvement Scheme)	Cr	2,844
Approved by Executive 7th November 2017 (Bromley Town Centre and Public Realm)	Cr	464
Approved by Executive 17th October 2018 (Bromley Town Centre - Mirrored Canopies & Shops)	Cr	415
Approved by Executive 22nd March 2017 (Project Officer cost Bromley Town Centre Public Realm improvement	Cr	40
Approved by Executive 22nd March 2017 (Community Initiative)	Cr	15
Approved by Executive 24th May 2017 (Feasbility Works/Property Disposal)	Cr	250
Renewal Team Cost	Cr	310
Approved by Executive 28th November 2018 (Housing Development Feasibility)	Cr	100
Approved by Executive 27th March 2019 (West Wickham BID)	Cr	75
Approved by Executive 21st May 2019 (Specialist advice for setting up local Housing company)	Cr	100
Noted by Executive 12th February 2020 - £1.5m of s106 to replace Growth Fund allocation for Bromley Town Centre capital scheme		1,500
Total further spending approvals	Cr	20,862
Schemes Approved, but not committed		
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr	6,790
Uncommitted Balance on Growth Fund		11,502

APPENDIX G - FEASIBILITY WORKS

CAPITAL PROGRAMME MONITORING - FEB 2020

Location	Estimated Feasibility / Viability Cost (£'000)	Description	Feb 2020 Status
West Wickham Leisure Centre	35	To fund study to deliver optimal new leisure facilities based on market evidence as to rents from third party operators, together with residential development, to generate a capital receipt to fund the cost of re-provision of facilities.	Programme in development and consultants now instructed. Reporting to Executive in March 2020.
The Glades Department Store	49	To fund work to progress the business case for the development of a new Department Store at the Glades Shopping Centre, utilising the Council's business interests at Market Square, so as to improve footfall and therefore improve the asset value and return on income derived from the Council's ownership of The Glades.	Work progressing with landlord and advisors to future proof Glades operation in the event of further downturn in retail supply.
The Walnuts Centre	33	To fund work to progress the business case for the development at the Walnuts utilising the Council's interests at and around the Walnuts Centre including the Leisure Centre so as to provide larger retail opportunities and improve footfall and therefore improve the asset value and return on income derived from the Council's ownership of The Walnuts.	Requirement for Orpington masterplan to include Walnuts now being progressed with intention to take to Executive in May 2020. New purchaser of Walnuts Shopping Centre about to launch Master Plan for Regeneration via Public Consultation in March 2020. At that stage options for the Council can be considered.
Old Town Hall/Civic Centre	44	To fund a review of the Council's accommodation strategy at the Civic Centre based on the addition of the former Town Hall becoming available as part of the Council's property portfolio and how that asset could be utilised as a Democratic Centre and associated offices/meeting space.	Old Town Hall / South St car park site disposed of - works progressing with viability of Office Accommodation strategy with intention to report to Executive in June 2020.
Depots Review - Disposal Options	45	To fund disposal viability studies as to density and permitted development, together with initial planning briefs, so as to be in a position to take to market after the outcome of the Depot review.	Programme of capital works being developed with newly appointed waste contractor. Some surplus sites to be considered for disposal - decision to progress due in March 2020.
Biggin Hill Aviation College - Alternative	20	To fund potential alternative site viability studies for Biggin Hill should the Council decide not to pursue Area 1 purchase for an Aviation College/Enterprise Zone.	C & W valuation to be commissioned in respect of potential land acquisition options. Not progressing at this stage - however options to investigate West Camp future being investigated.
Libraries (Chislehurst model roll out)	18	To fund the investigation of viability of renewing other library facilities, by redeveloping their sites, and using the capital receipt proceeds to develop replacement facilities within said schemes.	Property currently being re-marketed due to failure to enter into Development Agreement with previous bidder. 2 stage process due in Feb/ April 2020. Executive Report due in April or May 2020.
Lease standardisation	6	To fund various studies to create standard T&Cs to the property portfolio.	Under review.
TOTAL	**250**		

Report No.
CSD20041

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**CRYSTAL PALACE PARK**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	Crystal Palace;

1. Reason for report

1.1 At its meeting on 12th February 2020, the Executive received the attached report giving an update on the regeneration of Crystal Palace Park, including proposals for the restoration of the Crystal Palace Subway. The total cost of the subway restoration is estimated to be £3.141m, funded from various grants and contributions. The report was also scrutinised by the Renewal, Recreation and Housing PDS Committee on 11th February 2020. The Executive recommends that the scheme to restore the Crystal Palace Subway should be added to the Capital Programme.

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2. RECOMMENDATION

That Council approves the addition of the Crystal Palace Subway project to the Capital Programme at a cost of £3.141m on the basis of the scheme costs being fully funded by grants from the Strategic Investment Pot, Historic England and TfL, and a contribution from the Friends of Crystal Palace Subway.

Impact on Vulnerable Adults and Children

1. Summary of Impact: See attached report

Corporate Policy

1. Policy Status: Existing Policy:
2. BBB Priority: Regeneration:

Financial

1. Cost of proposal: Estimated Cost: £3.141m for the Crystal Palace Subway Scheme
2. Ongoing costs: Not Applicable:
3. Budget head/performance centre: See attached report
4. Total current budget for this head: Not Applicable
5. Source of funding: See attached report

Personnel

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

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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.

Procurement

1. Summary of Procurement Implications: See attached report

Customer Impact

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

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Ward Councillor Views

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

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

Report No.
DRR20/018

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**EXECUTIVE**
	FOR PRE-DECISION SCRUTINY BY THE RRH PDS
Date:	**RRH PDS: Tuesday 11 February 2020** **Executive: Wednesday 12 February 2020**
Decision Type:	Non-Urgent Executive Key
Title:	**CRYSTAL PALACE PARK**
Contact Officer:	Lydia Lee, Assistant Director Culture and Regeneration Tel: 01689 873 826 E-mail: Lydia.Lee@bromley.gov.uk
Chief Officer:	Assistant Director Culture and Regeneration
Ward:	Crystal Palace;

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1. Reason for report

To provide a progress update on the regeneration of Crystal Palace Park, and to seek authority in relation to taking forward the restoration of the Crystal Palace Subway.

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2. RECOMMENDATION(S)

That Members of the RRH PDS: -

2.1 Note the contents of this report and make any comments available to the Executive.

That Members of the Executive: -

2.2 Note the contents of this report, namely information regarding the submission of the Regeneration Plan's Outline Planning Application.

2.3 Subject to obtaining the approval of Full Council, approve the addition of the Subway project to the Capital Programme at a cost of £3.141m on the basis of the scheme costs being fully funded by grants from the Strategic Investment Pot, Historic England, and TfL, and a contribution from the Friends of Crystal Palace Subway.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Regeneration Plan will have a positive impact on vulnerable adults and children. The park is an unrestricted public space and leisure facility which is easily accessible by public transport and car.

Corporate Policy

1. Policy Status: Existing Policy
2. BBB Priority: Regeneration

Financial

1. Cost of proposal: £3.141m estimated for the Crystal Palace Subway scheme
2. Ongoing costs: N/A
3. Budget head/performance centre: New capital programme provision for the Crystal Palace Subway scheme; Crystal Palace Park Alternative Management Options capital programme in respect of the Regeneration Plan.
4. Total current budget for this head: Capital programme provision of £1.12m in respect of the Regeneration Plan.
5. Source of funding: Crystal Palace Subway scheme: grants from the Strategic Investment Pot, Historic England and TfL and a contribution from the Friends of Crystal Palace Subway. Regeneration Plan: capital receipts

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Personnel

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

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
2. Call-in: Applicable

Procurement

1. Summary of Procurement Implications: The correct procurement process has been undertaken to date under advice from the Head of Procurement. This report has no procurement considerations.

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): A recent survey estimates that the park receives 1.4m visits each year.

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: None received however the request for comments was made very late by the report author.

3. COMMENTARY

3.1. The detailed background to this report is set out in report no. DRR17/029.

3.2. At the July 2017 meeting of the Executive, progression of the Crystal Palace Park Regeneration Plan and the submission of the Outline Planning Application was approved. The report proposed that the costs would be fully met from a combination of capital receipts from the sale of housing land and external grants. In January 2020 the Outline Planning Application was finally submitted. This report sets out the current issues and next steps in relation to the Crystal Palace Subway.

Background summary

3.3. Crystal Palace Park has been in decline for almost 100 years. From its original conception the park struggled with mounting costs, and just at the point where its fortunes were turning the Crystal Palace burnt down. The destruction of the palace was closely followed by the Second World War, and its historic landscape was severely damaged as a consequence.

3.4. Subsequent interventions, such as the introduction of the National Sports Centre, failed to regenerate the park long-term, and the park is well-known for the many unsuccessful schemes that have been proposed over the years. The London Borough of Bromley took responsibility for the park in the 1980s and in the 1990s delivered a grant funded restoration project in part of the South of the park, focussed on the Grade I listed dinosaurs. Whilst successful at the time, current knowledge about the dinosaurs shows that a far more radical approach needs to be taken to ensure their long term future.

3.5. In 2007 a Masterplan for the park was developed by the then London Development Agency (LDA). This Masterplan received planning consent in 2010, however the LDA never identified a route for delivery mainly because it was costed at £80m in today's money. Note that this sum relates to the park's regeneration only and not the development and restoration of the National Sports Centre, which was included in the Masterplan but costed separately. The planning consent expires later this year on the 13th December 2020 unless reserved matters are submitted.

3.6. In 2014 an Improvement Scheme led by LBB was agreed for the park. These works were largely funded by a grant and included: the restoration of the sphinxes and south terrace steps, dinosaur conservation and interpretation, a new skatepark, a new café, and the removal of hard standing and improvements to access. These works have all been completed and the café and skatepark have proved incredibly popular.

3.7. In 2017 a developed Regeneration Plan for the park was presented to Members, to build on the momentum of the Improvement Scheme. The Regeneration Plan takes a three pronged approach to secure the sustainable future of the park: a capital scheme, a new business model and a new approach to governance.

The Regeneration Plan

3.8. The Regeneration Plan's Outline Planning Application has now been submitted. The planning application is for the scheme as presented to committee in 2017, the only significant change is to the footprint of the maintenance and training building which has been designed by Capel Manor.

3.9. The 2017 version identified a long thin building next to the museum for maintenance and training alongside the Ledrington Road site which had been identified in the 2007 Masterplan as a new location for Capel Manor. Ledrington Road is no longer considered a suitable development site because of the significant engineering costs associated with building over a train line therefore this building has been removed from the plan completely. Instead Capel Manor has developed plans for the site next to the museum, with a revised footprint, complemented by proposed changes to their existing farm site.

3.10. The significant delay to the submission of the Regeneration Plan has primarily been caused by differences in opinion with the Greater London Authority in relation to the housing sites. The housing sites – Rockhills and Sydenham Villas – have been designed to host 210 units. The sale of this land for housing would be ring fenced to fund the park's regeneration in a mechanism known as enabling development. Surprisingly developing these sites for housing will actually lead to a net gain in parkland rather than a loss, because both sites are currently inaccessible to the general public.

3.11. Under normal planning policy, Council owned land developed for housing, should include 50% affordable, however in the case of enabling development the capital receipt wants to be maximised for the community benefit gained by restoring and regenerating the park. This principle was established by the 2007 Masterplan. The former Mayor of London Ken Livingstone, and the then Secretary of State, stated when granting permission for the Masterplan, that due to the special needs of Crystal Palace Park and the importance of maximising the proceeds from the housing sites, no element of affordable housing would be required. This planning permission as set out in para 3.5 is still extant.

3.12. The cost of delivering the Regeneration Plan is now estimated at £40m, half the cost of the 2007 Masterplan. This includes staffing, legal and planning costs incurred by the Council, alongside contingency, inflation over the next five years, fees, and a park endowment in addition to the actual works. This estimate has increased by approximately £10m since the estimated costs were reported in 2017. The primary reasons for the increase are that quotes have been obtained for the key works and are higher than anticipated (particularly in relation to the terraces), further knowledge on the condition of the dinosaur landscape has more than doubled the likely cost of their conservation and the delays have also cost money both due to inflation and the continuing deterioration of the historic fabric.

3.13. The value of the housing land is estimated at £24m. Given that the cost of the scheme is estimated at £40m it is imperative that the housing land value is maximised, to reduce the challenge of bridging the gap. The three main grant funding sources are the National Lottery Heritage Fund, the National Lottery Community Fund and Historic England. The Council may be able to secure in the region of £8m from these funders. Therefore a funding gap is currently forecast, however this will be better understood once the housing sites have gone to market and their value is known rather than estimated.

3.14. Consequently LBB will continue to make the case during the planning determination period as to why zero affordable housing should be accepted in this instance, and has set out through the enabling case why very special circumstances apply.

3.15. If all the monies to deliver the full Regeneration Plan cannot be secured the Council will either look at options to deliver part of the Regeneration Plan, as long as planning conditions in relation to the housing receipts allow, or it will not be implemented.

3.16. The capital regeneration includes the full repair of the dinosaurs, new playgrounds, a new information centre, restoration of the terraces, new entrances and paths improving accessibility, new lighting, infrastructure repairs eg drainage, new car parks, and high quality horticulture. The works will transform the park and restore the historic assets, however they are modest. None of the grand and costly ideas of the original Masterplan are included e.g. the large new greenhouses. Importantly the works fully support the business model by creating new accessible spaces that can host significant events

3.17. It should be noted, as set out in para 3.55 within report no. DRR17/029, that whilst there is no expectation of requesting any significant funding from the Council to bridge the forecast gap, it is likely that the Council will need to demonstrate an element of match funding for the grant bids. However, the enabling development approach allows for money spent by the Council to date to develop the scheme to be included in the overall costs that can be recovered from the housing development's capital receipts. Therefore the £40m project cost of the Regeneration Plan tentatively includes a reimbursement to the Council of the £1.12m committed to progress to the Outline Planning Application stage thus far. Any match funding required would be within the £1.12m, effectively recycling the monies spent to date.

3.18. Once the Outline Planning Application is approved a report will be brought to the Executive setting out next steps in relation to Reserved Matters, and seeking authority to take the housing sites to market.

The Crystal Palace Park Trust

3.19. The Shadow Board has now become a constituted Trust and they are currently going through the process of securing charitable status. The Trust has worked closely with the Council to progress the Regeneration Plan to this point.

3.20. Given the likely time period of five years to implement the Regeneration Plan following planning approval, the Trust is keen to look at other ways in which they can start taking a lead role in the park, rather than waiting for the capital scheme to be completed before taking their potential role as the new governing body for the park.

3.21. Therefore officers are working with the Trust to explore the potential of the Trust taking responsibility for the park's events programme within the next 18 months. Events are a key part of the future sustainability of the park and are identified as a primary source of income in the new business model. Therefore it would be a sensible step forward to enable the Trust to start developing a new events programme for the park.

The Crystal Palace Subway

3.22. As set out in report no. DRR19/058 in 2019 officers made an application to the Strategic Investment Pot for a grant of £2.34m to restore the Grade II* Subway. The grant application had at that time been recommended for approval and since then the grant has been confirmed, 25% of the grant monies will shortly be transferred to the Council up front of the work commencing.

3.23. The total cost of restoration is estimated at £3.141m. This estimate is inclusive of all costs including fees, and is based on a detailed condition survey and cost plan work undertaken in 2014 with a prudent 48.5% inflation added due to the specialist nature of the structure, 10% contingency added and 5% dilapidation costs added.

3.24. Therefore an additional £801k is forecast to be required to progress the scheme. The Friends of Crystal Palace Subway are contributing £5k and the Council's Highways team are applying for £296k from Transport for London. The stability of the Subway is linked to the stability of Crystal Palace Parade and they have previously given grant monies for strengthening works on this site.

3.25. The remaining £500k required is expected to be awarded by Historic England. Officers are engaged in detailed discussions in relation to this grant award and have been given as much certainty as is reasonable that this grant application will be successful. However because of the terms of their grants the grant application has to be made in two stages.

3.26. Firstly the Council is required to go out to tender for the conservation architect-led team to review the current condition and produce detailed drawings as well as a specification for works. This has been done. Once the Council has completed the procurement process and is ready to award the contract, the Council can apply to Historic England for 50% of the cost of this first phase of work. This first phase of work is expected to cost in the region of £250k, therefore the grant from Historic England is likely to be around £125k in the first instance.

3.27. Then, once this work is completed, the Council is required to go out to tender for the actual works contract. Again, once the Council has completed the procurement process and is ready to award the works contract, the Council can apply to Historic England for a further grant to fund the restoration work itself. Historic England has indicated that in total, over the two phases, they will support a grant application of £500k. Therefore the second grant is likely to be in the region of £375k.

3.28. This two phased grant process does create risk, as there is always the possibility that the first phase is completed, and money spent, and then the remaining grant monies needed for works are not fully secured. However this has already been mitigated to a degree by the prudent nature of the cost forecast, and other measures could be undertaken to reduce the costs of the works themselves. For example not reinstating the glass roof, which is currently debateable anyway for security and maintenance reasons, although the cost has been allowed for in the forecast at this time.

3.29. Once the restoration is complete the Subway is planned to become a new cultural destination for South London. This use for the historic building was originally set out in the 2007 Masterplan and has been carried in to the Regeneration Plan. An outline business case was produced as part of the SIP grant application demonstrating its suitability for events and temporary outdoor exhibitions. The restoration will also allow the Council to progress the potential of engaging a commercial partner for the site, who would fund the cost of ancillary visitor facilities at ground level linked through to the Subway, creating further prospects for the site.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The Regeneration Plan, which includes the restoration of the Subway, will have a positive impact on vulnerable adults and children. The park is an unrestricted public space and leisure facility, which is easily accessible by public transport and car.

4.2 The park is designed for public enjoyment and education, and includes the popular dinosaurs which are a unique London attraction. The Regeneration Plan will improve access and public enjoyment and will increase the amount of high quality freely accessible public land within the park. The park provides green space for many local families who do not have access to gardens of their own.

5. POLICY IMPLICATIONS

5.1 The park is shown with various designations and policies in the Local Plan and the London Plan). There is an outline planning permission in place for the 2007 Masterplan, which has established the planning principles.

5.2 The Regeneration Plan requires a separate planning consent. The approach that has been taken has been to submit an Outline Planning Application for the whole scheme, with detailed reserved matters to follow specific to the delivery phases.

6. FINANCIAL IMPLICATIONS

Regeneration Plan

6.1 The cost of progressing the Regeneration Plan to the submission of the outline planning application is funded from within the Capital Programme provision of £1.12m approved by the Executive on 19 July 2017 (report no. DRR17/029). This was on the basis that the Regeneration Plan itself would be self-financing i.e. that the total costs of the scheme including capital works, fees and support would in the main be met by funding generated from capital receipts from land sales and external grants and contributions.

6.2 The latest cost estimate is now £40m. However, current funding projections estimate capital receipts of £24m with income from grants of £8m i.e. total potential funding available of £32m. Whilst officers will continue to seek additional sources of funding and to maximise capital receipts from the land sales, options will be developed to deliver elements of the Regeneration Plan within the total resources generated from the Plan and there is no expectation for further significant Council funding, notwithstanding the potential requirement for an element of costs already incurred to provide match funding to leverage in grants.

6.3 Once the total funding available from capital receipts and grants has been determined, cost estimates will be finalised and options developed to deliver a self-financing Regeneration Plan. Financial modelling will also be undertaken to explore the potential impact of key financial risks and potential changes to any key assumptions, such as land values. Cash flow forecasting will also help inform the treasury management impacts from any short-term financing deficits. A further report will then be submitted to the Executive setting out those options and scheme details for approval and including in the Capital Programme as part of the Council's capital strategy process.

Crystal Palace Subway

6.4 The estimated cost of the restoration is £3.141m, to potentially be funded as follows:

Strategic Investment Pot	£2.340m
Historic England grant	£0.500m
TfL (highway works)	£0.296m
Friends Group	£0.005m
Total	£3.141m

The Strategic Investment Pot funding is secured as reported to the Executive on 16 October 2019 (report no. DRR19/058), with an advance of 25% expected in the near future.

6.5 The funding application to TfL to complete the highways stability works is being progressed. The Historic England grant is expected to be awarded but confirmation is subject to the tendering and procurement process set out above. This process does create risk to the Council from the need to spend money in order to progress the scheme and the grant application which potentially will not be confirmed until after those commitments have been made.

6.6 In order to progress the scheme, an addition to the Capital Programme of £3.141m is required on the basis that this will be fully funded by grants and contributions. At this stage, this will enable the Council to progress the initial stages of the project to facilitate the works to be grant funded by the Strategic Investment Pot and Historic England only. This is expected to cost £0.250m.

6.7 No further costs will be committed until the outcome of the grant applications from Historic England and TfL have been confirmed. At that stage, a further report will be submitted setting out final scheme costs and sources of funding, and confirming the total capital programme provision.

7. LEGAL IMPLICATIONS

7.1 The council has various legal powers available to hold and develop its landholdings and buildings including parks.

7.2 The report provides members with an update of the regeneration of Crystal Palace Park Project. It also seeks an endorsement of a decision to spend monies to progress the restoration of the Crystal Palace Subway and to include the cost of stage one of this project in the Councils capital programme.

7.3 The report notes the point reached with regard to planning and sets out various options and scenarios which will need to be properly appraised and developed as the project evolves. Officers will l need to obtain legal advice as appropriate including compliance with procurement rules, Contract Procedure Rules, grant conditions and any land and highways related issues .

Non-Applicable Sections:	Personnel implications; procurement implications.
Background Documents: (Access via Contact Officer)	Crystal Palace Park: Regeneration Plan, July 2017, DRR17/029 Strategic investment Pot, October 2019, DRR19/058

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Report No.
CSD20025

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**TEC AMENDMENT TO ALLOW LONDON COUNCILS A COLLABORATIVE ROLE IN ELECTRIC VEHICLE CHARGING INFRASTRUCTURE**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

1. Reason for report

1.1 London Councils has circulated a request to all boroughs to amend the Transport and Environment Committee (TEC) Agreement in order to allow them to continue to perform a coordination role in the planning and delivery of electric vehicle charging infrastructure. This is currently afforded to them by the Go Ultra Low City Scheme (GULCS), which is due to end in March 2020. The report was considered at the Environment and Community Services PDS Committee meeting on 29th January 2020 and by the Executive on 12th February 2020, and was supported at both meetings. The Executive recommends that Council authorises the amendment.

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2. RECOMMENDATION

That the proposed Transport and Environment Committee (TEC) amendment is agreed as requested, and the Director of Environment and Public Protection be authorised to sign the amendment as required.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy: Supports Outcome 4 of Bromley's Third Local Implementation Plan (LIP). This outcome is focused on improving the air quality and reducing emissions in affected areas of the Borough partly through the delivery of electric vehicle charging infrastructure.
2. BBB Priority: Quality Environment Healthy Bromley:

Financial

1. Cost of proposal: No Cost:
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): 1 staff member
2. If from existing staff resources, number of staff hours: Around 20 hours to implement the amendment.

Legal

1. Legal Requirement: None: There is no legal requirement for the Council to amend the TEC Agreement, nor to liaise with London Councils in relation to EV charging infrastructure
2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.

Procurement

1. Summary of Procurement Implications: There is no legal requirement for the Council to amend the TEC Agreement, nor to liaise with London Councils in relation to EV charging infrastructure

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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are multiple, complex factors that will impact the Council's ability to introduce electric vehicle charging infrastructure. This TEC amendment will assist the Council in gathering data and allow access to the procurement framework, however, it is difficult to gauge the precise number of beneficiaries based on the TEC amendment alone.

Ward Councillor Views

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

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

Report No.
ES20008

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **EXECUTIVE**

FULL COUNCIL

For Pre-Decision Scrutiny by the Environment and Community Services PDS Committee on:

Date: **Wednesday 29 January 2020**

Decision Type: Non-Urgent Executive Key

Title: **TEC AMENDMENT TO ALLOW LONDON COUNCILS A COLLABORATIVE ROLE IN ELECTRIC VEHICLE CHARGING INFRASTRUCTURE**

Contact Officer: Dan Beckett, Transport Planner
Tel: 020 8461 E-mail: Dan.Beckett@bromley.gov.uk

Chief Officer: Colin Brand, Director of Environment and Public Protection

Ward: All Wards

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1. Reason for report

1.1 To inform Members of the request by London Councils to amend the Transport and Environment Committee (TEC) Agreement in order to allow them to continue to perform a coordination role in the planning and delivery of electric vehicle charging infrastructure. Something that is currently afforded to them by the Go Ultra Low City Scheme (GULCS), which is due to end in March 2020.

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2. RECOMMENDATION(S)

2.1 That the Environment and Community Services PDS Committee comment on the proposal of London Councils to continue performing a coordination role in the field of electric vehicle charging infrastructure.

2.2 The Executive recommends the above to Full Council and Full Council agrees to the proposed Transport and Environment Committee (TEC) amendment that is requested. Thereby authorising the Director of Environment and Public Protection to sign the amendment as required.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None expected

Corporate Policy

1. Policy Status: Existing Policy: Supports Outcome 4 of Bromley's Third Local Implementation Plan (LIP). This outcome is focused on improving the air quality and reducing emissions in affected areas of the Borough partly through the delivery of electric vehicle charging infrastructure.

2. BBB Priority: Quality Environment Healthy Bromley

Financial

1. Cost of proposal: No Cost
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): 1
2. If from existing staff resources, number of staff hours: Around 20 hours to implement the amendment.

Legal

1. Legal Requirement: None: There is no legal requirement for the Council to amend the TEC Agreement, nor to liaise with London Councils in relation to EV charging infrastructure.
2. Call-in: Applicable

Procurement

1. Summary of Procurement Implications: Not applicable.

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are multiple, complex factors that will impact the Council's ability to introduce electric vehicle charging infrastructure. This TEC amendment will assist the Council in gathering data and allow access to the procurement framework, however, it is difficult to gauge the precise number of beneficiaries based on the TEC amendment alone.

Ward Councillor Views

1. Have Ward Councillors been asked for comments?

   As this is not an issue that is expected to directly impact wards specifically at this stage, Councillors have not been asked for comments. However, the Portfolio Holder has been made aware of developments and been present at London Councils meetings where this TEC amendment has been discussed.

2. Summary of Ward Councillors comments: Not applicable.

3. COMMENTARY

In 2015, London Councils, Transport for London (TfL) and the Greater London Authority (GLA) agreed to jointly bid for funding from the Office for Low Emission Vehicles (OLEV) as part of a campaign called the Go Ultra Low City Scheme. This funding was designed to increase the provision of EV charging points across the UK.

A number of different city regions received funding, of which London was one. London received £13m in funding and the project chose 4 work streams for the scheme:

1) EV charging points for residential areas without off-street parking.

2) EV charging points for car clubs.

3) Rapid EV charging points for businesses and taxis.

4) Neighbourhoods of the Future – a number of area based schemes implementing innovative policies designed to encourage the use of ultra-low emission vehicles.

London Councils have been coordinating this project with TfL and the GLA, including the development of a procurement framework for EV charging points that London boroughs can use. This coordination role will cease to exist in March 2020 when the funding for the GULCS scheme officially ends.

The Council has recently submitted a bid to the GULCS scheme for funding to facilitate the proposed installation of residential charge points in the Borough. If this bid is successful the continuation of the coordination work offered by London Councils would be utilised by the relevant Council officers.

It is recognised that there is a need for London Councils to continue to coordinate and support EV infrastructure delivery in London after March 2020. This is supported by the findings of the Mayor of London's EV Infrastructure Taskforce, which recommended that a new pan-London EV coordination function is created to facilitate and oversee charge point installation. London Councils have committed to take this recommendation forward.

London Councils have expressed to Boroughs that they believe they have the knowledge and experience required to lead on the delivery of the EV coordination function. Mainly from work to date on the GULCS programme, which has supported boroughs to deliver over 1,300 on-street charge points, and will provide funding for the delivery of more than 2,000 charge points in total. London Councils has established relationships with key stakeholders including the boroughs and charge point operators which would make it a logical entity to undertake the coordination function.

For this coordination function to be created and vested in London Councils, there is a need to amend the TEC written agreement, that sets out what TEC (and therefore London Councils) can work on. This currently does not make provision for London Council's involvement in EV charge infrastructure coordianation as an ongoing function.

A full breakdown of proposed responsibilities for the EV coordination role is attached as an appendix and is summarised below:

1. Act as a first point of contact for London boroughs, the GLA, TfL, existing and new charge point operators, and other relevant stakeholders seeking information about charge point installation in the capital.

2. Facilitate sharing of best practice and other relevant information amongst London boroughs and other relevant stakeholders.

3. Collate and share information to encourage Londoners to switch to electric vehicles.

4. Liaise with TfL to provide procurement and contract management support to London boroughs to support delivery of EV charge points.

5. Oversee delivery of GULCS programme to the end of 2020.

6. Secure and distribute funding to London boroughs for the delivery of on-street charging points.

7. Monitor and support data sharing between charge point operators, London boroughs, TfL and other relevant stakeholders.

8. Analyse charge point usage data. Share and promote key findings with relevant stakeholders.

9. Collate and share locations of installed charge points.

10. Monitor customer experience and charging behaviour.

11. Identify funding and partnership opportunities to continue the role of the coordination body from 2022.

12. The Council has recently submitted a bid to the GULCS scheme for funding to facilitate the proposed installation of residential charge points in the Borough. If this bid is successful the continuation of the coordination work offered by London Councils would be utilised by the relevant Council officers.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

There is no direct impact expected on vulnerable adults or children.

5. POLICY IMPLICATIONS

Outcome 4 of the Local Implementation Plan is focused on improving the air quality and reducing emissions especially within the Borough's Air Quality Management Area. The policy regarding the issue of EV charging infrastructure reads as follows:

"Whilst mode shift to more efficient modes of transport is central to delivering an efficient, low carbon transport network, private vehicles will remain necessary for many journeys in the Borough that cannot be made by other modes. However, in order to reduce the impact of these, the Council will support measures to facilitate the adoption of alternative fuels."

"Consideration is, therefore, being given to the provision of both standard chargers as part of the Source London network in locations that are convenient to a wide catchment of residents, as well as lamp column charging infrastructure, which can be delivered cheaply with no need to reserve space on-street."

6. FINANCIAL IMPLICATIONS

There is no direct cost to the Council

7. PERSONNEL IMPLICATIONS

There will be no additional demands of officers.

8. LEGAL IMPLICATIONS

For London Councils to play a direct role in the delivery of EV charging infrastructure the London Councils' Transport and Environment Committee Agreement (LC TEC Agreement) needs to be amended. The reason the Agreement needs to be amended is because none of the local authorities' functions relating to EV charging points are currently delegated as functions of LC TEC, and the Committee therefore does not currently have the legal authority to undertake this function on behalf of the London local authorities. Without all authorities signing the variation to the TEC Agreement LC TEC will be unable to take on this new role in leading the EV coordination function.

The proposed variation does not provide LC TEC with the power to act as a decision maker on behalf of the London local authorities and does not put any borough under any obligation to take part in any proposed activity in this area. It simply allows LC TEC to take on a limited, collaborative role in relation to electric vehicle charging infrastructure. The amendment wording sets out the types of actions that a function managed by LC TEC could undertake. The reason the amendment is worded in this way is to ensure that further amendments to allow some development of the role would not be needed. Any decision making would still need to be agreed by TEC and every London local authority would need to agree to participate in any proposed activity.

Non-Applicable Sections:	Procurement Implications
Background Documents: (Access via Contact Officer)	

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Report No.
CSD20021

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2020/21 AND QUARTER 3 PERFORMANCE 2019/20**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

1. Reason for report

1.1. At its meeting on 5th February 2020 the Executive, Resources and Contracts PDS Committee scrutinised the attached report prior to decision by the Resources, Commissioning and Contract Management Portfolio Holder. The 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.

1.2. The PDS Committee and the Portfolio Holder supported the recommendations - draft minutes from the PDS Committee are attached.

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2. RECOMMENDATIONS

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 of the report) and the Minimum Revenue Provision (MRP) policy statement (page 20 of the report).

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable

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: Not Applicable:
2. Ongoing costs: Non-Recurring Cost:
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

Personnel

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

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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
2. Call-in: Not Applicable: Full Council decisions are not subject to call-in

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Procurement

1. Summary of Procurement Implications: Not applicable

Customer Impact

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

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Ward Councillor Views

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

Non-Applicable Sections:	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

APPENDIX

EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 5 February 2020 (extract)

Present:

Councillor Simon Fawthrop (Chairman)
Councillor Christopher Marlow (Vice-Chairman)
Councillors Gareth Allatt, Julian Benington, Ian Dunn, Nicky Dykes, Will Harmer, Russell Mellor, Keith Onslow, Chris Pierce, Michael Rutherford, Michael Tickner, Stephen Wells and Angela Wilkins

Also Present:

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

123 RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO - PRE-DECISION SCRUTINY

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

a TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY AND QUARTER 3 PERFORMANCE 2019/20 Report FSD20026

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

The Committee considered whether any consideration was given to the environmental policies of the organisations in which the Council invested. Members noted that it was clear that the Council invested in recognised investments such as banks and it was not always possible to know the full details of the environmental policies of these organisations. It was noted that it wold be a significant piece of work to conduct the necessary due diligence in respect of environmental policies and the Council's current policy in respect of carbon emissions related to direct contractors. A Member also suggested that the market itself was doing a good job in terms of filtering out those companies that had a more negative impact on the environment.

The Vice-Chairman suggested that there should be further consideration of rationalising money market funds as it would be more cost effective to have one or two money markets funds and it would be possible to achieve diversification through investing in one or two funds. It was agreed that following the meeting the Vice-Chairman and Director of Finance would discuss the options further and an update to the Committee in the next report.

RESOLVED: That the Portfolio Holder be recommended to

1. **Note the report.**

2. **Note the Treasury Management performance for the third quarter of 2019/20;**

3. **Recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2020/21 including the prudential indicators and the Minimum Revenue Provision (MRP) policy statement.**

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

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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.

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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

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Legal

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

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: 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**		
	Deposits	**Ave Rate**	**Deposits**	**Ave Rate**	**Para**
	£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 <u>Money Market Funds</u>

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**	**Actual balance 31/12/19**	**Ave. Daily balance to 31/12/19**	**Ave. Rate 01/04/19 to 31/12/19**	**Latest Balance 27/01/20**	**Latest Rate 27/01/20**
		£m	**£m**	**£m**	**%**	**£m**	**%**
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.

Annualised net return	Dividend %	Capital Growth %	Total 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.

Annualised net return	Dividend %	Capital Gain / Loss %	Total 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

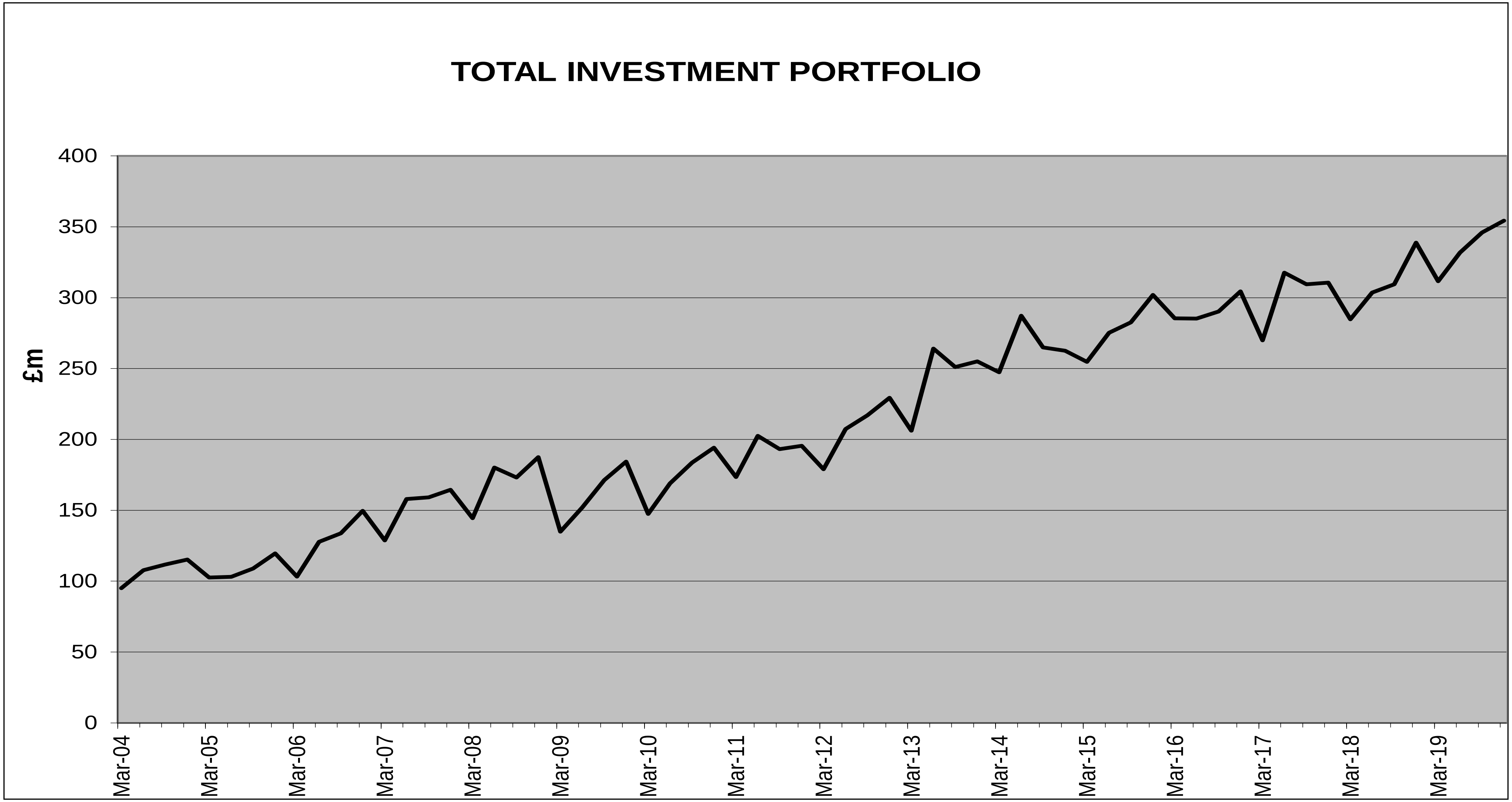
5.1 Despite an increase in the Bank of England base rate from 0.50% to 0.75%, there has been relatively little impact on interest income from lending to banks. This is partly due to banks having the continued ability to borrow from the Bank of England at very low rates as well as the strengthening of 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
£m
400
350
300
250
200
150
100
50
0
Mar-04
Mar-05
Mar-06
Mar-07
Mar-08
Mar-09
Mar-10
Mar-11
Mar-12
Mar-13
Mar-14
Mar-15
Mar-16
Mar-17
Mar-18
Mar-19

INVESTMENTS HELD AS AT 31ST DECEMBER 2019 APPENDIX 2

Counterparty	Start Date	Maturity Date	Rate of Interest	Amount	Fitch		Moodys		S&P Ratings		Fitch		Moodys		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
			%	£m												
FIXED DEPOSITS					**Ratings at time of Investment**						**Ratings as at 31st December 2019**					
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**					
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0	**N/A**						**N/A**					
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0	**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**					
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0	**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 DECDMBER 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 FUNI	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**		

APPENDIX 4

THE LONDON BOROUGH
www.bromley.gov.uk

Treasury Management Strategy Statement
Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2020/21

Contents

1. Introduction

1.1. Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans, which provide a guide to the borrowing need of the Council. Although the Council does not borrow to finance its capital spending plans, officers still plan and forecast the longer term cash flow position in order to ensure that the Council can meet its capital spending obligations and that it maintains balances (working capital) at a prudent and sustainable level.

CIPFA defines treasury management as:

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

1.2. Statutory and reporting requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Members before being recommended to the Council. This role is undertaken by the Executive, Resources and Contracts Policy Development & Scrutiny Committee.

Prudential and Treasury Indicators and Treasury Strategy (this report) - This covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A Part-Year Treasury Management Report (approved by Council in December 2019) – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Capital Strategy
In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

1.3. Treasury Management Strategy for 2020/21

The proposed strategy for 2020/21 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the MRP strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators that limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4. Treasury management consultants

The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.5. Elective professional client status

From 3rd January 2018 the Financial Conduct Authority is obligated to treat all Local Authorities as “retail clients” under European Union legislation, the Markets in Financial Instruments Directive II (MiFID II). The client status of the Local Authority relates to its knowledge and experience with regards to the use of regulated investment products and the decision-making processes it has in place for making such investments. The directive is focused on products such as Certificates of Deposit, Gilts, Corporate Bonds and investment funds, including Money Market Funds.

The Council will opt up to “elective professional” status in order to continue to have access to these funds as an investment option as they are not available to retail clients. The Council had opted up to elective professional status with all relevant counterparties, including its advisers and brokers, prior to the deadline. This will be kept under regular review and counterparties will be added or removed as necessary for the Council’s investment needs.

2. The Capital Prudential Indicators 2019/20 to 2022/23

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members to overview and confirm capital expenditure plans.

2.1. Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts (as per the capital monitoring and review report to Executive on 12th February 2020):

Capital Expenditure	**2018/19 Actual**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
	£m	£m	£m	£m	£m
Education, Children & Families	11.4	10.4	13.6	0.4	0.2
Adult Care & Health	0.3	0.1	2.3	1.3	0.0
Environment & Community	7.3	9.3	11.6	6.2	3.2
Renewal, Recreation & Housing	10.9	7.2	26.5	9.9	12.0
Resources, Commissioning & Contracts Management	1.0	3.9	5.3	13.7	16.0
Public Protection & Enforcement	0.0	0.0	0.0	0.0	0.0
Sub-Total	**30.9**	**30.9**	**59.3**	**31.5**	**31.4**
Add: Future new schemes	0.0	0.0	0.0	3.5	3.5
Less: Estimated slippage	0.0	-5.0	-15.0	10.0	10.0
Grand Total	**30.9**	**25.9**	**44.3**	**45.0**	**44.9**

NB. The above financing need excludes other long term liabilities (finance lease arrangements), which already include borrowing instruments.

The table below shows how the above capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure	**2018/19 Actual**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
Total Expenditure	**30.9**	**25.9**	**44.3**	**45.0**	**44.9**
Financed by:					
Capital receipts	8.9	0.9	9.2	38.6	26.0
Capital grants/contributions	18.9	20.3	26.8	5.0	2.2
Internal borrowing	-	-	-	-	16.4
Revenue contributions *	3.1	4.7	8.3	1.4	0.3
Net financing need	**30.9**	**25.9**	**44.3**	**45.0**	**44.9**

* These are approved contributions from the revenue budget, earmarked to fund specific schemes.

2.2. The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need.

If the CFR is positive, the Council may borrow from the Public Works Loans Board (PWLB) or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council's CFR represents liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment (primarily equipment in schools and vehicles and plant built into highways and waste contracts). The Council currently has no external borrowing as such. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The Council is asked to approve the CFR projections below:

CFR	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
	£m	£m	£m	£m	£m
Total CFR	**1.2**	**0.7**	**0.4**	**0.2**	**0.1**
Movement in CFR	**-1.1**	**-0.5**	**-0.3**	**-0.2**	**-0.1**

Movement in CFR represented by					
Net financing need for the year (above)	0	0	0	0	0
Less MRP/VRP and other financing movements	-1.1	-0.5	-0.3	-0.2	-0.1
Movement in CFR	**-1.1**	**-0.5**	**-0.3**	**-0.2**	**-0.1**

2.3. MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP) although it is also allowed to make additional voluntary payments (voluntary revenue provision - VRP).

CLG Regulations require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Statement:

MRP will be based on the estimated lives of the assets, in accordance with the regulations, and will follow standard depreciation accounting procedures. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

In practice, the Council's capital financing MRP is assessed as 4% of the outstanding balance on the finance leases the Council has entered into. A Voluntary Revenue Provision (VRP) may also be made in respect of additional repayments.

2.4. Core funds and expected investment balances

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	**2018/19 Actual**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
	£m	£m	£m	£m	£m
General Fund balance	20.0	20.8	20.8	20.8	20.8
Capital receipts	29.3	32.0	35.5	17.5	2.8
Capital grants	30.8	17.1	4.8	4.1	4.1
Provisions	17.0	17.0	17.0	17.0	17.0
Other (earmarked reserves)	149.6	118.7	106.0	94.3	85.1
Total core funds	**246.7**	**205.6**	**184.1**	**153.7**	**129.8**
Working capital*	64.9	67.7	68.1	68.1	68.1
Under/over borrowing	0.0	0.0	0.0	0.0	0.0
Investments	**311.6**	**273.3**	**252.2**	**221.8**	**197.9**

*Working capital balances shown are estimated year end; these may be higher mid-year.

2.5. Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. In practice, these indicators are virtually irrelevant for Bromley, as it has no external borrowing other than residual finance leases. The Council is asked to approve the following indicators:

2.5.1. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	**2018/19 Actual**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
	%	**%**	**%**	**%**	**%**
Non-HRA	-	-	-	-	-

3. Treasury Management Strategy

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropopriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1. Current Portfolio Position

The Council's treasury portfolio position at 31 March 2019 is summarised below, together with forward projections. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2018/19 Actual	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
External borrowing					
Borrowing at 1 April	-	-	-	-	-
Expected change in borrowing	-	-	-	-	-
Other long-term liabilities (OLTL)	1.2	0.7	0.4	0.2	0.1
Expected change in OLTL	-1.1	-0.5	-0.3	-0.2	-0.1
Actual borrowing at 31 March	**-**	**-**	**-**	**-**	**-**
CFR – the borrowing need	1.2	0.7	0.4	0.2	0.1
Under / (over) borrowing	1.2	0.7	0.4	0.2	0.1
Investments	**311.6**	**273.3**	**252.2**	**221.8**	**197.9**
Net investments	**310.4**	**272.6**	**251.8**	**221.6**	**197.8**
Change in Net investments	+27.9	-37.8	-20.8	-30.2	-23.8

Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage non-compliance in the future. This view takes into account current commitments, existing plans, and the proposals in this year's budget report.

3.2. Treasury Indicators: Limits to Borrowing Activity

3.2.1. The Operational Boundary

This is the total figure that external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
Borrowing	10.0	10.0	10.0	10.0
Other long term liabilities	20.0	20.0	20.0	20.0
Total Operational Boundary	30.0	30.0	30.0	30.0

3.2.2. The Authorised Limit for external borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following Authorised Limit:

Authorised limit £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
	£m	£m	£m	£m
Borrowing	30.0	30.0	30.0	30.0
Other long term liabilities	30.0	30.0	30.0	30.0
Total Authorised Limit	60.0	60.0	60.0	60.0

3.3. Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and narrative gives the Link view on short term (Bank Rate) and longer term fixed interest rates.

	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
Mar 2020	0.75	2.40	3.30	3.20
Jun 2020	0.75	2.40	3.40	3.30
Sep 2020	0.75	2.50	3.40	3.30
Dec 2020	0.75	2.50	3.50	3.40
Mar 2021	1.00	2.60	3.60	3.50
Jun 2021	1.00	2.70	3.70	3.60
Sep 2021	1.00	2.80	3.70	3.60
Dec 2021	1.00	2.90	3.80	3.70
Mar 2022	1.00	2.90	3.90	3.80
Jun 2022	1.25	3.00	4.00	3.90
Sep 2022	1.25	3.10	4.00	3.90
Dec 2022	1.25	3.20	4.10	4.00
Mar 2023	1.25	3.20	4.10	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates:

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management.

- For any new borrowing to finance capital expenditure there will be a cost of carry (the difference between higher borrowing costs and lower investment returns) to any new short-term or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4. Borrowing Strategy

The Council currently does not borrow to finance capital expenditure and finances all expenditure from external grants and contributions, capital receipts or internal balances. The Council does, however, have a Capital Financing Requirement (CFR) of £1.2m (as at 31st March 2019), which is the outstanding liability on finance leases taken out in respect of plant, equipment and vehicles.

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy and will monitor interest rates in financial markets.

3.4.1. Treasury indicators for debt

There are three debt-related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	**2019/20**	**2020/21**	**2021/22**
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	20%	20%	20%
Maturity Structure of fixed interest rate borrowing 2019/20			
		Lower	**Upper**
Under 12 months (temporary borrowing only)		100%	100%
12 months to 2 years		N/A	N/A
2 years to 5 years		N/A	N/A
5 years to 10 years		N/A	N/A
10 years and above		N/A	N/A

3.5. Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4. Annual Investment Strategy

4.1. Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.2. Creditworthiness policy

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Investment Counterparty Selection Criteria - The primary principles governing the Council's investment criteria are the security and liquidity of its investments, although the yield or return on the investment is also a key consideration. After these main principles, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those that determine which types of investment instrument are either Specified or Non-Specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria. This approach is supported by Link and is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by Link on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.

In addition, the Council receives weekly credit lists as part of the creditworthiness service provided by Link. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings (these provide an indication of the likelihood of bank default);
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties and a recommendation on the maximum duration for investments. The Council would not be able to replicate this level of detail using in-house resources, but uses this information, together with its own view on the acceptable level of counterparty risk, to inform its creditworthiness policy. The Council will also apply a minimum sovereign rating of A- to investment counterparties.

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

- **Banks 1** - good credit quality **–** the Council will only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, <u>as a minimum</u>, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

    - Short term – Fitch F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa1; S&P BBB+

- **Banks 2** – Part nationalised UK bank – Royal Bank of Scotland (ring fenced). This bank can be included provided it continues to be part nationalised (Lloyds was also temporarily included until existing investments matured in 2019/20).

- **Bank subsidiary and treasury operation** - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings in Banks 1 above.

- **Building societies** - The Council will use all societies that meet the ratings in Banks 1 above.

- **Money Market Funds** – The Council will use AAA-rated Money Market Funds, including VNAV funds.

- **UK Government** (including gilts and the DMADF)

- **Other Local Authorities, Parish Councils, etc.**

- **Housing Associations**

- **Collective (pooled) investment schemes**

- **Supranational institutions**

- **Corporate Bonds**

- **Certificates of Deposit, Commercial Paper and Floating Rate Notes**

The Council's detailed eligibility criteria for investments with counterparties are included in Annex 2.
All credit ratings will be continuously monitored. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
- in addition to the use of Credit Ratings, the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the external advisers. In addition, this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. The Council forms a view and determines its investment policy and actions after taking all these factors into account.

4.3. Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using these credit criteria as at the date of this report is shown in Annex 2. This list will be amended by officers should ratings change in accordance with this policy.

4.4. Investment Strategy

In-house funds: The Council's core portfolio is around £330m although cashflow variations during the course of the year have the effect from time to time of increasing the total investment portfolio to a maximum of around £380m. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns outlook:
On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

Link Asset Services suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.

- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

As at year end	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Principal sums invested > 365 days	170.0	170.0	170.0	170.0

For its cash flow generated balances, the Council will seek to utilise its short notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.5. End of year investment report

After the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.6. Scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

4.7. Role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

5. ANNEXES

1. Economic background
2. Specified and non-specified investments – Eligibility Criteria
3. Prudential Indicators – summary for approval by Council

ANNEX 1. Economic Background (Provided by Link Asset Services)

UK. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the general election on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another quarterly Inflation Report, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The MPC meeting of 19 December repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for inflation itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the labour market, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. Growth in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.. At its September meeting it also said it was going to start buying Treasuries again, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy $60bn, whereas it had been reducing its balance sheet by $50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.
However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a resumption of quantitative easing purchases of debt for an unlimited period**.** At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of forming coalition governments with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

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

WORLD GROWTH. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage.

The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to financial markets due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

Interest Rate Forecasts

The interest rate forecasts provided by Link Asset Services predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an orderly non-agreement exit in December 2020, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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

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

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some European banks, particularly Italian banks.
- German minority government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- Other minority EU governments. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- Austria, the Czech Republic, Poland and Hungary now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was potential for a rerun of the 2008 financial crisis, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on some $19trn of corporate debt in major western economies, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is $15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- Geopolitical risks, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

- Brexit – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

ANNEX 2. Specified and Non-Specified Investments

Eligibility Criteria for investment counterparties

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria (i.e. non-sterling and placed for periods greater than 1 year).

A variety of investment instruments will be used. Subject to the credit quality of the institution and depending on the type of investment made, investments will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS
These investments are sterling investments of not more than one-year maturity or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are relatively low risk investments where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, a UK Treasury Bill or a Gilt with a maximum of 1 year to maturity).
2. A local authority, parish council or community council (maximum duration of 1 year).
3. Corporate or supranational bonds of no more than 1 year's duration.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A bank or building society that has been awarded a high credit rating by a credit rating agency (only investments placed for a maximum of 1 year).
6. Certificates of deposit, commercial paper or floating rate notes (maximum duration of 1 year).

Minimum credit ratings (as rated by Fitch, Moody's and Standard & Poors) and monetary and time period limits for all of the above categories are set out below. The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria. The Council will take into account other factors in determining whether an investment should be placed with a particular counterparty, but all investment decisions will be based initially on these credit ratings criteria. The Council will also apply a minimum sovereign rating of A- (or equivalent) to investment counterparties.

NON-SPECIFIED INVESTMENTS
Non-specified investments are any other type of investment (i.e. not defined as Specified above) and can be for any period over 1 year. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

	Non Specified Investment Category	Limit (£ or %)
	Bank Deposits with a maturity of more than one year and up to a maximum of 3 years. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	£80m and 3 years limits with RBS (ring-fenced) (Lloyds was also temporarily included until existing investments matured in 2019/20).
	Building Society Deposits with a maturity of more than one year. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	None permitted at present.

	Deposits with other local authorities with a maturity of greater than 1 year and up to a maximum of 3 years. Maximum total investment of £15m with each local authority.	£15m limit with each local authority; maximum duration 3 years.
	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The use of UK Government gilts is restricted to fixed date, fixed rate stock with a maximum maturity of five years. The total investment in gilts is limited to £25m and will normally be held to maturity, but the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. The Director of Finance must personally approve gilt investments. The Council currently has no exposure to gilt investments.	£25m in total; maximum duration 5 years.
	Non-rated subsidiary of a credit-rated institution that satisfies the Council's counterparty list criteria. Investments with non-rated subsidiaries are permitted, but the credit-rated parent company and its subsidiaries will be set an overall group limit for the total of funds to be invested at any time.	Subject to group limit dependent on parent company's ratings.
	Corporate Bonds with a duration of greater than 1 year and up to a maximum of 5 years, subject to satisfaction of credit ratings criteria as set out below.	£25m in total; maximum duration 5 years.
	Collective (pooled) investment schemes with a duration of greater than 1 year. The total investment in collective (pooled) investment schemes is limited to £100m and can include property funds, diversified growth funds and other eligible funds.	£100m in total.
	Certificates of Deposit, Commercial Paper and Floating Rate Notes with a duration of greater than 1 year, subject to satisfaction of credit ratings criteria as set out below.	Subject to group banking limits dependent on bank / building society credit ratings.
	Housing Associations with a duration of between 1 and 2 years, subject to satisfaction of credit ratings criteria as set out below.	£50m in total; maximum duration 2 years.

CRITERIA FOR FUNDS MANAGED INTERNALLY AND EXTERNALLY

- **Banks General** - good credit quality **–** the Council may only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, <u>as a minimum</u>, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

  - Short term – Fitch F3; Moody's P-3; S&P A-3
  - Long term – Fitch BBB+; Moody's Baa1; S&P BBB+

- **Banks 1A – UK and Overseas Banks (highest ratings)** - the Council may place investments up to a total of £30m for a maximum period of 1 year with UK banks (and up to a total of £15m for a maximum period of 1 year with Overseas banks) that have, as a minimum, at least at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1+	AA-
Moody's	P-1	Aa3
S & P	A-1+	AA-

- **Banks 1B – UK and Overseas Banks (very high ratings)** - the Council may place investments up to a total of £20m for a maximum period of 1 year with UK banks (and up to a total of £10m for a maximum period of 6 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).
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	Short-Term	Long-Term
Fitch	F1	A
Moody's	P-1	A2
S & P	A-1	A

- **Banks 1C – UK and Overseas Banks (high ratings)** – the Council may place investments up to a total of £10m for a maximum period of 1 year with UK banks (and up to a total of £5m for a maximum period of 3 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated):

	Short-Term	Long-Term
Fitch	F3	BBB+
Moodys	P-3	Baa1
S & P	A-3	BBB+

- **Banks 2 - Part nationalised UK banks (Royal Bank of Scotland – ring fenced)** - the Council may place investments up to a total of £80m for up to 3 years with the part-nationalised UK Royal Bank of Scotland (ring-fenced) provided it remain part-nationalised (Lloyds was also temporarily included until existing investments matured in 2019/20).

- **Bank subsidiary and treasury operation** - The Council may use these where the parent bank has provided an appropriate guarantee and has the necessary ratings in Banks 1 above. The total investment limit and period will be determined by the parent company credit ratings.

- **Building societies** - The Council may use all societies that meet the ratings in Banks 1 above.

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

- **UK Government (including gilts and the DMADF)** – The Council may invest in the government's DMO facility for a maximum of 1 year, but with no limit on total investment. The use of UK Government gilts is restricted to a total of £25m and to fixed date, fixed rate stock with a maximum maturity of 5 years. The Director of Finance must personally approve gilt investments.

- **Local Authorities, Parish Councils etc** – The Council may invest with any number of local authorities, subject to a maximum exposure of £15m for up to 3 years with each local authority.

- **Business Reserve Accounts** - Business reserve accounts may be used from time to time, but value and time limits will apply to counterparties as detailed above.

- **Corporate Bonds** – Investment in corporate bonds with a minimum credit rating of A- is permitted, subject to a maximum duration of 5 years and a maximum total exposure of £25m.

- **Collective (pooled) investment schemes** – these may comprise property funds, diversified growth funds and other eligible funds and are permitted up to a maximum (total) of £100m.

- **Certificates of Deposit, Commercial Paper and Floating Rate Notes** – These are permitted, subject to satisfaction of minimum credit ratings in Banks General above.

- **Housing Associations** – The Council may invest with Housing Associations with a minimum credit rating of A-, for a maximum duration of 2 years, and with a maximum deposit of £10m with any one Housing Association and £50m in total.

- **Sovereign Ratings** – The Council may only use counterparties in countries with sovereign ratings (all 3 agencies) of A- or higher.
  These currently include:

  AAA
  - Australia
  - Canada
  - Denmark
  - Germany
  - Netherlands
  - Singapore
  - Sweden
  - Switzerland
  - U.S.A

  AA+
  - Finland

  AA
  - U.K
  - Abu Dhabi (UAE)
  - France

  AA-
  - Belgium
  - Qatar

ANNEX 3. Prudential and Treasury Indicators

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. They are included separately in Appendix 1 together with relevant narrative and are summarised here for submission to the Council meeting for approval.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009 and updated in 2011 and 2017) was initially adopted by full Council on 15th February 2010 and has subsequently been re-adopted each year in February.

PRUDENTIAL INDICATORS	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	actual	**estimate**	**estimate**	**estimate**	**estimate**
Total Capital Expenditure	£30.9m	£25.9m	£44.3m	£45.0m	£44.9
Ratio of financing costs to net revenue stream	0.0%	0.0%	0.0%	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)					
brought forward 1 April	£282.5m	£310.4m	£272.6m	£251.8m	£221.6m
carried forward 31 March	£310.4m	£272.6m	£251.8m	£221.6m	£197.8m
in year borrowing requirement (movement in net investments for Bromley)	+£27.9m	-£37.8m	-£20.8m	-£30.2m	-£23.8m
Capital Financing Requirement as at 31 March	£1.2m	£0.7m	£0.4m	£0.2m	£0.1m
Annual change in Cap. Financing Requirement	-£1.1m	-£0.5m	-£0.3m	-£0.2m	-£0.1m

TREASURY MANAGEMENT INDICATORS	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	actual	**estimate**	**estimate**	**estimate**	**estimate**
Authorised Limit for external debt -					
borrowing	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt -					
borrowing	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 365 days beyond year-end dates	£170.0m	£170.0m	£170.0m	£170.0m	£170.0m

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Report No.
CSD20023

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**2020/21 PAY AWARD**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

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1. Reason for report

1.1 At its meeting on 11th February 2020 the General Purposes and Licensing Committee considered the attached report making a recommendation for full Council on the staff pay award for 2020/21. Under the local framework, the annual pay award is now part of the Council's budget planning process - this was a key driver for coming out of the national/regional pay negotiating frameworks. The Committee supported the recommendations including the proposed pay increase of 2.5%.

RECOMMENDATIONS

2.1 Council is recommended to approve:

(i) A flat 2.5% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process.)

(ii) The removal of the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3).

(iii) The introduction of a 4p electric car lease mileage rate for business mileage.

(iv) That the Trade Union's pay claim for staff be rejected (see para 3.7 below and attached Appendices.)

2.2 Council is also recommended to note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2020/21 pay increase in time for the April pay.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: £1.596m

2. Ongoing costs: £1.596m

3. Budget head/performance centre: Staffing budgets across the Council

4. Total current budget for this head: Not Applicable

5. Source of funding: Not Applicable

Personnel

1. Number of staff (current and additional): All Council staff except teachers

2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Non-statutory

2. Call-in: Not Applicable: Full Council decisions are not subject to call-in

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All council staff (except teachers)

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable

2. Summary of Ward Councillors comments: Not Applicable

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

London Borough of Bromley

Report No.HR	PART I – PUBLIC	Agenda Item No.:

Decision Maker:	**General Purposes & Licensing**		
Date:	**11th February 2020**		
Decision Type:	Non-Urgent	Non-Executive	Non-Key
TITLE:	**2020/21 PAY AWARD**		
Contact Officer:	Charles Obazuaye, Director of Human Resources Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk		
Chief Officer:	Director of Human Resources		
Ward:	N/A		

1. **REASON FOR REPORT**

1.1 Under the local terms and conditions of employment framework, the General Purposes & Licensing Committee (GP&L) is required to make a recommendation on pay awards to Full Council.

1.2 Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks.

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2. RECOMMENDATION(S)

2.1 Members are asked to recommend that Full Council approve the following:

(i) A flat 2.5% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process)

(ii) The removal of the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3).

(iii) The introduction of a 4p electric car lease mileage rate for business mileage

(iv) That the Trade Union's pay claim for staff be rejected (see para 3.7 below and attached Appendices)

2.2 Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2020/21 pay increase in time for the April pay.

Corporate Policy

1. Policy Status: Existing Policy

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: £1.596m

2. On-going costs: £1.596m

3. Budget Head/Performance Centre: Staffing budgets across the council

4. Total current budget for this Head:

5. Source of Funding: Central contingency

Staff

1. Number of staff (current and additional): All Council staff, except teachers.

2. If from existing staff resources, number of staff hours:

Legal

1) Legal Requirement: Non-Statutory Requirement
2) Call In: Call in is not applicable

Customer Impact

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

Ward Councillor Views

1) Have Ward Councillors been asked for comments: N/A

2) Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12th November 2012. Apart from the City of London, Bromley Council is the only London borough to adopt a localised arrangement. It has been successful because under the local arrangement the Council is able to flex its pay and rewards, and the arrangement has not caused any recruitment and retention challenges. Pay discussions at the local level with staff and their representatives is also constructive and the process is seamlessly managed as part of the annual budget planning process.

The key elements of the localised arrangements are as follows:

- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
- Merited reward (non-consolidated/non-pensionable) for exceptional performers;
- Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.

3.2 The Council continues to face financial challenges going forward with a significant budget gap in future years. The Council's approach to this pressure and the challenges and opportunities it faces to balance the budget is comprehensively addressed in the report "Draft 2020/21 Budget and Update on Council's Financial Strategy 2021/22 to 2023/24" to Executive on 15th January 2020. A copy of the report can be found at the following link:

https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.pdf

3.3 Delivering sustainable finances is increasingly important during a period of national and international economic issues which creates uncertainty over the longer term.

3.4 In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities and mitigate against the cost pressures currently being forecast. The Transforming Bromley Agenda seeks to address these issues. Staff perspectives are key to the transformation agenda. Interestingly, the recent all staff conference on Transforming Bromley has created a strong belief, energy and a compelling argument for staff engagement on the agenda.

3.5 Against this background, the Council proposed for staff consultation purposes a flat 2.5% pay award increase for all staff, except teachers who are covered by a separate statutory pay negotiating process. It is also proposed to remove the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3).

3.6 The proposal was communicated by the Director of Human Resources and Customer Services to all staff on 16th January 2020 and the Unions, including Unison, GMB and Unite branch and regional officers were also advised at a meeting on the same date. Feedback received from Staff to date has been positive.

3.7 On their part, the three Unions, namely Unison, GMB and Unite, submitted a joint pay claim. The Unions' claim stated, *inter alia*, as follows (Management's response is indicated in italics) A full copy of the Union's claim and supporting documentation can be found at Appendix A.

SUMMARY OF CLAIM

- The 2020 - 2021 joint pay claim submitted to Bromley Council by Unite, Unison & GMB reflects the national joint pay claim which requests:

  - A 10% increase on all pay points
  - A one day increase to the minimum paid annual leave entitlement
  - A two hour reduction in the standard working week
  - A comprehensive review of the workplace causes of stress and mental health

Although the national pay talks are still ongoing, the proposed Bromley pay award of 2.5% is likely to exceed that being considered by other LG employers. The unions' 10% pay claim will cost the Council £6.3m. A 10% pay claim does not reflect the on-going unprecedented pressures or the average wage settlements.

There are no plans to increase the minimum entitlements for annual leave or to look at a reduction of the standard working week. The minimum leave in the Council is 24 plus the 8 statutory bank holiday, rising to 30 for long standing employees with 5 years or more service.

The Council recognises the need to support staff in regards to stress and mental health and have recently trained approximately 30 mental health first aiders across the workforce. Arguably, the Council is ahead of the game compared to other organisations nationally and regionally and both in the public and private sector. HR has developed a comprehensive Mental Health awareness programme, and is actively working with our mental health champion to continue to raise awareness across the organisation. To that end, the Council will be running 2-3 major events in 2020 to coincide with national mental health awareness days in May and October. We also have an Employee Assistance Scheme (EAP) available to support staff and their families 24/7. This is a confidential service where staff can receive up to 6 face to face or telephone counselling sessions.

- Additionally, they are seeking to locally raise Bromley pay for grades BR1, 2 and 3 to ensure that all Staff are paid the London Living Wage (LLW), recognising the higher cost of living in London i.e. seeks a minimum £10.75 per hour.

Bromley is proposing to remove the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3). The lowest hourly rate would be £10.60 p.h. which far exceeds the

statutory National Living Wage of £8.21 p.h. The London Living Wage is not a statutory requirement.

- The use of RPI rather than CPI when assessing pay settlements since it more closely reflects the actual price rises experienced by staff than the Consumer Price Index (CPI).

In December 2019 RPI was 2.2% and CPI was 1.4%. The proposed pay award of 2.5% is therefore above both RPI and CPI

How does the Council's 2020/21 pay award increase offer compare?

3.8 The National Joint Council (NJC) is yet to agree its pay deal for 20/21 which was delayed due to the December General Election. The proposed pay increase is likely to exceed the national offer.

3.9 Bromley Council staff received a pay award of 2.25% last year and the proposed award of 2.5% therefore again compares favourably with the average 2% award agreed nationally for 2019/20.

3.10 Whilst acknowledging the difference in the lower graded salary points compared with National as well as the national removal of spinal points 4 and 5 nationally in previous pay settlements, the Council has also proposed the removal of the lower spinal points up to and including spinal point 8. The Council continues to monitor staff recruitment and retention and where appropriate additional pay including the use of market supplements and any other proportionate responses will be adopted e.g. hard to fill and retain posts in children/adult services.

4. Public Sector pay forecast 2020/21

4.1 In July 2018 the Government announced that around one million public sector workers would benefit from the biggest pay rise in almost 10 years.

4.2 In July 2019 the then Chancellor of the Exchequer confirmed a second year of above inflation pay rises for the majority of Public sector workers including Teachers, Consultants, Dentists, Police Officers, Prison Officers and the Armed Forces.

4.3 The move has been seen as a bid to boost staff recruitment and retention as well as improve morale in the public sector.

4.4 Teachers have recently received a pay award of 2.75% across all grades.

4.5 The Council continues to operate in an economic climate of national financial uncertainty whilst having to face enormous pressures to deliver services where demand for growth is high particularly in relation to care services to vulnerable children and adults. This is also set against the backdrop of global financial uncertainty as the United Kingdom leaves the European Union.

4.6 The Council will continue to respond positively and flexibly to the labour markets regarding critical skills and hard to recruit and retain posts, in particular by offering enhanced packages if appropriate. Staff employed by the Council are also able to access the “Real Benefits” Scheme. Through the scheme the Council has negotiated favourable discounts with a range of retailers in Bromley. This year, Members have agreed to the introduction of additional employee benefits including the Salary Sacrifice Lease Car Scheme and Additional Annual Leave Purchase Scheme. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.

4.7 Additionally, the Leader, the Portfolio Holder for Resources and their Cabinet colleagues and the Chairman of General Purposes and Licensing Committee are still committed to the Merited Pay Reward scheme for exceptional performers

- A separate amount of £200k for Merited Award vouchers for exceptional performers has been set aside. In 2019/20 a total of 226 awards ranging from £250 to £1,000 were awarded to staff. Also, a total of 189 mini rewards were awarded to staff. This brings to more than a million pounds having been set aside since the Scheme’s inception.

- Members have also reiterated their commitment to Staff Training and Development including the Graduate Internship Scheme and the Apprenticeship Levy.

- Every year the Council recruits graduate interns and many of them have been promoted into permanent senior positions in the organisation. In terms of the Apprenticeship Levy, HR is developing a plan to use the levy to upskill existing staff in the organisation partly to address areas of recruitment and retention difficulty.

- In addition key Members and Departmental Representatives remain committed to and continue to work on the ‘Dream Organisation’ agenda to ensure that the Council remains an employer of choice. The Departmental Representatives are a conduit between the Members and Chief Officers and our workforce. They are taking forward matters as diverse as the Transformation Agenda and reduction of plastic consumption and their role is appreciated by all Members.

5. POLICY IMPLICATIONS

5.1 As stated in paragraph 3.1 above, the annual pay award review is one of the key drivers for adopting the localised terms and conditions of employment framework for staff, except teachers. It enables the Council to set its own pay award free from nationally/regionally negotiated arrangements, usually divorced from local pressures and circumstances.

5.2 Aligning the pay review process with the budget setting process means that the cost of the pay increase is not viewed in isolation from the other significant cost pressures impacting on the Council’s overall budget

6. FINANCIAL IMPLICATIONS

6.1 A 2.5% increase to all staff as well as the removal of the equivalent of spinal point 4-8 as detailed in recommendation 2.1 (ii), will cost the Council £1.596m.

6.2 Section 3.7 of this report refers to a joint pay claim. This includes for example reference to 10% increase on all pay points which would represent an increase in costs of £6.3m.

6.3 The Council continues to face an underlying 'budget gap' as identified in the 2020/21 Council Tax report to Executive and there remains a need for savings to be identified in future budget choices. Provision for a 2.5% increase and changes to spinal point 4-8 have been included in the Draft 2020/21 Budget.

6.4 The increase to pay as set out in para 2.1 therefore represents a reasonable pay award in the current financial climate.

7. LEGAL IMPLICATIONS

7.1 As set out in the report, there are no specific implications, including equal pay arising from the proposed pay award recommendations as detailed in para 2.1 above.

8. PERSONNEL IMPLICATIONS

8.1 As set out in the report.

8.2 In addition to the comments in the body of the report, the proposals to eliminate the equivalent of spinal points 4-8 will benefit 45 employees, 23 centrally employed and 22 employed in C&VC Schools. This equates to an average 9.9% increase for the staff on the lowest points, compared to the 2.5% increase.

8.3 HR will continue to work with managers to ensure our pay, at all levels, remains competitive ensuring we remain an employer of choice.

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

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From: Slater, Gill
Sent: 13 January 2020 13:09
To: Obazuaye, Charles
Cc: Kathy Smith (bromleyunite1@outlook.com); 'Kasab, Onay'; N.Turnbull@unison.co.uk; Mick Butler (mick.butler@gmb.org.uk); Downie, Emma
Subject: Joint TU Pay Claim
Attachments: Joint Pay Claim 2020 2021.pdf

Importance: High

Dear Charles

I write further to the Trades Union and Council pay meeting of 08.01.2020 on behalf of Unite, Unison and GMB Unions.

The 2020 - 2021 joint pay claim submitted to Bromley Council by Unite, Unison, GMB, reflects the national joint pay claim (attached) but additionally seeking to locally raise Bromley pay for grades BR1, 2 and 3 to ensure that all Staff are paid the London Living Wage (LLW), recognising the higher cost of living in London (i.e. seeks a minimum £10.75 per hour). Despite the outsourcing of many of the Low Paid Bromley jobs, it is our understanding that approximately 30 staff employed by LBB currently fall below the London Living Wage.

The case was advanced at the pay meeting that workers across the Borough generally tend to be on lower wages that elsewhere in London. Regardless of the rates of pay of other Bromley employers, a race to the bottom is not an appropriate way to assess a fair pay settlement. Furthermore, simply assessing the average pay of the workforce fails to understand the financial pressures on Bromley staff.

Whilst the workforce in Bromley and other east London Boroughs, both north and south, are less well paid than those employed in West and Central London, Bromley stands out amongst the other boroughs with lower paid workforce in that Bromley's residents, influencing the housing market, are significantly better paid (on average, residents earned £200 per week more than employees).

Aside from a moral responsibility to fairly recompense its employees, and the clear signal to staff that this time cultural change is real, the Council's pay settlement has a wider local impact. Many staff live locally and therefore their income feeds back into the local economy. Additionally, the Council has a leadership role amongst Bromley businesses and its endorsement of the London Living Wage would send a strong message about respect for staff to other employers in the borough.

The Retail Price Index (RPI) should be used in assessing pay settlements since it more closely reflects the actual price rises experienced by staff than the Consumer Price Index (CPI). The RPI is used to decide prices such as mobile phone bills, rail fares, student loans and various taxes e.g. alcohol, whilst the CPI is calculated using a different mathematical model and includes the spending of groups not usually relevant to pay negotiations (the top 4% of households by income, pensioner only households, stock brokers fees and spending by foreign tourists) The CPI also fails to include the price rises staff experience notably mortgage payments and spending on holidays.

As the joint pay claim notes, the price of housing remains one of the biggest issues facing employees and their families nationally. In London this position is far more severe. Research funded by Trust for London updates the first Minimum Income Standard for London report published in 2015 and indicates that the single biggest change since the last MIS London report is the increased cost of private renting, especially for properties at the cheaper end of the market, which have increased four times as much as in the rest of the UK.

This additional financial pressure therefore impacts disproportionately on Bromley staff on lower pay grades. Studies supported by Barclays Bank have shown that Living Wage employers report an increase in productivity, a reduction in staff turnover & absenteeism rates and improvements in their public reputation - outcomes which reflect the objectives of Bromley Council's Transformation Programme.

Bromley's Values and Competency framework advises that

> *"...an organisation can demonstrate its own values system through the day to day practices and processes it adopts, management action and how decision making is conducted"*

In light of the borough's real values and the Cultural Change which the Transformation Programme heralds, we look forward to receiving the Council's formal response in respect of this request made on behalf of its staff and our members.

Kind regards

Gill Slater

(Unite Rep)

Trade Union Side of the National Joint Council for Local Government Services: England, Wales and Northern Ireland

NJC PAY CLAIM 2020-2021

This NJC pay claim for 2020/21 and accompanying submission is made by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association.

Our claim is for:

- A real living wage of £10 per hour to be introduced for NJC scp 1 and a 10% increase on all other NJC/GLPC pay points
- A one day increase to the minimum paid annual leave entitlement set out in the Green Book
- A two hour reduction in the standard working week as set out in the Green Book
- A comprehensive joint national review of the workplace causes of stress and mental health throughout local authorities

24 July 2019

CONTENTS

KEY POINTS IN OUR CLAIM

Context of our claim

- Local Government has endured central government funding cuts of nearly 50% since 2010
- 1 in 3 councils fear they will run out of funding to provide statutory, legal duties by 2022/23
- Central government says that austerity is over - and all political parties now agree public services need greater investment.
- Two thirds of the public want the government to increase spending on public services

Economic background

- RPI inflation is expected to average 2.7% and 2.8% respectively over 2020 and then run at 3% or above every year until 2023
- If these rates turn out to be correct, the cost of living the NJC workforce faces will have grown by over 15% between 2019 and 2023
- Most spine points have been devalued by 21.8% in real terms and for new scp 11, the most populated NJC pay point by headcount, the shortfall versus RPI inflation is £5,626, meaning a 26.6% pay increase is needed to catch up
- Between 2010 and 2018 a number of core costs rose faster than both NJC pay and RPI, including bus/coach fares (51%) electricity (48%) house prices (37%) and childcare (32%.)

Comparing NJC pay

- A £10 an hour minimum wage has cross party support as a common sense solution to the unsustainable problem of topping up low pay via tax credits
- Establishing a £10 minimum hourly rate in this pay round enables the NJC to build in headroom and avoid skirting a new legal minimum wage
- If scp 1 was increased to £10 an hour (an 11% increase) then a 10% general increase would protect the new differentials established in the last pay settlement
- Pay in local government is still among the lowest in the public sector

Pay related conditions

- For the last nine years councils across the board have cut working conditions like unsocial hours, overtime and car allowances
- 50% of the workforce is made up of part-time employees, working regular unpaid overtime
- A GMB survey found local government workers are significantly more likely to work unpaid overtime compared to those in other occupations
- Sickness caused by work-related stress, depression or anxiety is now an acute issue within local authority services - with local authority sickness rates now over double those for the economy as a whole
- Long hours can lead to serious and long term mental and physical ill health, stress, fatigue and increases in workplace accidents

- Local government workers are significantly more likely to work unpaid overtime compared to those in other occupations
- The proposal to cap exit payments at £95,000 will have a particularly negative effect on local government workers

Job losses

- Across the UK, an estimated 876,000 jobs have been lost in local government since June 2010 – a reduction of 30%
- Local government has arguably been hit by more severe job losses than any other part of the public sector
- There has been no decrease in the statutory functions of local authorities - with many of these services seeing a significant increase in demand

Recruitment and retention

- As of 2017/18, 78% of councils are experiencing recruitment and retention difficulties
- Local authorities' reported average vacancy rate of 8% is significantly higher than the averages for wider public sector and in the economy as a whole
- Councils spent £335 million on agency social workers in 2017/18.

Morale under threat

- A survey of over 21,000 UNISON members found that 83% say that budget cuts in the past two years have had an impact on their ability to do their job
- 89% said that budget cuts have had a negative impact on staff morale and 54% said their workload is unmanageable
- A Unite survey found that only 11% of members rated morale as good or excellent in their workplace, with over 50% rating it as bad or terrible

Equality impact

- Cuts to real pay, terms and conditions, and employment totals by NJC employers have had a disproportionate impact on workers who share protected characteristics as defined by the Equality Act

Conclusion

- Local government workers have delivered efficiency savings year-on-year against immense pressure
- New money is needed to fund this claim. It cannot and must not be funded by local attacks on locally determined conditions
- Paying local government staff properly is an investment in both local services and the local economy
- The Trade Union Side notes that the LGA's engagement with us on collective bargaining has deteriorated in recent years. We expect the LGA to enter into meaningful negotiations with us on the claim in keeping with the Labour Relations (Public Service) Convention 1978 (No 15.)

1. CONTEXT OF OUR CLAIM

This year the LGA took stock of its workforce in its report 'Workforce Focus[1].' The opening sentence reads: 'Local government needs a suitably skilled, well-motivated and engaged workforce that meets the changing needs of its residents to continue its work through challenging times.'

Paying staff properly and investing in career development will help deal with recruitment and retention issues and deliver improved public services and better outcomes for service users.

We understand that councils across the country are having to make difficult decisions on a daily basis, trying to balance budgets during a time when funding has been slashed. Local government has endured central government funding cuts of nearly 50% since 2010. Between 2010 and 2020, councils will have lost 60p out of every £1 they have received from central government.

The 2019 LGA survey of council finances found that 1 in 3 councils fear they will run out of funding to provide even their statutory, legal duties by 2022/23. This number rises to almost two thirds of councils by 2024/2025 or later. The LGA estimates councils will face a funding gap of £8 billion by 2025.

Responsibility has to lie with the government over their failure to provide adequate funding for councils and the communities that they provide for. Funding for this pay rise must come from central government, and we recognise that central government has made significant local government revenue funding cuts that were specifically linked to its pay cap policy in previous years.[2] Having claimed that austerity is over and that the pay cap policy has been lifted, we believe that Ministers have a moral obligation to increase funding to local government, including in connection with pay.

However it is now possible that the Comprehensive Spending Review may not take place in the autumn. In previous years the LGA has said it would wait to see what settlement it would get. In the political climate, which is unlikely to settle down in the near future, it would not make sense to wait and we urge our employers to meet our claim as soon as possible.

All political parties now agree public services need greater investment. Among the general public, two in three now want the government to increase spending on public services (Ipsos MORI poll, October 2018). But even with public opinion clearly turning against austerity, the so called 'end of austerity' must mean more than just words.

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[1] https://www.local.gov.uk/workforce-focus

[2] See HM Treasury Written Ministerial Statement on RDEL Revisions, 08 December 2011 https://hansard.parliament.uk/Commons/2011-12-08/debates/11120856000020/RDELRevisions; and the Treasury's later statement to GMB that in the 2013 and 2015 Comprehensive Spending Review the assumption that pay awards would be limited to 1% 'was included in these departmental allocations at the outset' https://static1.squarespace.com/static/58b828f44402436b74624b8a/t/59b6af5d2278e7557ed6c1c1/1505144781989/PAY+PINCH+REPORT+2+-+FINAL+SPREADS.pdf

2. ECONOMIC BACKGROUND

2.1. Inflation rates compared to NJC pay increases

The global financial crisis was not caused by refuse collectors, council officers or school support staff workers. The Trade Union Side refuses to accept that, more than a decade on from the banking crash, these low to middle income workers should continue to pay the price.

We appreciate the fact that the last two year pay settlement did deliver above-inflation pay rises for low paid workers. However, that settlement only recovered limited ground compared to the sharp real-terms cuts to pay experienced by the local government workforce since 2009.

As our analysis shows, while a limited number of workers who were employed on now-deleted spine points will have received relatively small real-terms wage increases since 2009/10, the majority of spine points have been substantially devalued. All spine points above 23 (on the new scale) will have lost 22% of their value by the end of the current settlement.

Historically, periods of wage constraints have been followed by periods of 'catch-up' in line with their trend level in subsequent years.[3] The alternative is a permanent devaluation of wages in local government. Against this backdrop, we believe that the Trade Union Side's claim of £10 per hour for NJC scp 1 and a 10% increase on other pay points is both measured and reasonable.

Real (RPI) changes to selected spine points 2009/10 to 2019/20
(See Appendix A for the full table)

Table 1

Typical Job	Old Spine Point	2009/10	2019/20	New Spine Point	Real change
Cleaner	6	£12,489	£17,364	1	-0.7%
Customer Services Officer	11	£14,733	£18,065	3	-12.5%
Library Assistant	16	£16,440	£19,171	6	-16.8%
Qualified Residential Care Worker	21	£19,126	£21,166	11	-21.0%
Teaching Assistant 3	26	£22,221	£24,799	19	-20.3%
Librarian	31	£26,276	£28,785	25	-21.8%
Social Worker	36	£30,011	£32,878	30	-21.8%
Accountant	41	£34549	£37849	35	-21.8%
Children's Residential Manager	46	£39855	£42683	40	-21.8%

[3] Monitor, Closing the NHS funding gap: how to get better value health care for patients, 09 October 2013, page 3 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/284044/ClosingTheGap091013.pdf

The shortfall is even more shocking, if the percentage increase needed on 2019 pay rates to match RPI is calculated. For new scp 11, the most populated NJC pay point by headcount, the shortfall is £5,626, meaning a 26.6% pay increase is needed to catch up.

In contrast, prices for everyday goods continue to rise. Price changes to commodities that make up the RPI over the year to April 2019 are shown in the table below:

Table 2

Item	Average % increase to April 2019
Travel and leisure	4.2
Alcohol and tobacco	3.2
Housing and household expenditure	2.9
Personal expenditure	2.9
Consumer durables	1.9
Food and catering	1.5
All goods	1.9
All services	4.5
All items	3.0

Source: Office for National Statistics, Consumer Price Inflation Reference Tables, April 2019

Within these figures, some costs are rising significantly faster, such as electricity bills at 14.1%, gas bills at 7.1%, water and other charges 3.1%, bus and coach fares at 8.9%, rail fares at 6.6%, petrol and oil at 3.6%, council tax and rates at 4.7%, mortgage interest payments at 4.1% and telephone services at 5.6%.

The price of housing also remains one of the biggest issues facing employees and their families. Across the UK, house prices rose by 1.4% in the year to March 2019 alone[4] and have risen 37% between 2010 and 2018 (see table 3 below). The average house price in England and Wales is now £302,122[5]. Northern Ireland experienced the biggest increase at 3.5%[6], followed by Scotland at 3.3%[7], Wales at 3%[5] and England at 1.1%[5]

[4] UK House Price Index, March 2019 https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2019#strongest-english-growth-in-the-north-of-england-and-midlands

[5] England and Wales House Price Index, April 2019 https://lsl-assets.s3.amazonaws.com/lslps/uploads/media_file/EW-House-Price-Index-April-2019.pdf

[6] Northern Ireland House Price Index, Q1 2019 http://www.ninis2.nisra.gov.uk/InteractiveMaps/People and Places/Housing and Households/NIHPI/atlas.html

[7] Scotland House Price Index, March 2019 https://lsl-assets.s3.amazonaws.com/lslps/uploads/media_file/YM-SCOT-House-Price-Index-May-2019.pdf

Transport costs have risen significantly above reported inflation (measured against both the RPI and the CPI). On average, local bus fares have risen by an estimated 37% in England and by an estimated 31% in Wales since 2010, as measured by the Department for Transport's own index (estimates are higher when long distance services are included – please see below).[8] Regulated rail fares (a category which includes almost all commuter costs) have risen by an average of 36% over the same period.[9]

Average private rents have risen by £1,900 a year compared to 2010[10] significantly outstripping wages and inflation with the national cost of renting from a private landlord having risen to a record high of £51.6bn from just £20.3bn in 2006[11]. Private rental prices have not grown as quickly as housing costs overall , but the average monthly rent for new tenancies in the UK nonetheless picked up 2% over the last year to reach £936.[3]

Though not specifically included in inflation measures, childcare costs represent a key area of expenditure for many staff (42% of local government workers have at least one dependent child in their household,[12] and UNISON surveys have consistently found that around a third of staff have child caring responsibilities). Therefore, it is also worth noting that the annual Family & Childcare Trust survey [4] for 2019 found that the cost of a nursery place for a two year old has risen by 4% since last year, with the annual cost of 25 hours care per week hitting £6,465.

Current inflation rates can mask longer term changes in the cost of living that have taken place since 2010. The examples below show major increases in core costs that have surpassed average prices increases over the period.

Table 3

Expenditure item	**House prices**	**Bus & coach fares**	**Electricity**	**Childcare**
Price rise 2010 - 18	37%	51%	48%	32%

2.2 Inflation forecasts

The Treasury average of independent forecasts and the OBR's last forecast state that RPI inflation will average 2.7% and 2.8% respectively over 2020[5]. It will then run at 3% or above every year until 2023, following the pattern shown in table 4 below.

These annual rates show the rate at which pay rises would be needed for wages just to maintain their current value.

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[8] Department for Transport, Local bus fares index by metropolitan area status and country: Great Britain, updated 20 June 2019 https://www.gov.uk/government/statistical-data-sets/bus04-costs-fares-and-revenue

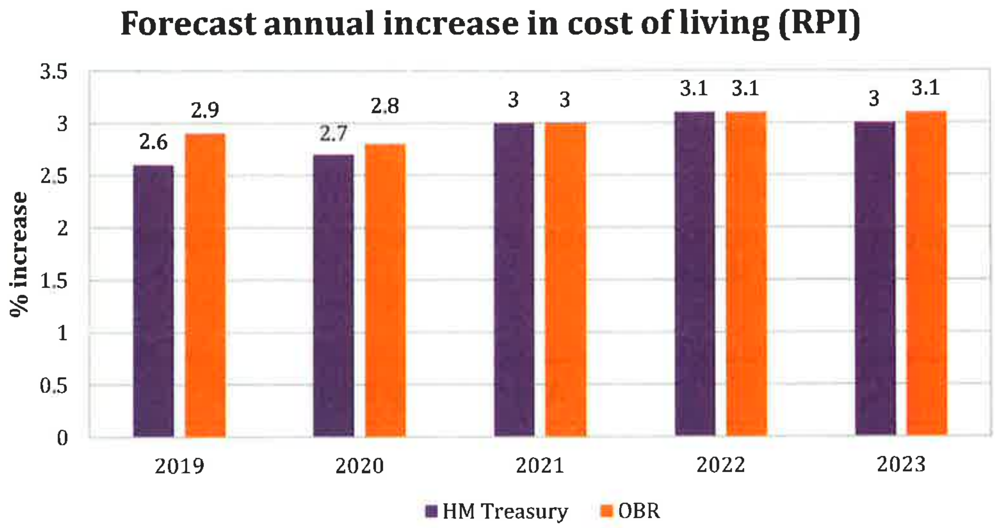
[9] GMB calculations based on regulated fare cap figures recorded in Table A5 of the House of Commons Library Briefing Paper, Railways: fares statistics, 30 November 2018 https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06384

[10] English Housing Survey 2017 to 2018: headline report, MHCLG, 31 January 2019, https://www.gov.uk/government/statistics/english-housing-survey-2017-to-2018-headline-report

[11] https://inews.co.uk/opinion/spiralling-rents-show-housing-market-crisis-can-fixed-radical-action/

[12] GMB analysis of Quarter One 2019 Labour Force Survey data.

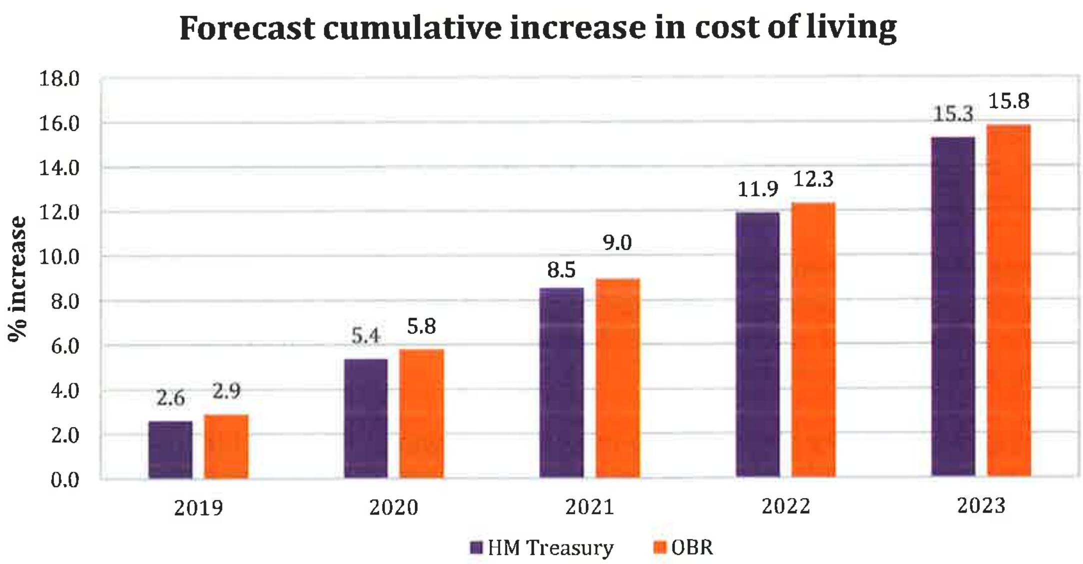
Table 4



Source: *HM Treasury, Forecasts for the UK Economy May 2019*
OBR, Economic and Fiscal Outlook, March 2019

If these rates turn out to be correct, the cost of living the NJC workforce faces will have grown by over 15% between 2019 and 2023, following the pattern set out in table 5 below:

Table 5



The Trade Union Side feels that our claim is a relatively modest start to the process of reversing the significant real cuts in pay NJC workers have experienced.

2.3 Average pay settlements

Pay settlements in the private sector have been running far in advance of the public sector since 2010. While the pay freeze was in place across the public sector, the private sector saw average rises of around 2.5%, and the private sector continued to outpace the public sector by at least double the public sector rate during the ensuing period of the 1% pay cap.

Since 2018, the gap has been closing and table 6 below shows the latest average settlements across a variety of sectors:

Table 6

Sector	Average pay settlements
Across economy	2.5%
Private sector	2.7%
Public sector	1.5%
Not for profit	2.5%
Energy & gas	3.0%
Water & waste management	2.5%
Source: Labour Research Department, settlements year to June 2019	

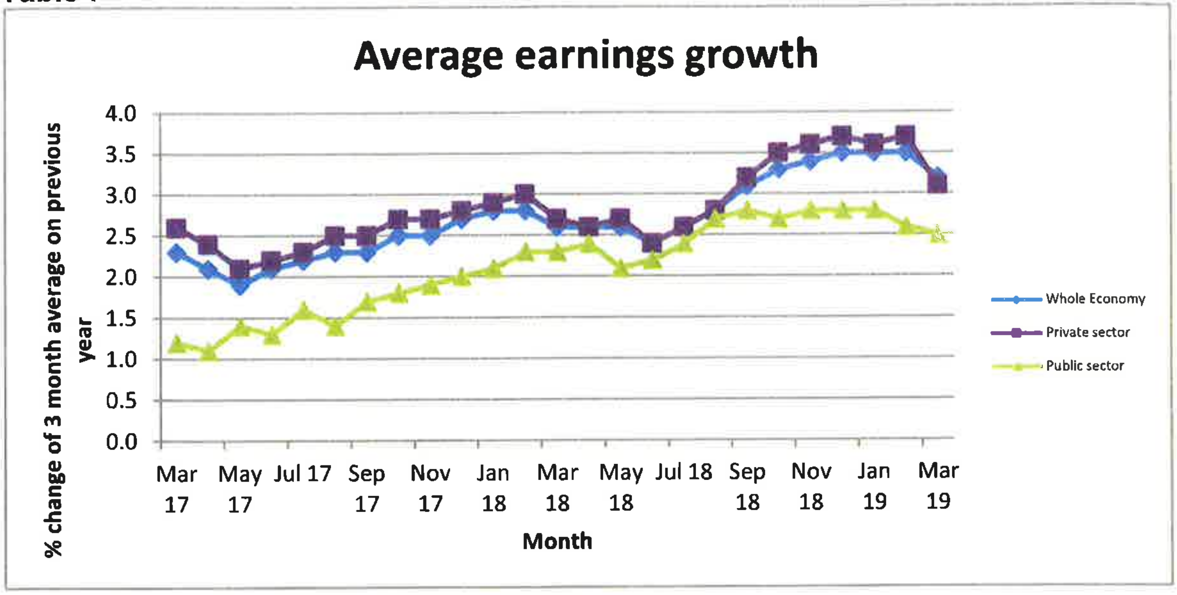
2.4 Average earnings growth

Table 7 below shows trends in average earnings growth over the last two years. The acceleration of the general rate to 3.5% by the end of 2018 and into early 2019 took average earnings growth to its highest level in over a decade.

As in the case of pay settlements, a gap between public and private rates has been a sustained feature of the economy, reflected in the fact that there have only been two months in the entire period since April 2013 when private sector earnings growth has not been running ahead of the public sector.

The end of the public sector pay cap saw the gap narrowing, though it has reasserted itself over recent months, with private sector earnings now rising at 3.2% compared to 2.5% in the public sector.

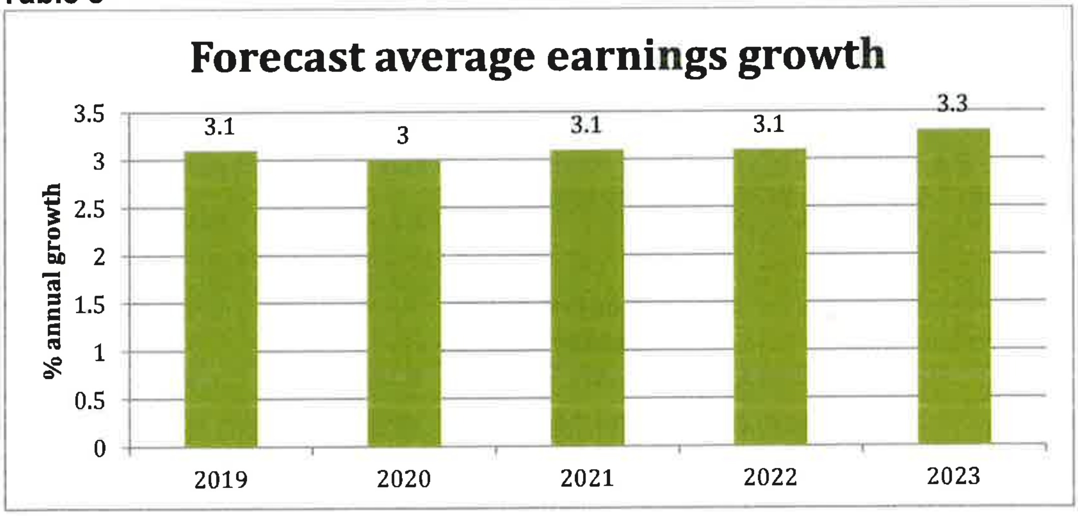
Table 7



Source: Office for National Statistics, Labour Market Overview UK, May 2019

Forecasts of average earnings predict that growth will average 3% in 2020 and then run in excess of 3% over the following three years, as per the pattern below [6].

Table 8



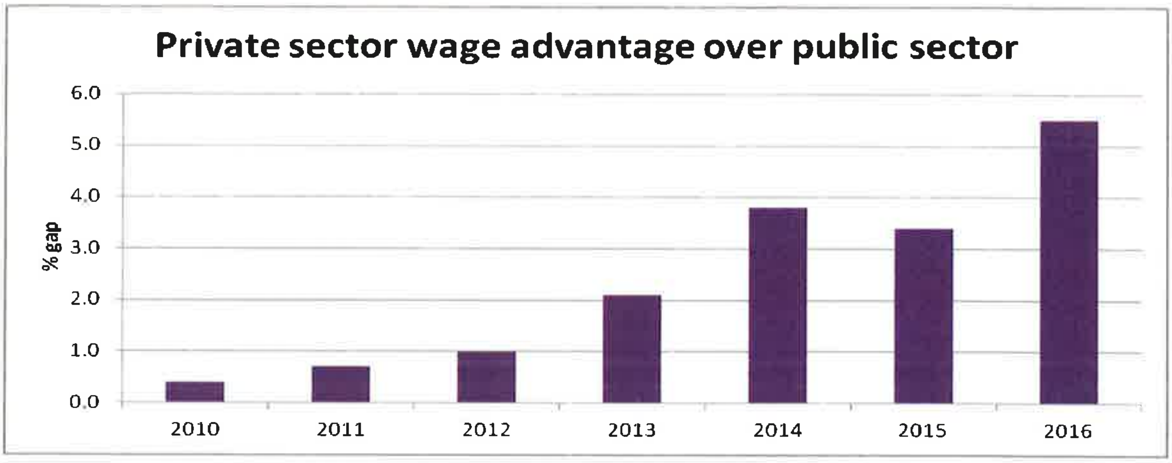
In other words, a significant above inflation pay rise is required to address local government workers' fall in living standards since 2010 and to avoid suffering damage to recruitment and retention.

Note on comparisons between public and private sector

The campaign by the government and much of the media to paint public sector workers as overpaid relative to private sector workers is not currently running at the pitch it was. However occasional ill-informed media outbursts happen. These, wrongly, use unweighted average earnings as the basis for making this false assertion.

However, ONS analysis, which took into account region, occupation, gender and job tenure, found that the average public sector worker was paid 1% less than a private sector worker in 2016.[13] And if organisational size is taken as a factor in the comparison, the gap grows to 5.5% (the graph below shows how the differential calculated on this basis has favoured the private sector since 2010).

Table 9



The Treasury also estimates that public sector pay dipped below equivalent private sector rates in 2016, according to papers obtained by GMB under the Freedom of Information Act (unlike the ONS study, the HMT figures did not take organisation size into account and the negative differential would have been higher if this factor had been considered).[14]

Basic pay for most local government roles is well behind private sector comparators. A recent benchmarking exercise[15] commissioned by UNISON showed that from a total of 25 jobs, from across the spectrum of wages, 19 roles showed pay at lower levels than in the private sector, with 16 of these at significantly lower levels.

Table 10

Job title	LG rate £pa	Rest of public sector median basic £pa	£ var	Var %
Library Assistant	£17,840.00	£21,764.00	-3,925	-18
Librarian	£25,463.00	£30,930.00	-5,467	-17.7
IT Worker (project management)	£29,646.00	£36,625.00	-6,979	-19.1
Social Worker (children's services)	£34,406.00	£36,644.00	-2,238	-6.1
Policy Officer (principal)	£35,123.00	£39,612.00	-4,489	-11.3

[13] ONS, Analysis of factors affecting earnings using ASHE 2016, October 2016

[14] The Observer, Austerity puts public workers' wages below private sector, 21 October 2017 https://www.theguardian.com/society/2017/oct/21/austerity-public-sector-pay-private

[15] IDR NJC benchmarking May 2019

Engineer	£35,824.00	£36,565.00	-741	-2
Trading Standards Officer	£36,630.00	£40,283.00	-3,653	-9.1
Building Control Surveyor (case officer)	£38,791.00	£44,735.00	-5,944	-13.3
Engineer (higher)	£43,269.00	£46,116.00	-2,847	-6.2
Solicitor	£45,240.00	£54,625.00	-9,385	-17.2
Accountant /Finance Manager - Senior	£50,358.00	£56,761.00	-6,403	-4

3. COMPARING NJC PAY

3.1 Pay at the bottom

A £10 an hour minimum wage has cross party support. Across the political spectrum, politicians see it as a common sense solution to the unsustainable problem of topping up low pay via tax credits - a cost to the Treasury that has now ballooned to £30bn a year.

Since May 2018, Labour Party policy has been to establish £10 an hour as the minimum wage for all workers, regardless of age. The Conservative Party has made it plain that it is considering setting two-thirds of average earnings as the next target for the National Minimum Wage. If adopted, this target would be expected to rapidly close on a £10 an hour rate.

Establishing a £10 minimum hourly rate in this pay round enables the NJC to build in some headroom now and avoid skirting a new legal minimum wage as has happened in the past. There is also good reason to call on the Government to fund an NJC pay rise. Analysis by the IPPR, which was sponsored by GMB, found that 43% of the cost of raising public sector pay would be returned to the Treasury through taxation and lower social security costs.[16] The macro-economic benefits of moving to two-thirds of average earnings, in terms of generating employment through the multiplier effect and increased government revenue, have been set out in a report commissioned by UNISON as evidence to the Low Pay Commission.[17]

If scp 1 was increased to £10 an hour (an 11% increase) then a 10% general increase would protect the new differentials established in the last pay settlement

3.2 Across the pay spine

Pay in local government is still among the lowest in the public sector. When an average pay rate was last reported by the LGA, it was 19% below that of the public sector as a

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[16] IPPR, Uncapped Potential: The Fiscal and Economic Impact of Lifting the Public Sector Pay Cap, November 2017, https://www.ippr.org/files/2017-11/uncapped-potential-november2017.pdf

[17] https://www.unison.org.uk/content/uploads/2019/06/Supplementary-Evidence-2019-Landman-Economics-Report.pdf

whole.[18] Benchmarking analysis[19] of 24 roles for UNISON found that 15 of them were behind other public sector comparators for basic pay.

Table 11

Job title	LG rate £pa	Private median basic £pa	£ var	Var %
Library Assistant	£17,840.00	£21,378.00	-3,539	-16.6
Librarian	£25,463.00	£29,790.00	-4,327	-14.5
IT Worker (project management)	£29,646.00	£41,074.00	-11,428	-27.8
Social Worker (children's services)	£34,406.00	£41,227.00	-6,821	-16.5
Policy Officer (principal)	£35,123.00	£37,286.00	-2,163	-5.8
Engineer	£35,824.00	£38,310.00	-2,486	-6.5
Trading Standards Officer	£36,630.00	£49,005.00	-12,375	-25.3
Building Control Surveyor (case officer)	£38,791.00	£50,000.00	-11,209	-22.4
Engineer (higher)	£43,269.00	£51,706.00	-8,438	-16.3
Solicitor	£45,240.00	£77,407.00	-32,167	-41.6
Accountant /Finance Manager - Senior	£50,358.00	£65,510.00	-15,152	-23.1

All of this has happened against a backdrop of increased job insecurity and increasing workloads. In the field of social care, for example, the number of people in the UK aged 80 or over increased by 11% between 2010 and 2017.[20] Our members describe being trapped in a vicious cycle as cuts to services lead to greater long-term demands on the workers who remain.

NJC workers are the poor relations when compared with equivalent roles under the NHS Agenda for Change pay structure. With transfers within the public sector becoming more common, NJC workers now often find themselves moving to a new employer and working alongside someone doing the same job but for a higher salary. This is unfair and discriminatory, is no way to motivate staff and has real implications for recruitment and retention in local government. We believe NHS pay rates are far more reflective of the value of the jobs concerned and that NJC workers' pay should be lifted to at least the same rates. Wages should reflect the job, not the employer.

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[18] HM Treasury, Whole of Government Accounts, : year ended 31 March 2015, section 5.14 https://www.gov.uk/government/publications/whole-of-government-accounts-2014-to-2015

[19] IDR NJC benchmarking May 2019

[20] ONS, mid-year estimates of the population for the UK, England and Wales, Scotland and Northern Ireland, https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland

Mass redundancies have inflicted misery on the workers who lost their jobs, and also on their families. It has also led to an explosion of pressure on the remaining workers who are constantly expected to do 'more with less.' Measures that were supposed to reduce the impact of cuts to funding and staffing levels have not delivered. A recent academic study found that the move to shared services did not cut the cost of delivery.[21] It has however left many of our members with higher workloads, more complex duties, and longer commutes.

4. PAY RELATED CONDITIONS

4.1 Allowances

In an attempt to save costs, for the last nine years councils across the board have shredded working conditions. Our union surveys have repeatedly shown that conditions like unsocial hours, overtime and car allowances have been cut. This has a real impact on pay packets.

Over 50% of the workforce is made up of part-time employees, working regular unpaid overtime. Many workers are dependent on additional payments to make ends meet. The workforce is made up of over three quarters women, many are low paid and in low paid households and are single parents.

Their incomes are vital to the well being of their families and these additional payments are a lifeline. This makes these workers and their families especially vulnerable to any change in their financial circumstances, such as withdrawal of regular enhancements to their pay for working nights and unsocial hours.

While allowances are not covered by the NJC agreement it is clear that there has been a quiet campaign of cutting back on these locally negotiated terms and conditions. The decision to allow locally determined allowances under the NJC has led to a "licence to freeze" over the last few years and this needs to end.

Union members report attacks on overtime, allowances, standby payments, annual leave, sick pay and weekend working, while many have mentioned that their roles have been downgraded through restructuring and many employers have continued to use unpaid shut down days over Christmas or other public holidays.

Unite's recent survey highlighted examples of standby payments frozen for many years with members not receiving any increases alongside the annual pay award. Unite members have reported standby payments frozen for between 6 and 10 years in some places. There are even reports of management avoiding paying standby altogether.

Members have additionally reported the loss of shift allowances worth up to £2000 a year. Members in social work reported a locally determined restructure of shift work that resulted in the removal of unsocial hours payments and an increase in late night shifts and on call working.

[21] Dixon and Elston, LSE British Politics and Policy Blog, Austerity in English local government: why collaboration was not the answer after all, 19 March 2019 https://blogs.lse.ac.uk/politicsandpolicy/councils-austerity-collaboration/

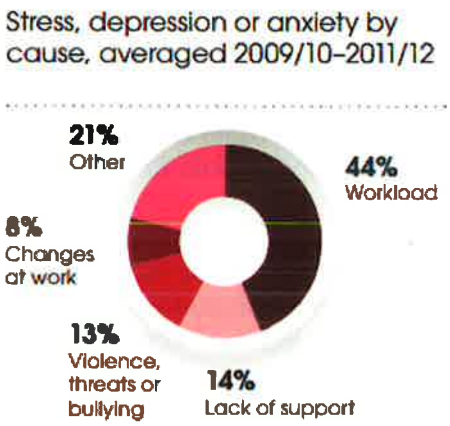
We believe that some of this has been due to employers opportunistically clawing back cost savings in response to pay rises that workers have received. NJC pay increases cannot and must not be met by slashing locally determined conditions and the joint unions are calling for the LGA to support statements confirming that.

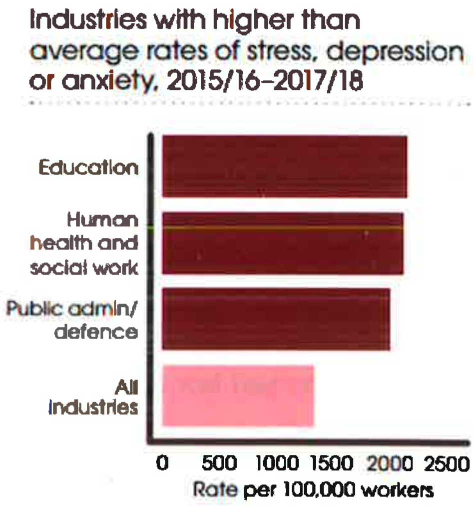
4.2 Sickness, stress and absences

The UK is suffering from an epidemic of stress and anxiety. Work-related stress, depression, and anxiety now account for 57% of all sick days[22]. 15.4 million working days were lost due to work-related stress, depression or anxiety in 2017/18. One in four sick days in the UK is the result of workload[23] – the biggest single cause of sick leave by some distance.

Analysis by the Health and Safety Executive (HSE) of Labour Force Survey statistics shows that this is an acute issue within local authority services with human health and social work, public administration and education all accounting for the highest levels of average rates of stress, depression or anxiety.[24]

Table 12





Source: *ONS Labour force survey*

This is recognised in union surveys, for example in the recent Unite survey 75% of members reported experiencing work-related stress in the last 12 months, and 61% said that stress was one of issues they were most concerned about at work (second only to pay).

[22] http://www.hse.gov.uk/statistics/causdis/stress.pdf?utm_source=govdelivery&utm_medium=email&utm_campaign=digest-8-nov-18&utm_term=report&utm_content=stress-stats

[23] http://www.hse.gov.uk/statistics/causdis/stress.pdf?utm_source=govdelivery&utm_medium=email&utm_campaign=digest-8-nov-18&utm_term=report&utm_content=stress-stats

[24] http://www.hse.gov.uk/statistics/overall/hssh1718.pdf

Sickness absence levels can be seen as a proxy indicator for the wellbeing of staff and this has been recognised by the LGA in its Workforce Focus report[25].

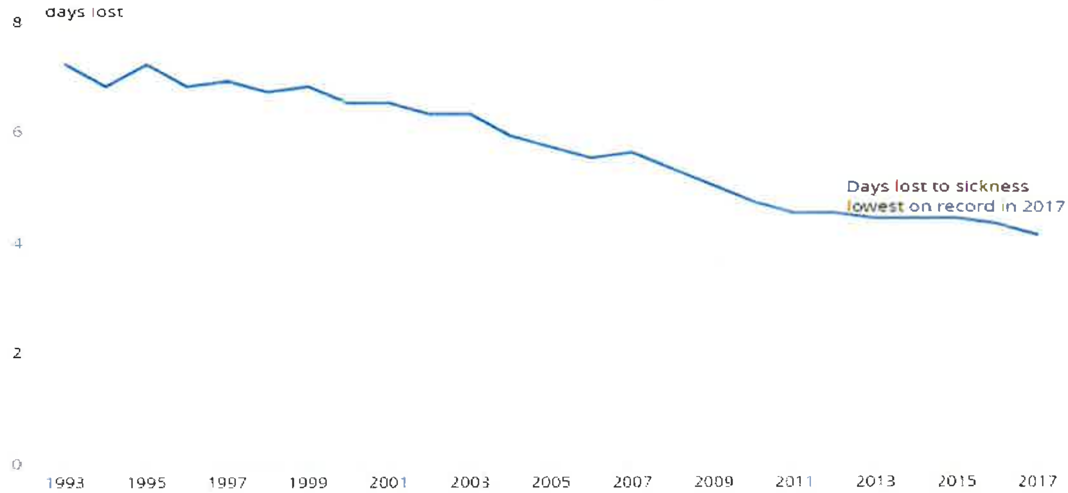
This highlights that:

- On average in 2016/17, 4.3% of days were lost due to sickness and 8.7 days per FTE employee.
- By comparison in 2015/16, 4.9% of days were lost due to sickness and 8.8 days per FTE employee.
- The earliest available comparable figures are for 2011/12 when on average 4.2% of days was lost, 8.4 days per FTE employee.
- The most common cause of sickness absence in 2016/17 was 'stress, depression, anxiety, mental health and fatigue' (28.9% of days lost).

Across the whole economy, as a rough comparison the average number of days lost per FTE in 2018 across the whole economy was 4.1. This means that local authority sickness rates are over double those for the economy as a whole.

In contrast to local authority statistics, the Labour Force Survey shows that economy-wide sickness absence has broadly been falling over the last two decades.

Table 13
Number of days lost through sickness per worker, 1993 to 2017, UK



Source: Labour Force Survey person datasets, ONS

The 2017 *Stevenson / Farmer review of mental health and employers*[26] for the government found that the cost of poor mental health to Government is between £24 billion and £27 billion which includes the costs of providing benefits, falls in tax revenue and costs to the NHS. One of its core recommendations to employers is for them to "*provide employees with good working conditions and ensure they have a healthy work life balance and opportunities for development*"

[25] https://www.local.gov.uk/sites/default/files/documents/11%20170%20Workforce%20Focus_03_web.pdf

[26] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/658145/thriving-at-work-stevenson-farmer-review.pdf

The Trade Union Side therefore calls for a comprehensive joint national review of the workplace causes of stress and mental ill health throughout local authorities.

4.3 A culture of long hours

The negative impacts of long hours and high workloads are well documented. Long hours can lead to serious and long term mental and physical ill health, stress, fatigue and increases in workplace accidents[27]. For example researchers that studied[28] the work habits of more than 600,000 people in the US, UK, and Australia, found that people who work more than 55 hours a week are 33% more likely to suffer a stroke and have a 13% greater risk of heart attack than those who work 35-40 hours weekly.

Research also shows the impact that long hours can have in decreasing productivity within organisations[29], lowering morale and leading to increased staff turnover[30].

In contrast studies have found that reducing working time and taking holidays is extremely good for morale and health - it can even prolong lives[31]. Researchers who studied 974 vacationers from the Netherlands discovered that even planning for a holiday makes people happier before they go[32]. Researchers have also shown that more time off improves productivity and is therefore good for employers and the economy as a whole.[33]

Reducing working time has wider societal benefits too. It give staff more time to contribute to society, supporting family and friends, volunteering or getting more involved in the wider community or politics. The New Economics Foundation (NEF)[34] has pointed to studies that show that reducing working time is also better for the environment[35] and good for gender equality given women shoulder more than 60% of unpaid work[36].

Working time practices and norms have not stayed static over time, and it is right that they should be reviewed and updated. NEF modelling has shown that UK working time has lagged behind long term national trends over recent years. If average hours had continued to fall at post-war levels after 1980, then the UK should be on target to reach a 30-hour working week by 2040[37].

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27 http://www.hse.gov.uk/research/hsl_pdf/2003/hsl03-02.pdf

28 https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(15)60295-1/fulltext

29 http://ftp.iza.org/dp8129.pdf

30 https://www.employment-studies.co.uk/system/files/resources/files/352.pdf

31 https://www.eurekalert.org/pub_releases/2018-08/esoc-tav082318.php
32 https://link.springer.com/article/10.1007%2Fs11482-009-9091-9
33 https://hbr.org/2015/06/are-we-more-productive-when-we-have-more-time-off
34 https://neweconomics.org/2018/11/five-reasons-why-nef-supports-the-4-day-week-campaign

35 https://www.researchgate.net/publication/323366145_Working_hours_and_carbon_dioxide_emissions_in_the_United_States_2007-2013

36 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/womenshouldertheresponsibilityofunpaidwork/2016-11-10

37 https://neweconomics.org/2019/03/average-weekly-hours-fell-faster-between-1946-and-1979-than-post-1980

The Global Workforce Happiness Index[38] that studies workplace wellbeing also found that the top ten countries make work-life balance a priority with employers enacting strategies to ensure their staff achieve this.

The economy is rapidly changing as is evidenced by a recent report from the ONS that illustrated the threats automation poses to workers[39], particularly women workers. Staff side unions believe that automation needs to deliver for ordinary people and that reducing working time without loss of pay is a crucial part of the necessary response to increased automation and digitalisation of the economy – an issue that the LGA and local authority employers have been actively exploring in recent years[40].

Yet union surveys highlight that 10 years of austerity is taking a huge toll on local authority staff with low pay settlements, expanding responsibilities and redundancies leading to increased workloads and a culture of long hours.

For example in Unite's recent all members' survey:

- 54% of members reported frequently or always working more than their contractual hours. That included nearly a quarter who "always" did, while a further 30% said that they did so "sometimes".
- 32% reported working more than 4 hours extra a week including 10% that worked more than 8 hours extra. A further 23% worked between 2 and 4 hours extra a week and 25% said that they regularly worked up to 2 hours extra a week.
- Only 17% of Unite members reported receiving overtime rates for these additional hours with 25% reporting that they were all completely unpaid.
- 75% of Unite members reporting experiencing work-related stress in the last 12 months.
- Over 50% of members rated morale in their workplaces as either "bad" or "terrible" as opposed to only 11% that thought it was "good" or "excellent".

A GMB study found that local government workers are significantly more likely to work unpaid overtime compared to those in other occupations.[41] An updated analysis, based on the latest available figures, produced similar results: 28% of local government workers normally work unpaid overtime, according to the Labour Force Survey, compared to 15% of all employees. The average local government worker who worked unpaid overtime contributed an additional 6.2 hours per week.[42]

It should be noted that even these figures may represent an underestimate. GMB asked NJC workers in its 2019/20 members' survey if they regularly worked unpaid overtime: nearly half (48%) said that they did. The NHS Staff Survey also reports higher rates of unpaid overtime working than the Labour Force Survey.

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[38] https://universumglobal.com/insights/global-workforce-happiness-index-2/

[39]https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25

[40] https://www.local.gov.uk/our-support/workforce-and-hr-support/workforce-videos/working-digital-council-video

[41] Civil Service World, Civil servants 'work more unpaid overtime than private sector staff,' 25 July 2017 https://www.civilserviceworld.com/articles/news/civil-servants-%E2%80%98work-more-unpaid-overtime-private-sector-staff%E2%80%99

[42] GMB analysis of Quarter One 2019 Labour Force Survey data.

Unpaid overtime is being worked on an industrial scale. It represents an enormous goodwill contribution by a workforce that is approaching its breaking point. The Trade Union Side strongly believes that workers should be paid for all the hours they work. If full-time local government workers who regularly work unpaid overtime were remunerated for their additional hours, they would be due an immediate pay rise of 25%.[43]

Other analyses have shown similar trends, for example the TUC found that public sector employees disproportionately work unpaid overtime – making up only a quarter (25%) of total employees but producing more than a third (39%) of all unpaid overtime[44].

The Trade Union Side is therefore calling for:

- A one day increase to the minimum paid annual leave entitlement set out in the Green Book

- A two hour reduction in the standard working week set out in Green Book with no loss of pay

4.4 Exit payments

The Trade Union Side is also extremely concerned about the planned attack on our members' terms and conditions in the form of the Treasury's proposal to cap exit payments at £95,000. If implemented, the Treasury's flawed regulations will have a particular negative effect on local government workers due to its inclusion of strain costs in the cap's calculations. As the LGA has calculated, a long-serving female member of the Local Government Pension Scheme who earns £23,500 a year and is made redundant above the age of 54 could be capped.

The effects of the cap will be on low to middle paid workers will be multiplied with each year that passes due to the non-inclusion of an index link to a £95,000 figure that has not changed since 2015. The proposed cap in 2019 is already effectively worth £85,000 compared to its value in 2015.

Table 14
Forecast real value of the unindexed cap (£000s)[45]

	2015	2016	2017	2018	2019	2020	2021	2022	2023
RPI	95	93.3	90.1	87.2	84.7	82.4	80.0	77.6	75.3
CPI	95	94.3	91.9	89.6	87.8	86.1	84.5	82.8	81.2

If pensions are a form of deferred pay then it is likely that implementation of the cap will give rise to demands for higher uplifts to regular pay and allowances in the future.

In the view of the Trade Union Side, this planned central government interference – which rides roughshod through past collective agreements – makes a mockery of Ministers'

[43] Illustrative calculation based on a local government worker who works 37 paid hours per week and 6.2 additional unpaid hours, compared to if those additional hours had been paid on time and a half.

[44] https://www.tuc.org.uk/blogs/work-your-proper-hours-day-%E2%80%93-tackling-culture-unpaid-overtime

[45] https://www.gmb.org.uk/sites/default/files/exit-cap-consultation-response.pdf

claims that they play no role in the setting of local government workers pay and terms and conditions. Consequently, in our view, the fact that the draft regulations have been brought forward strengthens the case for the provision of additional central funding to help meet the costs of this claim.

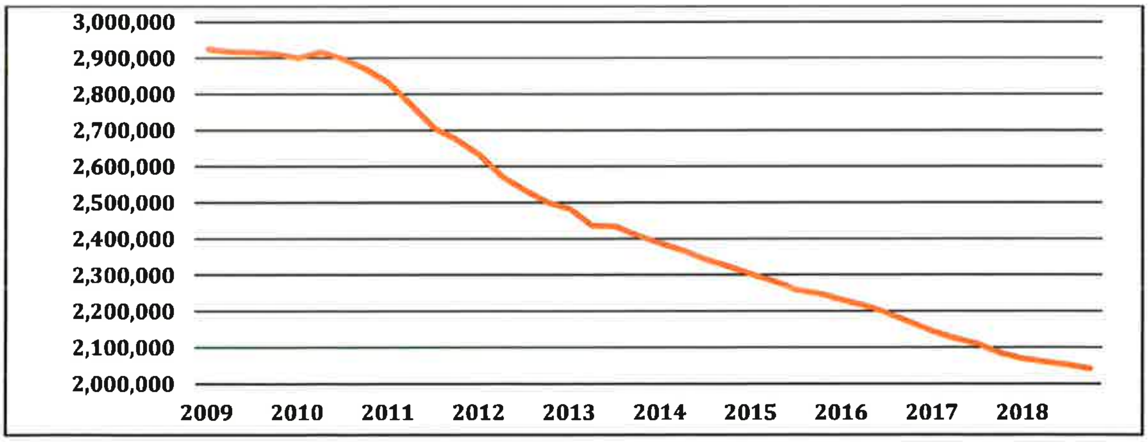
In addition, we believe that the Government's continued 'pause' in the redistribution of excess monies generated by the cost cap mechanism in the Local Government Pension Scheme in the wake of the McCloud judgement undermines government assurances and collective bargaining principles, and represents a further blow to the real take home pay of our members in local government. We further believe that the 'pause' is further evidence that Ministers continue to play an active role in the setting of pay and terms and conditions in local government.[46]

5. JOB LOSSES

Across the UK, an estimated 876,000 jobs have been lost in local government since June 2010 – a reduction of 30%. Local government has arguably been hit by more severe job losses than any other part of the public sector. But conversely, there has been no decrease in the statutory functions of local authorities - with many of these services seeing a significant increase in demand over the same period (children's services, adult social care services and homelessness support). In addition, redundancy payments have cost councils an estimated £4 billion in England alone.[47]

Table 15

UK local government employment (headcount)[48]



[46] For more information see: https://www.gmb.org.uk/news/court-ruling-means-government-should-pay-24-billion-back-public-sector-workers

[47] The Guardian, Redundancies have cost English councils £4bn since 2010 – study, 13 September 2018 https://www.theguardian.com/society/2018/sep/13/councils-in-england-spend-4bn-on-220000-redundancies-since-2010

[48] ONS, Public sector employment quarterly estimates, December 2018 data https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremploymentreferencetable

This loss of staffing, budgets and increased demand means that local services are suffering. For those staff who remain (predominantly women), this has increased workloads, pressure and stress - all against the backdrop of ever shrinking real-terms pay.

With considerably fewer workers to provide local services, local government staff deserve a pay rise that reflects the massive increase in their productivity. Those workers left behind are attempting to pick up the workloads of former colleagues, as well as do their own work on declining pay and conditions.

6. RECRUITMENT AND RETENTION

Recruitment and retention is a key priority for councils. As of 2017/18, 78% of councils are experiencing recruitment and retention difficulties, with 10% feeling forced to enact a recruitment freeze at some point during 2017/18 (LGA workforce survey 2017/18). This issue is particularly acute for a variety of professional and specialist roles, including social work, planning and building control.

Successive workforce surveys conducted by the LGA make it apparent that pressures are rising. Although there are discontinuities in the data series, it is clear that the trend is towards pressures returning to or even exceeding pre-crash levels.

Local authorities' reported average vacancy rate of 8% (rising to 9.5% for unitary authorities) is significantly higher than the averages for wider public sector and in the economy as a whole.

Table 16

LGA reported recruitment and retention measures

[Note – the 2010/11 survey no longer appears to be online]

	Vacancy rate	Turnover rate	Councils experiencing recruitment difficulties
2008	-	12	83
2009	10	11	52
2011/12	4.5	13.1	-
2012/13	6.5	11.4	-
2013/14	8.2	11.9	74
2014/15	7	13	-
2015/16	5.4	13.2	71
2016/17	8.9	13.4	74
2017/18	8	13.4	78

Schools are also reporting that the declining real value of pay is contributing to recruitment and retention challenges for staff employed on NJC terms and conditions. Recent research commissioned by the Department for Education found that:

'A number of sector-wide challenges … were also reported by participating schools … [including] low levels of TA pay due to limited funding and a lack of consistent training and career progression opportunities … these issues, according to those interviewed, present challenges for the recruitment and retention of TAs.'[49]

Brexit is also having an impact on the labour market. Around half of councils have noticed a recent reduction in the number of EU/EEA nationals applying for posts or leaving the organisation. As employers across the economy are reporting a similar impact the labour market is likely to tighten and local government employers need to meet our claim to ensure that they remain competitive.

The growing and widespread use of agency workers to fill gaps comes at a hefty cost to the public purse - with many councils already heavily dependent on temporary workers. During the last ten years, agency staff in some London boroughs have comprised up to a quarter of the total headcount. A 2018 Freedom of Information request by the Western Morning News newspaper, found that in 2017/18 Devon County Council spent a quarter (approx. £2.5m) of its total children's social work staffing spend (approx. £10.5m) on temporary agency staff – but that agency staff carried out just 8% of the work (https://www.devonlive.com/news/devon-news/devon-county-council-spends-25m-1258468). This picture is not uncommon, with Northamptonshire hitting the headlines last year after local media uncovered an annual spend of £1.5 million on temporary workers.

Data obtained through freedom of information requests by the Guardian newspaper this year shows that councils spent £335 million on agency social workers in 2017/18. Some councils were employing nearly half their children's social workers through private agencies.

With many local government workers approaching retirement, there is a genuine concern over how councils will attract the next generation of young council staff if pay remains low compared to similar jobs in the rest of the public or even in the private sector.

Meeting the Trade Union Side's pay claim this year will encourage workers to apply and remain in post. With the general unemployment rate in the UK economy at its lowest level in 44 years, employers reporting that they are experiencing the strongest growth in recruitment pressures since 2001,[50] and vacancies escalating across the economy, competitive wages are becoming ever more crucial.

7. MORALE UNDER THREAT

People working in local councils and schools are loyal, hardworking public servants, determined to give the best possible service to the public. Last year UNISON surveyed its council members on the day-to-day impact of austerity measures across local services.

[49] DfE / Ask Research, Deployment of Teaching Assistants in schools, 27 June 2019, page 7 https://www.gov.uk/government/publications/the-deployment-of-teaching-assistants-in-schools?utm_source=e39299c7-230c-400e-bb52-28e08a5536cc&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

[50] Bank of England Agents' scores, recruitment difficulties measure.

Over 21,000 UNISON members replied. From refuse collectors to social workers, to senior managers; the experiences of employees at all levels in councils were represented.

Prevalent throughout the responses was the frustration that they are not able to deliver the best service possible to the public – hindered by budget cuts, staff redundancies and impossible workloads.

- 83% say that the budget cuts in the past two years have had an impact on their ability to do the best they can
- 89% say that budget cuts have had a negative impact on staff morale
- 54% say their workload is unmanageable
- 63% are concerned about the financial situation of their employer
- 73% say that jobs have been cut in their department
- 60% do not feel secure in their job
- 60% work beyond their contracted hours
- 63% identify the lack of front line staff as the top priority
- 49% are thinking about leaving for somewhere less stressful
- 43% are thinking about leaving for a better paid job

64% of respondents to GMB's 2019/20 members' survey said that they were stressed at work. Respondents who said they stressed a work further rated their stress levels at an average level of 6.5 out of ten. 5% of local government workers report that they were made ill by their work in the last year, above the average for other employees.[51]

According to Unite's survey only 11% of members rated morale as good or excellent in their workplace, with over 50% rating it as bad or terrible. Morale and pay seem to be strongly linked as when asked 83% said that an above inflation pay rise would improve morale in their workplace.

8. EQUALITY IMPACT

Cuts to real pay, terms and conditions, and employment totals by NJC employers have had a disproportionate impact on workers who share protected characteristics as defined by the Equality Act.

For measures of protected characteristics that can be directly measured through the Labour Force Survey (LFS), it is clear from GMB analysis that local government workers are more likely to share those characteristics in every category other than race. Local government workers are much more likely to be female, and are more likely to be older, disabled, religious, and married or in a civil partnership than workers in other sectors.

It should be noted that, of the protected characteristics that are relevant to the Public Sector Equality Duty, gender reassignment, pregnancy, and sexual orientation cannot be measured by the LFS. The meaning of race and belief, within the definitions of the Equality Act, are also wider than the measures captured in table 17 below:

[51] Compared to an average of 4.2% for all workers. GMB analysis of Quarter One 2019 Labour Force Survey data.

Table 17
Breakdown of LFS workforce characteristics data[52]

	Local government	All workers
Age (mean)	43.3	39.9
Female (%)	69	49.9
BAME (%)	9.4	12.3
Disabled - EA10 (%)	13.7	12.3
Religious (%)	56.2	54.6
Married/civil partnership (%)	58.2	50.1

The Women's Budget Group and others have produced clear evidence that low pay and austerity are having a disproportionate impact on women[53] including most recently with through the disproportionate impact of the housing crisis on women[54].

The Runnymede Trust and others have produced similar reports on the impacts on BME communities[55].

In addition, a Treasury decision record obtained by GMB under the Freedom of Information Act reveals that in 2015 civil servants assessed that a continuation of the pay cap would lead to a worsening of child poverty rates.[56]

Public sector employers have a legal obligation to 'remove or minimise disadvantages' faced by workers who share a protected characteristic. Raising pay in real terms, after many years of decline, would be in line with at least the spirit of the Public Sector Equality Duty. In the Trade Union Side's view, continued cuts would clearly be contrary to it.

9. CONCLUSION

Local government workers face immense pressure – ever increasing workloads, deteriorating pay and conditions, and persistent job insecurity. Against the odds, they have delivered efficiency savings year-on-year, but we have reached the limit of what can be squeezed from an exhausted and demoralised workforce.

Those providing local services in councils and schools are supporting our children's education and holding stretched communities together at a time when those services are overwhelmed by public demand and the government is cutting funding.

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[52] GMB analysis of Quarter 1 2019 Labour Force Survey data. The local government sample is made up of respondents who described themselves as public sector workers, and who selected option 4 in response to question SECTRO03 'Local government or council (including fire services and local authority controlled schools/colleges).' It should be noted that some workers who fall outside the NJC's coverage will consequently be included within the sample. The 16 – 64 age filter has been applied due to the potential effects of outliers on the mean calculation, and as such the difference between age ranges is of relative rather than absolute value.

[53] https://wbg.org.uk/resources/women-and-austerity/

[54] https://wbg.org.uk/analysis/reports/a-home-of-her-own-housing-and-women/

[55] https://www.runnymedetrust.org/uploads/PressReleases/1%20bme_executive_summary-A3-01.pdf

[56] https://www.bbc.co.uk/news/uk-politics-45994303

With the decline in the value of their pay, it is clear that staff have remained in local government and schools because they are committed to improving people's lives, supporting communities and maintaining a lasting public sector ethos against the odds. But they have bills to pay and families to support and so will be forced to look at alternative employment if the low pay in the sector continues. Staff cannot keep being asked to deliver more and more for another below inflation rise. This claim cannot and must not be funded by local attacks on locally determined conditions. Local government employees are on their knees – new money is needed.

Paying local government staff properly makes economic sense. It is an investment in both local services and the local economy. It is also unsustainable to continue to subsidise employers who pay lower wages through income support measures such as tax credits.

The Trade Union Side believes our claim is just and fair. Local government and school workers should and must get the decent and fair pay rise that they need and deserve.

We expect the LGA to enter into meaningful negotiations with us on our claim. We are concerned that their engagement with us on collective bargaining has deteriorated in recent years and has not always been in keeping with Labour Relations (Public Service) Convention, 1978 (No.15). This convention promotes collective bargaining for public employees, as well as other methods allowing public employees' representatives to participate in the determination of their conditions of employment. It also provides that disputes shall be settled through negotiation between the parties or through independent and impartial machinery, such as mediation, conciliation and arbitration...'

INVESTING IN THE NJC WORKFORCE IS MONEY WELL SPENT

Appendix A

Changes in real (RPI) value to NJC spine points2009/10 to 2019/20 (SCPs in cash values)

Old Spine Point	2009/10	2019/20	New Spine Point	Change (%)
4	£12,145			2.1%
5	£12,312			0.7%
6	£12,489	£17,364	1	-0.7%
7	£12,787			-3.1%
8	£13,189	£17,711	2	-4.1%
9	£13,589			-7.0%
10	£13,874	£18,065	3	-7.0%
11	£14,733			-12.5%
12	£15,039	£18,426	4	-12.5%
13	£15,444			-14.8%
14	£15,725	£18,795	5	-14.7%
15	£16,054			-16.4%
16	£16,440	£19,171	6	-16.8%
17	£16,830			-18.7%
18	£17,161	£19,554	7	-18.7%
19	£17,802	£19,945	8	-20.0%
20	£18,453	£20,344	9	-21.3%
		£20,751	10	
21	£19,126	£21,166	11	-21.0%
22	£19,621	£21,589	12	-21.5%
		£22,021	13	
23	£20,198	£22,462	14	-20.6%
24	£20,858	£22,911	15	-21.6%
		£23,369	16	
25	£21,519	£23,836	17	-20.9%
		£24,313	18	
26	£22,221	£24,799	19	-20.3%
27	£22,958	£25,295	20	-21.3%
		£25,801	21	
28	£23,708	£26,317	22	-20.8%
29	£24,646	£26,999	23	-21.8%
30	£25,472	£27,905	24	-21.8%
31	£26,276	£28,785	25	-21.8%
32	£27,052	£29,636	26	-21.8%
33	£27,849	£30,507	27	-21.8%
34	£28,636	£31,371	28	-21.8%
35	£29,236	£32,029	29	-21.8%
36	£30,011	£32,878	30	-21.8%

Old Spine Point	2009/10	2019/20	New Spine Point	Change (%)
37	£30,851	£33,799	31	-21.8%
38	£31,754	£34,788	32	-21.8%
39	£32,800	£35,934	33	-21.8%
40	£33,661	£36,876	34	-21.8%
41	£34,549	£37,849	35	-21.8%
42	£35,430	£38,813	36	-21.8%
43	£36,313	£39,782	37	-21.8%
44	£37,206	£40,760	38	-21.8%
45	£38,042	£41,675	39	-21.8%
46	£38,961	£42,683	40	-21.8%
47	£39,855	£43,662	41	-21.8%
48	£40,741	£44,632	42	-21.8%
49	£41,616	£45,591	43	-21.8%

Report No.
CSD20023

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**PAY POLICY STATEMENT 2020/21**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

1. Reason for report

1.1 The Localism Act 2020 requires that the Council approves and publishes a Pay Policy Statement each year. At its meeting on 11th February 2020 the General Purposes and Licensing Committee considered the attached report on the Council's proposed Pay Policy Statement for 2020/21. The Committee approved the Statement as set out in the report.

2. RECOMMENDATION

That the 2020/21 Pay Policy Statement be approved.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy:

2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: Within existing budget

2. Ongoing costs: Within existing budget

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): Chief Officers and deputy Chief Officers as defined in the Local Government and Housing Act.

2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Statutory Requirement:

2. Call-in: Not Applicable: Full Council decisions are not subject to call-in.

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

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

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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No Not Applicable

2. Summary of Ward Councillors comments: Not Applicable

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

London Borough of Bromley

Report No. HR | PART I – PUBLIC | Agenda Item No.:

Decision Maker:	**General Purposes & Licensing Committee**
Date:	**11th February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
TITLE:	**PAY POLICY STATEMENT 2020/21**
Contact Officer:	Charles Obazuaye Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk
Chief Officer:	Director of Human Resources
Ward:	N/A

1. **REASON FOR REPORT**

1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by Full Council every year. The 2020/21 Pay Policy Statement is attached for Members consideration and approval.

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2. **RECOMMENDATION(S)**

2.1 Members are asked to:

(i) recommend that Full Council approve the 2020/21 Pay Policy Statement attached to this report.

Corporate Policy

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

Financial

1. Cost of proposal: Within existing budget

2. On-going costs: Within existing budget

3. Budget Head/Performance Centre:

4. Total current budget for this Head:

5. Source of Funding:

Staff

1. Number of staff (current and additional): Chief Officers and Deputy Chief Officers as defined in the Local Government & Housing Act.

2. If from existing staff resources, number of staff hours:

Legal

1) Legal Requirement: Statutory Requirement

2) Call In: Call in is not applicable

Customer Impact

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

Ward Councillor Views

1) Have Ward Councillors been asked for comments: N/A

2) Summary of Ward Councillors comments:

3. COMMENTARY

3.1 The Localism Act requires the Council to prepare and publish a Pay Policy Statement every year. The statement must set out the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.

3.2 The objective of this aspect of the Act is to require authorities to be more open and transparent about local policies and how local decisions are made.

The first Pay Policy Statement which was approved by Full Council on 26th March 2012 has been up-dated every year to reflect Member decisions to adopt a localised terms and conditions of employment framework for all staff, except teachers. The attached Pay Policy statement for 2020/21 is not materially different to the previous Statements. A key aspect of the localised pay framework is the local determination of the annual pay award as part of the financial budget planning process. As before, Bromley pay award will also be paid on time in April.

3.3 Another key aspect of the localised pay framework is the emphasis on individual pay and performance. There is no automatic pay uplift or increment or pay award without satisfactory individual performance. To further localise its terms and conditions of employment, the Council has with effect from 1st April 2015 appointed new staff (including internal promotions) on spot salaries. It offers greater flexibility and managerial empowerment not always possible under the traditional incremental pay progression system.

3.4 As stated above, Bromley employees are clear on how performance is linked to pay. A new appraisal process "Discuss" was implemented from the 1st April 2017 replacing the previous PADS appraisal process. The new process uses a "structured conversation" delivered in a coaching style with a view to improving employee engagement and empowerment whilst supporting managers to undertake a more proactive approach to managing performance and developing potential of staff.

3.5 The new scheme enables each employee's contributions to Building a Better Bromley strategic objectives to be individually assessed and, where appropriate, recognised through the award of the discretionary merited reward payment. £200k is allocated in the base budget to support the scheme. To date a total of 1105 merited rewards have been made.

3.6 The Appraisal process for Chief Officers, including the Chief Executive, normally includes a 360-degree feedback from peers, direct reports, partner organisations and key Members. The Chief Executive is responsible for appraising his Chief Officers. The Chief Executive's appraisal is managed by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and any other Members, including the Leaders of the minority parties or their representatives. The Panel is supported by the Director of Human Resources and Customer Services. The attached proposed Pay Policy Statement 2020/21 also sets out the pay review and performance appraisal arrangements for the Chief Executive. The Member Panel will undertake the appraisal of the Chief Executive. Following the appraisal and any feedback to the Chief Executive the panel will reconvene as a formally constituted committee of Council to determine the Chief Executive's pay to conclude his annual performance appraisal.

4. POLICY IMPLICATIONS

4.1 The Pay Policy Statement is legally required pursuant to the Localism Act 2011. It requires the Council to annually prepare and publish its statement on pay and remuneration, mainly for Chief Officers, as defined in the Local Government and Housing Act.

4.2 Since coming out of the national/regional collective bargaining frameworks, the Council's Pay Policy Statements have reflected the key drivers for localised terms and conditions of employment, namely:

- A single local annual pay review mechanism aligned with the budget setting process;
- A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance;
- Annual pay increases linked to satisfactory performance for all staff; no automatic pay increases.

5. FINANCIAL IMPLICATIONS

5.1 All decisions taken in accordance with this policy statement will be contained within existing budgets.

6. LEGAL IMPLICATIONS

6.1 The requirement to adopt and publish a Pay Policy Statement arises under the Localism Act 2011. The Policy Statement is consistent with the statutory guidance published by the Secretary of State for Communities and Local Government to which all relevant authorities must have regard. The guidance does not limit the general statutory provisions on delegation under Section 101 of the Local Government Act 1972.

7. PERSONNEL IMPLICATIONS

7.1 As set out in the report and the accompanying Policy Statement. In addition however it should be noted that the Government is planning to introduce some reforms around exit payments in the Public Sector including an Exit Pay Cap and

Recovery Regulations in relation to those re-joining the Public Sector having received an exit payment previously.

7.2 The Exit Pay Cap and the Recovery regulations are expected to come into force soon. A summary of the key issues is as follows:

- a maximum tariff for calculating exit payments of three weeks' pay per year of service
- a ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment
- a maximum salary of £95,000 on which an exit payment can be based
- a taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension retirement age
- action to limit or end employer-funded early access to pension as an exit term

7.3 These regulations are likely to impact on the Council's redundancy and retirement policies which will need to be reviewed in due course.

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

London Borough of Bromley

1. Introduction

1.1 The Localism Act 2011 introduces a requirement for public authorities to publish annual pay policy statements. It states, in the main, that a relevant authority must prepare a pay policy statement for the Financial Year 2012/13 and each subsequent year.

1.2 Pursuant to the Act and the associated guidance and other supplementary documents, this pay policy statement sufficiently summarises Bromley Council's approach to the pay of its workforce and, in particular, it's "Chief Officers". In summation, the statement covers the Council's policies for the 2020/21 Financial Year, relating to:

i) remuneration of its Chief Officers;

ii) remuneration of its lowest paid employees;

iii) the relationship between (i) and (ii) above.

1.3 In relation to "Chief Officers" the pay policy statement must describe the Council's policies relating to the following:

i) the level and elements of remuneration for each Chief Officer;

II) remuneration of Chief Officers in recruitment;

iii) increases and additions to remuneration for each Chief Officer;

iv) the use of performance related pay for Chief Officers;

v) the use of bonuses for Chief Officers;

vi) the approach to the payment of Chief Officers on their ceasing to hold office under, or to be employed by, the authority; and

vii) the publication of access to information relating to remuneration of Chief Officers.

1.4 As required by the Act and the supporting statutory guidance which, in turn, reflects the Local Government and Housing Act 1989, <u>the definition of Chief Officer</u> for the purpose of the pay policy statement covers the following roles:

i) the Chief Executive/Head of Paid Service;

ii) the Monitoring Officer;

iii) a statutory Chief Officer and non-statutory Chief Officer under Section 2 of the Local Government and Housing Act 1989;

iv) a Deputy Chief Officer responsible and accountable to the Chief Officer. However, it does not include those employees who report to the Chief Executive or to a statutory or non-statutory Chief Officer but whose duties are solely secretarial or administrative or not within the operational definition or the meaning of the Deputy Chief Officer title.

2. Exclusion

2.1 The Act does not apply to schools staff, including teaching and non-teaching staff.

3. Context: Key Issues and Principles

3.1 General Context – clearly there are a number of internal and external variables to consider in formulating and taking forward a pay policy. Reward and recognition is a key plank of the Council's agreed HR Strategy. This includes establishing strong links between performance and reward and celebrating individual and organisational achievements.

The HR Strategy is based on an assumption that all staff come to work to do a good job and make a difference. The Council expects high standards of performance from staff at all levels and seeks, in return, to maintain a simple, fair, flexible, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce.

3.2 Local Terms and Conditions of Employment

Local terms and conditions of employment for all staff including "Chief Officers" as defined in paragraph 1.4 above were introduced with effect from 1 April 2013. Teachers employed by the local authority in Community Schools and Voluntary Controlled schools are excluded because their terms and conditions are set in statute and do not afford the Council the discretion to include them in the localised arrangements.

3.2.1 The main features of the localised terms and conditions framework are as follows, namely:

(a) A single local annual pay review mechanism aligned with the budget setting process.

(b) A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance.

(c) Annual pay increases including annual increments (if appropriate) linked to satisfactory performance for all staff; not automatic.

3.3 Recruitment and Retention

The Council aims to enhance its ability to recruit and retain high quality staff by being competitive in the labour markets. This is still the case even in the current financial straitened times. We will keep our pay policy updated and align it to reflect the "Bromley Council employee of the future" characterised by innovation, flexibility, empowerment, leadership and individualised rewards for exceptional performers. The size of the Council's workforce is likely to continue to reduce but reasonably remunerated to recruit and retain quality staff to deliver Member priorities. The Council is well placed to respond to changes in the labour markets, especially in relation to hard to fill and retain roles, e.g. Children Social Workers. A comprehensive Recruitment and Retention Strategy/package for Children Social Workers is in place to deal with the regional and national shortage of qualified/experienced staff. A similar plan is also in place to address the recent recruitment and retention challenges in the adult social care workforce. There are also problems recruiting experienced/qualified Planners and Surveyors and qualified Mental Health Practitioners. These challenges are within the remit of the Corporate Recruitment and Retention Board chaired by the Director of HR & Customer services, comprising key representatives across the organisation including the Director of Children's services, the Director of Adult care services and the Director of Housing, Planning and Regeneration. The Board looks at the push and pull factors impacting on staff recruitment and retention, including local and regional labour market intelligence, leaver/exit info, etc. The Council has commissioned a tool to gather real time leavers' opinions, as well as on-boarding surveys.

As part of the Transforming Bromley agenda there is increased focus on smart and agile working. This includes the availability of smart technology to improve work-life balance, increased digitalisation of services, and ultimately improved customer experience.

3.4 Accountability

3.4.1 The Act requires that pay policy statements and any amendments to them are considered by a meeting of Full Council and cannot be delegated to any Sub-Committee.

3.4.2 Such meetings should be open to the public and should not exclude observers.

3.4.3 All decisions on pay and reward for "Chief Officers" must comply with the agreed pay policy statements.

3.4.4 As stated above, the Council must have regard to any guidance issued/approved by the Secretary of State. The first guidance issued by the Department of Communities and Local Government (DCLG) states in inter alia "that full Council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment." The Secretary of State considered that £100,000, including salary, bonus, fees or allowances or any benefit in kind, is the right level to trigger Member approval.

3.4.5 The most recent guidance issued in February 2013 states that Authorities should offer full Council the opportunity to vote before large severance packages beyond a particular threshold are approved for staff leaving the organisation. As with salaries on appointment, the secretary of State

considers that £100,000 is the right level for that threshold to be set. The components may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonus, fees or allowances paid. The Council's position on this is still as set out in the 2014/15 pay policy statement. Chief Officer severance packages are generally included in the annual statement of accounts. Also, Executive approval is sought for severance packages for chief officers. There is also an overarching scrutiny of settlement/compromise agreement packages from the Audit Sub-Committee. These arrangements ensure Member engagement.
The impact of any legislative changes/developments such as the proposed Capping of exit packages and the proposed claw-back arrangement for people returning to the public sector within 12 months of leaving, etc. is not covered in this Pay Policy.

4. Transparency

4.1 In line with the guidance, the pay policy statement will be published on the Council's website and accessible for residents to take an informed view on whether local decisions on all aspects of remuneration are fair and reasonable.

4.2 The Council is also required to set out its approach to the publication of and access to information relating to the remuneration of "Chief Officers".

The Council also discloses the remuneration paid to its senior employees in the Annual Report and Statement of Accounts and is accessible on the Council's website at:

http://www.bromley.gov.uk/downloads/download/136/annual_accounts

For the purposes of the Code, senior employee salaries are defined as all salaries which are above £50,000. The information, including the posts which fall into this category, will be regularly updated and published.

5. Fairness

5.1 The Council must ensure that decisions about senior pay are taken in the context of similar decisions on lower paid staff. In addition, the Act requires the Council to explain the relationship between the remuneration of its Chief Officers and its employees who are not Chief Officers, and may illustrate this by reference to the ratio between the highest paid officer and lowest paid employee and/or the median earnings figure for all employees in the organisation.

5.2 The Council's pay arrangement is equality compliant. The Council achieved Single Status/Equal Pay Deal via a collective agreement with the Unions in 2009.

5.3 Additionally, the Act specifically requires the Council to set out its policies on bonuses, performance related pay, severance payments, additional fees/benefits (including fees for Chief Officers for election duties), re-employment or re-engagement of individuals who were already in receipt of a pension, severance or redundancy payment, etc.

6. Position Statement

6.1 The Council's position on the requirement of the Act and the information that it is required to include its Pay Policy Statements is as summarised above and as set out in the attached table (Appendix B).

6.2 This Statement is for the Financial year 2020/21

6.3 The Statement must be approved by Full Council. Once approved it will be published on the Council's website. Any amendments during the Financial Year must also be approved by a meeting of Full Council.

6.4 This Statement (including the Appended table) meets the requirement of the Localism Act 2011 and the Department for Communities and Local Government (DCLG) guidance.

6.5 Legislation introduced in 2017means that The Council is required to publish it's gender pay gap data annually. The gender pay report for 2019 will be published at the end of March in line with statutory deadlines.

PAY POLICY STATEMENT FOR FINANCIAL YEAR 2020/21	
POLICY AREA UNDER THE ACT	**POLICY STATEMENT**
	For the purposes of this policy statement the term "Chief Officer" includes the Chief Executive, Statutory and non-statutory Chief Officers and Deputy Chief Officers within the meaning of the Local Government and Housing Act 1989.
Level and elements of remuneration of Chief Officers and relationship with the remuneration of employees who are not Chief Officers	The authority implemented a localised pay and conditions of service framework for all staff except teachers, with effect from 1 April 2013. Under the local framework the Council: a) Introduced an annual local pay review mechanism aligned with the budget setting process for all staff except teachers to replace the national and regional collective bargaining arrangements and the existing local arrangements for Lecturers in Adult Education; b) Introduced a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff except teachers; c) Will reinforce the link between individual performance and pay by making any annual pay increase and increments (where appropriate) subject to satisfactory performance for all staff; not automatic. d) Agreed to make no change to existing terms and conditions of service before April 2015. The move to fully localised terms and conditions is on the back of the Bromley Single Status agreement reached with the relevant recognised trade unions in 2009 affecting the BR grade staff. Under the localised terms and conditions of service framework the Council retains its existing terms and conditions including the grading and job evaluation schemes for BR staff and MG staff, except for the annual pay review and PRP process. Under the localised terms and conditions framework the Council will not be bound by the national or/and regional pay settlements. Instead, by means of the process of the localised annual pay review the Council aims to: • ensure that staff are appropriately rewarded for the job that they do • enhance the Council's ability to compete by maintaining a simple, fair, transparent and affordable pay and

	reward structure that attracts and keeps a skilled and flexible workforce; • improve the links between organisational efficiency, individual performance and reward • ensure that decisions on reward and recognition are better aligned with the considerations and timetable of the annual budget setting process The current rates for Management Grade Staff, BR staff and Lecturers and sessional staff at Bromley Adult Education College can be found at MG MB PT Salary Scales BAEC Salary Scales BR Grades Salary Scales The Council has agreed the process of job evaluation as a way of ensuring a fair system of remuneration relative to job weight thereby managing any risk of equal pay claims. MG and PT jobs are graded using the James job evaluation system, and BR jobs are graded using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. The BR grades are based around "anchor" salary points and consist of incremental scales. However, with effect from 1st April 2015 new BR staff (including internal promotions) are appointed on spot salaries with no increments. Individual spot salaries will be renewed annually, minimally, subject to satisfactory performance. Individuals employed on the MG grades are appointed to a spot salary within the relevant salary bands having regard to the Council's ability to recruit and retain suitably qualified, skilled and experienced officers to deliver excellent front line services and achieve Council priorities. Exceptionally staff may be paid outside of the relevant band for their grade because of market forces. The same principles apply to anyone who is engaged on a self-employed basis and paid under a contract for services. Under the Special Recruitment measures agreed by Chief Officers, every recruitment request including permanent, temporary, casual, agency staff or self-employed is scrutinised and formally approved first by the Director and then the Director of Human Resources on behalf of the Chief Executive. The Council offers a lease car arrangement as a recruitment and retention incentive to certain staff occupying key posts including some front-line posts on the BR grades. Employees with a lease car are expected to make a minimum 30% contribution to the cost and for Chief and Deputy Chief Officers the value range of this benefit

	is between £3,566 and £2,460 per annum subject to this not exceeding 70% of the car's current benchmark value plus insurance. Any employee who does not have a lease car is eligible to receive a car user allowance if they use their own vehicle for business purposes capped locally at the rate for cars not exceeding 1199cc, other than in exceptional circumstances where the Director of HR agrees that a car with a larger engine size is necessary for the efficient performance of the job. The current car mileage payment arrangement is 45p per mile for all users (except lease car users) consistent with the HMRC recommended rate. The rate for lease car users is considerably lower, currently 12.3p per mile. The Council normally engages a mix of external and internal personnel for election duties. The fees generally reflect the varying degree of roles undertaken by individuals. Fees paid to both the Returning Officer and the Deputy Returning Officer are in accordance with the appropriate Statutory fees and Charges Order and they reflect their personal statutory responsibilities. The Council is required to have measures in place to respond to any major emergency incidents in the Borough or on a pan London basis which includes a small group of Senior Officers on standby for the LA GOLD rota. The Chief Executive and Director of Environmental Services undertake the lead role and do not receive any additional remuneration for this. Other officers who undertake this role receive a payment commensurate with other call out allowances for the relevant period of the standby. All employees including Chief Officers are entitled to apply for an interest free season ticket loan and reimbursement of any expenses necessarily incurred in the performance of their role including but not limited to travelling, and subsistence. Employees also have access to an interest free childcare loan under the childcare deposit loan scheme. Also, the Council operates a Salary Sacrifice scheme for all staff. This covers childcare vouchers, cycle to work, technology and salary sacrifice lease car scheme. Staff are also able to access other optional benefits such as annual leave purchase scheme, Gym Flex and Lifestyle benefits offering discounts at local and national retailers.

Use of PRP for Chief Officers	The annual review of salaries includes an assessment of work performance in the preceding twelve months for all staff. Under the localised terms and conditions of employment framework for all staff, including Chief Officers (with the exception of teachers), pay increases, including pay awards, increments, etc., are linked to satisfactory performance. Pay increases will be withheld from poor performers. The performance of the Chief Executive is appraised by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and other elected Members, including the Leaders of the Minority Parties, or their representatives. The Panel is supported by the Director of Human Resources in a technical advisory capacity. These Members will sit as a panel to undertake the appraisal but will sit as a committee of council to make a final decision. The Panel will assess and determine the Chief Executive's performance and pay within his grade band and will then sit as the Chief Executive Appraisal Committee to make the final determination. The Chief Executive and Directors are subject to a 360 degree appraisal process involving a range of feedback sources. Chief Officers and senior staff do not currently have an element of their basic pay "at risk" to be earned back each year. All staff apart from teachers will be eligible to be considered on merit for the one off non-consolidated non pensionable reward payment for exceptional performances.
Use of bonuses for Chief Officers	Not applicable.
Remuneration of lowest-paid employees	If the 20/21 Pay Award is approved at Full Council, the Council's grading structure for BR graded staff will start at £19,899 per annum from 1st April 2020 and the Council therefore defines its lowest paid employee as anyone earning £19,899 (pro rata for part-time staff). Currently the Council's pay multiple – the ratio between the Chief Executive as the highest paid employee and the lowest paid employee is 1:10, and between the Chief Executive and the median salary is £35,193 (ratio of 1:6).
Increases and additions to remuneration of Chief Officers	Where it is in the interests of the Council to do so the Chief Executive may review the salaries of Chief Officers and Senior Staff from time to time within the MG and MB Salary scales MG MB PT Salary Scales Such circumstances include for example but are not limited to the impact of market forces and staff undertaking significant additional responsibilities on a time-limited or permanent basis**.** This is also the case for any other officer of the Council, including BR staff. Being outside of the nationally/regionally negotiated terms and

	conditions allows greater flexibility and discretionary payments in support of business priorities and recruitment and retention challenges. The Council has agreed a separate recruitment and retention package for children and adult social workers.
Remuneration of Chief Officers on recruitment	Where the post of Chief Executive falls vacant the salary package and the appointment will be agreed by Full Council. Full Council or a Member panel appointed by full Council or the Urgency Sub Committee will also agree any salary package in excess of £100K to be offered for any new appointment in 2020/21 to an existing or new post. All Chief Officer and Senior staff appointments will be made in accordance with the Council's agreed Constitution and Scheme of Delegation which can be found at London Borough of Bromley Constitution
Any discretionary increase in or enhancement of a Chief Officer's pension entitlement	Chief Officers are eligible to join the Local Government Pension Scheme. The Council will not normally agree to any discretionary increase in or enhancement of a Chief Officer's pension entitlement. However each case will be considered on its merits and the Council recognises that exceptionally it may be in the Council's interests to consider this to achieve the desired business objective. Members' agreement will be required in all cases taking into account legal, financial and HR advice appropriate to the facts and circumstances. A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement without enhancement. The Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds. The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision and can be found at Flexible Retirement Policy

	*Please also note the information contained at * below.*
Approach to severance payments - any non-statutory payment to Chief Officers who cease to hold office/be employed	Where demonstrable benefit exists it is the Council's policy to calculate redundancy payments on the basis of the statutory number of weeks' entitlement using the employee's actual salary. Under the Council's agreed Scheme of Delegation the Director of Corporate Services has delegated authority to settle legal proceedings and/or to enter into a Settlement Agreement in relation to potential or actual claims against the Council. Settlement may include compensation of an amount which is considered to be appropriate based on an assessment of the risks and all the circumstances of the individual case. In exceptional cases where it is in the interests of the service to do so a payment in lieu of notice or untaken leave may be made on the termination of an employee's employment. Payment for untaken leave may also be due under the terms of the Working Time Regulations. We already see approval for funding for severance packages for chief officers from the Executive. There is also overarching scrutiny from the Audit Sub – Committee. These arrangements give transparency and ensure Member sight of chief officers' severance packages. The Council will not normally re-engage anyone as an employee or consultant who has received enhanced severance/redundancy pay or benefited from a discretionary increase in their pension benefits. However exceptionally it may be that business objectives will not be achieved by other means in which case a time-limited arrangement may be agreed by the Director of HR and Director of Resources having regard to the Council's financial rules and regulations. Any application for employment from ex-employees who have retired at no cost to the Council, or who have retired or been made redundant from elsewhere will be considered in accordance with the Council's normal recruitment policy. However the Council operates an abatement policy which means that the pension benefits in

	payment to anyone who is re-employed in Bromley could be reduced in line with that policy. **** Please Note:*** *The Government is planning to introduce some reforms around exit payments in the Public Sector including an Exit Pay Cap and Recovery Regulations in relation to those re-joining the Public Sector having received an exit payment previously.* *The Exit Pay Cap and the Recovery regulations are expected to come into force soon. A summary of the key issues is as follows:* • *a maximum tariff for calculating exit payments of three weeks' pay per year of service* • *a ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment* • *a maximum salary of £95,000 on which an exit payment can be based* • *a taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension retirement age* • *action to limit or end employer-funded early access to pension as an exit term* *These regulations are likely to impact on the Council's redundancy retirement and pay policies which will need to be reviewed and updated in due course.*

Publication of and access to information relating to this Policy and to the remuneration of Chief Officers	Once agreed the Council will publish this Pay Policy on its website. Full Council may by resolution amend and re-publish this statement at any time during the year to which it relates. The Council also discloses the remuneration paid to its senior employees in the annual report and statement of accounts as part of its published accounts. The Council has no release Trade Union officers. Reasonable time off will be provided to Trade Union officials, including Stewards, in the course of their normal contractual job with the Council.

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Report No.
CSD20024

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**MEMBERS ALLOWANCES SCHEME 2020/21**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

1. Reason for report

1.1 At its meeting on 11th February 2020, the General Purposes and Licensing Committee considered the attached report on the proposed Members Allowances Scheme for the 2020/21 financial year. The Committee recommended that all allowances, including the Mayoral and Deputy Mayoral allowances (which are not part of the Members Allowances Scheme), be raised by 2.5%, the same percentage increase as proposed for Council staff. The Committee also suggested that the allowance for the Leader of the Council should be increased to £40,000 to reflect the extent of the responsibility, the pressures and the competencies required for the role, and the level of pay for the role across London. It was also recommended that the allowances for minority group leaders be increased by similar percentages.

2. RECOMMENDATIONS

That Council be recommended to approve the Members Allowances Scheme 2020/21 and the Mayoral and Deputy Mayoral Allowances, on the basis of a 2.5% increase in all allowances, in line with the recommended increase for Council staff, with the allowance for the Leader of the Council increased to £40,000 and the allowances for the Leaders of the minority groups increased by similar percentages to £9,333 and £4,667.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: £1,090k
2. Ongoing costs: Recurring Cost: £1,090k
3. Budget head/performance centre: Democratic Representation - Members Allowances
   Mayor and Civic Hospitality - Mayoral Allowance
4. Total current budget for this head: £1,066k for Members Allowances, £24k for Mayoral Allowances
5. Source of funding: Revenue Budget

Personnel

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

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Legal

1. Legal Requirement: Statutory Requirement: The Local Authorities (members allowances) (England) Regulations 2003 (SI 2003/1021)
2. Call-in: Not Applicable: Full Council decisions are not subject to call-in

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 members of the Council

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Ward Councillor Views

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

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

Report No.
CSD20005

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**GENERAL PURPOSES AND LICENSING COMMITTEE**		
Date:	**Tuesday 11 February 2020**		
Decision Type:	Non-Urgent	Non-Executive	Non-Key
Title:	**MEMBERS ALLOWANCES SCHEME 2020/21**		
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk		
Chief Officer:	Mark Bowen, Director of Corporate Services		
Ward:	All		

1. Reason for report

1.1 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year, and this report details the proposed allowances for 2020/21. Until last year, when an increase of 2.25% was agreed, allowances had remained frozen since 2009 due to the economic circumstances and the pressure on the Council's budgets.

1.2 If Members are minded to increase the allowances a reasonable guide would be the 2.5% increase recommended for Council staff. The Mayoral and Deputy Mayoral Allowances are not part of the scheme, but are usually considered in conjunction with it.

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2. RECOMMENDATIONS

(1) The Committee is requested to consider the proposed Members Allowances Scheme 2020/21 and the Mayoral and Deputy Mayoral Allowances and in particular to consider whether to recommend that allowances are retained at the current level or are raised from 1st April 2020 in line with the proposed increase in officer salaries of 2.5%.

(2) The Committee is recommended to agree that the Members' Allowances Scheme 2020/21 (appendix 2) and the Mayoral and Deputy Mayoral allowances for 2020/21 (paragraph 3.4) be submitted to Council for approval.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: £1,090k
2. Ongoing costs: Recurring Cost: £1,090k
3. Budget head/performance centre: Democratic Representation – Members Allowances
   Mayoral & Civic Hospitality – Mayoral Allowance
4. Total current budget for this head: £1,066k for Members Allowances, & £24k for Mayoral Allowance
5. Source of funding: Revenue Budget

Personnel

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

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Legal

1. Legal Requirement: Statutory Requirement: The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021)
2. Call-in: Not Applicable: This report does not involve an executive decision

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 Councillors receive at least the basic allowance.

Ward Councillor Views

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

3. COMMENTARY

3.1 Every local authority is required to have a basic, flat rate allowance payable to all Members, and is required to review its allowance scheme before the beginning of the financial year. The basic allowance recognises the time commitment of Councillors, including meetings with Council managers and constituents and attendance at political group meetings. It is also intended to cover incidental costs and general expenses such as the use of Councillors' homes and equipment. It must be the same for all Councillors in the authority and may be paid either as a lump sum or in instalments throughout the year - Bromley has always paid allowances by monthly instalment. In addition, allowances can be paid to reflect particular posts (Special Responsibility Allowances) or membership of particular committees that meet frequently to determine applications (referred to as Quasi-Judicial Allowances). The quasi-judicial allowances are now paid as a set amount per meeting attended, rather than as a fixed amount per annum.

3.2 Following a detailed review in 2008, Members' Allowances were scrutinised by a specially formed Member working group which reported through to the Council. As a result certain allowances were upgraded to reflect current Member duties. The scheme has remained largely unchanged since then, until in 2016 a Member Working Group suggested some minor changes within the existing budget which were implemented for the 2016/17 Scheme, including rounding the allowances up or down as appropriate to the nearest £5. Between 2009 and 2019 Members consistently refused to increase their allowances, until an increase of 2.25% was agreed last year, in accordance with the increase for officer salaries. The proposed scheme for 2020/21 is unchanged from 2019/20 in terms of the type of allowances to be paid

3.3 The regulations provide that before the Council makes or amends a scheme it shall have regard to the recommendations made by an independent remuneration panel report, although this requirement does not apply if the only change is the application of an annual indexation increase. London Councils set up an Independent Panel chaired by Sir Rodney Brooke CBE DL which meets every four years and reported in January 2018, and this should be taken into account in determining the level of allowances each year. The Panel recommends an amount for the basic allowance for Councillors in London, and suggests amounts in five bands for positions of additional responsibility. Although Bromley's basic allowance is one of the highest in London it is only very slightly above the level suggested by the Independent Panel in 2018 (which is £11,045pa). Bromley's special responsibility allowances are in general substantially below the levels recommended by the Panel. A summary of the Panel's recommendations is set out in **Appendix 1.**

3.4 **Appendix 2** shows the scheme and the proposed allowances for 2020/21 in schedule 1, based on the allowances either remaining at the same levels, or increasing by 2.5%, the pay increase recommended for Council staff. The Mayoral and Deputy Mayoral allowance is not part of the Member's Allowances scheme, but it can also be approved by Council and this is included in the budget for 2020/21. If a 2.5% increase is approved by Council, the Mayoral Allowance would increase from £16,051 to £16,452 and the Deputy Mayoral Allowance from £3,655 to £3,746.

4. FINANCIAL IMPLICATIONS

4.1 Provision has been made for the allowances in the draft revenue budget for 2020/21 to be approved by Council of £1.083m for the Members' Allowances Scheme and £24k for the Mayoral and Deputy Mayoral allowances.

5. LEGAL IMPLICATIONS

5.1 The statutory provisions relating to Members' allowances are contained in The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021).

Non-Applicable Sections:	Impact on Vulnerable Adults and Children/Policy/Personnel/Procurement
Background Documents: (Access via Contact Officer)	Report from the Independent Panel on Remuneration of Councillors in London (2018) – Remuneration of Councillors in London Boroughs 2018 - London Councils Report to General Purposes and Licensing Committee, 12th February 2019 – Members' Allowances Scheme 2019/20

Appendix 1

London Councils Remuneration Panel Report 2018 - Summary

London Councils Band	Example posts	2018 London Councils Panel Recommendation	Current (2019/20) LBB Equivalent
Basic Allowance	All Members	£11,045	£11,115
Band 1	Executive Assistant Sub-Cttee Chairman Leader of 2nd Minority Group Members of Sub-Committees meeting frequently – EG Plans/Licensing/ Adoption	£2,582 - £9,397	£3,655 £2,014 £3,650 £52 per meeting for Plans Sub-Cttee or Licensing Sub-Cttee £205 per meeting for Fostering & Adoption Panel
Band 2	Civic Mayor Chairman of Regulatory Cttee Chairman of Scrutiny Panel Leader of principal Opposition Group	£16,207 - £29,797	£16,051 £8,865 £7,300 £7,300
Band 3	Portfolio Holder Chairman of Health & Wellbeing Board Chairman of main Overview and Scrutiny Committee	£36,917 - £43,460	£20,959 £8,865 £8,865
Band 4	Leader	£57,085	£31,288
Band 5	Directly Elected Mayor	£85,162	-

Appendix 2

London Borough of Bromley

Members' Allowances Scheme

From 1st April 2020, in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 (2003 No. 1021) [as amended by SI 2003 No. 1692], the London Borough of Bromley will operate the following Members' Allowances Scheme.

1. This Scheme is known as the London Borough of Bromley Members' Allowances Scheme and will operate from 1st April 2020 until amended.

2. In this Scheme:

   "Councillor" means a member of the London Borough of Bromley who is an elected Member;

   "Member" for the purposes of this Scheme shall mean elected Councillors;

   "year" means the 12 months ending 31st March.

3. The Council in agreeing this Scheme has considered the recommendations of the Independent Panel commissioned by the Association of London Government on the remuneration of Councillors in London entitled "The Remuneration of Councillors in London 2018" published January 2018.

Basic Allowance

4. A basic annual allowance of *£11,115/£11,393* shall be paid to each Councillor.

Special Responsibility Allowances

5. (1) An annual Special Responsibility Allowance will be paid to those Members who hold special responsibilities. The special responsibilities are specified in Schedule 1 (attached).

   (2) During periods after an election when any position of special responsibility is unfilled, the relevant Special Responsibility Allowance shall be payable to the new holder of the position from the day after the previous holder ceases to be responsible.

   (3) The amount of each Special Responsibility Allowance is specified against that special responsibility in Schedule 1. The conditions set out in paragraphs 5(2), 5(4) and 14 apply.

   (4) Where a Member holds more than one position of special responsibility then only one Special Responsibility Allowance will be paid. Subject to sub-paragraph (5), Members may be paid quasi-judicial allowances in addition to a Special Responsibility Allowance.

   (5) All Members of the Licensing Sub-Committee, Plans Sub-Committees and the Fostering and Adoption Panel shall be paid a quasi-judicial allowance at the rates set out in Schedule 1.

Childcare and Dependent Carers Allowance

6. The Council has agreed that no allowance will be paid for childcare or dependent carers.

Co-optees Allowance

7. The Council has agreed that no allowance will be paid for co-opted members

Travel and Subsistence Allowance

8. The Basic Allowance covers all intra-Borough travel costs and subsistence. All other necessarily incurred travel and subsistence expenses for approved duties as set out in the Regulations (Regulation 8(a) to (h)) will be reimbursed under the same rules and entitlement as applies to staff. Travel by bicycle will also be paid at the same rates as applies to staff. Claims for reimbursement are to be made within one month of when the costs were incurred.

Ability to Decline an Allowance

9. A Member may, by writing to the Director of Corporate Services, decide not to accept any part of his entitlement to an allowance under this Scheme.

Withholding of Allowances

10. The Standards Committee may withhold all or part of any allowances due to a Member who has been suspended or partially suspended from his/her responsibilities or duties as a Member of the Authority. Any travelling or subsistence allowance payable to him/her for responsibilities or duties from which they are suspended or partially suspended may also be withheld.

11. Where the payment of an allowance has already been made in respect of a period in which a Member has been suspended or partially suspended, the Council may require the allowance that relates to that period of suspension to be repaid.

Members of more than one Authority

12. Where a Member is also a member of another authority, that Member may not receive allowances from more than one authority for the same duties.

Part-year Entitlements

13. If during the course of a year:

    (a) there are any changes in the Basic and/or Special Responsibility Allowances,

    (b) a new Member is elected,

    (c) any Member ceases to be a Member,

    (d) any Member accepts or relinquishes a post in respect of which a Special Responsibility Allowance is payable, or

    (e) the Standards Committee resolves to withhold any allowances during the suspension of a Member, the allowance payable in respect of the relevant periods shall be adjusted pro rata to the number of days.

Payments

14. Payments shall so far as is reasonably practicable normally be made for Basic and Special Responsibility Allowances in instalments of one-twelfth of the amount specified in this Scheme.

Schedule 1

Allowances for the year ending 31st March 2021

	Current £	With 2.5% increase £
Basic Allowance	11,115	11,393
Special Responsibility Allowances		
Leader of the Council	31,288	32,070
Portfolio Holders (x6)	20,859	21,380
Executive Members without Portfolio	3,655	3,746
Executive Assistants (x6)	3,655	3,746
Chairman of Health and Wellbeing Board	8,865	9,087
Chairman of main PDS Committee	8,865	9,087
Chairman of Portfolio PDS Committees (x5)	7,300	7,483
Chairman of Development Control Committee	8,865	9,087
Vice-Chairman of Development Control Committee	2,014	2,064
Chairman of Plans Sub-Committees (x4)	2,832	£2,903
Chairman of General Purposes and Licensing Committee	8,865	9,087
Vice-Chairman of General Purposes and Licensing Committee	2,014	2,064
Chairman of Audit Sub-Committee	2,014	2,064
Chairman of Pensions Investment Sub-Committee	2,014	2,064
Leader of largest Opposition Party	7,300	7,483
Leader of second largest Opposition Party	3,650	3,741
Quasi-Judicial Allowances		
Members of Plans Sub-Committee (per meeting)	52	53
Members of Licensing Sub-Committee (per meeting)	52	53
Members of Fostering and Adoption Panel (per meeting)*	205	210

* Payable up to an annual maximum limit of £3,575/£3,664 per Councillor

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Report No.
CSD20042

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**		
Date:	**Monday 24 February 2020**		
Decision Type:	Non-Urgent	Non-Executive	Non-Key
Title:	**LOCAL PENSION BOARD ANNUAL REPORT**		
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk		
Chief Officer:	Mark Bowen, Director of Corporate Services		
Ward:	All		

1. Reason for report

1.1 The terms of reference of the Local Pension Board require that an annual report is produced each year. The report for 2019 is attached, and has already been approved by the Pensions Board at its meeting on 22nd January 2020 and received by the Pensions Investment Sub-Committee on 30th January 2020 and General Purposes and Licensing Committee on 11th February 2020.

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2. RECOMMENDATION

That the Local Pension Board Report 2019 be received and noted.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

1. Policy Status: Existing Policy: The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purposes of providing benefits for its employees.
2. BBB Priority: Excellent Council:

Financial

1. Cost of proposal: No Cost:
2. Ongoing costs: Not Applicable:
3. Budget head/performance centre: Pension Fund
4. Total current budget for this head: £43.9m expenditure (pensions, lump-sums etc); £56.8m income (contributions, investment income etc); £1,118m total fund market value at 30th September 2019.
5. Source of funding: Contributions to the Pension Fund

Personnel

1. Number of staff (current and additional): The Board comprises 2 employer representatives and 2 member representatives. The Board is supported by the Pensions Manager
2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Statutory Requirement: LGPS Regulations 2013 (as amended)
2. Call-in: Not Applicable: Full council decisions are not subject to call-in.

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,072 current active members; 5,828 deferred pensioners and 5,502 pensioner members (for all employers in the fund) as at 30th September 2019.

Ward Councillor Views

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

Non-Applicable Sections:	Procurement/Personnel/Impact on vulnerable adults and children.
Background Documents: (Access via Contact Officer)	See attached report

Report No.
FSD20013

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**LOCAL PENSION BOARD** **PENSIONS INVESTMENT SUB COMMITTEE** **GENERAL PURPOSES & LICENSING COMMITTEE** **COUNCIL**
Date:	**22nd January 2020** **30th January 2020** **11th February 2020** **24th February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**LOCAL PENSION BOARD - ANNUAL REPORT**
Contact Officer:	Thi Bang Hoang, Pensions Manager Tel: 0208 313 4822 E-mail: ThiBang.Hoang@bromley.gov.uk
Chief Officer:	Director of Finance
Ward:	Borough Wide

1. Reason for report

1.1 The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report, would be provided to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.

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2. RECOMMENDATIONS

2.1 Members of the Local Pension Board are asked to approve the draft LPB Annual Report at Appendix 1.

2.2 Members of the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council are asked to note the contents of the report.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A

Corporate Policy

1. Policy Status: Existing Policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: No Cost

2. Ongoing costs: N/A.

3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund.

4. Total current budget for this head: £43.9m expenditure (pensions, lump sums, etc); £56.8m income (contributions, investment income, etc); £1,118m total fund market value at 30th September 2019.

5. Source of funding: Contributions to Pension Fund

Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of 2 Employer Representatives and 2 Member Representatives. The Board is supported by the Pensions Manager.

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

Legal

1. Legal Requirement: Statutory Requirement Local Government Pension Scheme Regulations 2013 (as amended).

2. Call-in: Not Applicable.

Procurement

1. Summary of Procurement Implications: N/A

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,072 current active members, 5,828 deferred pensioners and 5,502 pensioner members (for all employers in the Fund) as at 30th September 2019.

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A

2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The London Borough of Bromley Local Pension Board was established by Council on 23rd February 2015. The Board held an introductory meeting on 27th July 2015 and its first formal annual meeting on 26th October 2015.

3.2 In accordance with the Terms of Reference the Board are required to produce a single annual report to the Pensions Manager. This report should include:

- A summary of the work of the Local Pension Board and a work plan for the coming year
- Details of areas of concern reported to or raised by the Board and recommendations made
- Details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
- Any areas of risk or concern the Board wish to raise with the Scheme Manager
- Details of training received and identified training needs
- Details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.

3.3 Members are asked to note the contents of the Local Pension Board Annual Report.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

N/A

5. POLICY IMPLICATIONS

5.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

6. FINANCIAL IMPLICATIONS

6.1 Although permitted under Regulations, Local Pension Board members are not paid an allowance. As set out in the terms of reference, remuneration for Board members is limited to a refund of actual expenses incurred in attending meetings and training.

6.2 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This is currently done within existing in-house resources.

6.3 Any costs arising from the establishment and operation of the Local Pension Board are treated as appropriate administration costs of the scheme and, as such, are chargeable to the Pension Fund.

6.4 There were reimbursement claims for cost of travel totalling £19.00 within the relevant period.

7. PERSONNEL IMPLICATIONS

N/A

8. LEGAL IMPLICATIONS

8.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014. A requirement is the establishment of Local Pension Boards.

9. PROCUREMENT IMPLICATIONS

N/A

Non-Applicable Sections:	Procurement Implications; Personnel Implications; Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2015; Local Government Pension Scheme Regulations 2013; Local Pension Board Report, Supplementary Report and Appendices to Pensions Investment Sub-Committee, General Purposes & Licensing Committee and Council 3rd, 10th and 23rd February 2015.

LONDON BOROUGH OF BROMLEY

LOCAL PENSION BOARD

ANNUAL REPORT DECEMBER 2019

LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
ANNUAL REPORT
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1. Foreword

1.1 The purpose of this London Borough of Bromley Local Pension Board Annual report is to provide information regarding the activities and role of the Board for Scheme Members, Scheme Employers and the Scheme Manager (Administering Authority).

1.2 The Local Pension Board was established by the London Borough of Bromley Pension Fund in response to new regulatory requirements introduced into the Local Government Pension Scheme Regulations 2013

1.3 The role of the Local Pension Board is to provide assistance to the London Borough of Bromley in its role as an Administering Authority within the Local Government Pension Scheme in ensuring it remains compliant with the relevant legislation and requirements of the Pensions Regulator.

2. Background

2.1 The Local Government Pension Scheme Regulations 2013 (as amended) required that the Local Pension Board be established by 1st April 2015 to assist the Administering Authority (London Borough of Bromley) to:

- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and the requirements imposed by the Pensions Regulator.
- Ensure effective and efficient governance and administration of the LGPS

2.2 The Local Pension Board is not a decision making body but is expected to support the Council's current committee structure.

2.3 The London Borough of Bromley Local Pension Board was approved at Full Council on 23rd February 2015.

3. Board Membership

3.1 The London Borough of Bromley Local Pension Board requires a total of four members. The membership is constituted as follows:

- 2 members representing the interests of the Fund's employers – Employer Representatives.
- 2 members representing the interests of the Fund's members – Member Representatives.

3.2 At the last meeting of Local Pension Board held on 12th June 2019, the board members were:

Employer Representatives:

- Pinny Borg
- Emma Downie

Member Representatives:

- Lesley Rickards
- Vacant (new appointment from 1st July 2019)

3.3 On 24th January 2019, one of the member representatives, Geoffrey Wright resigned from the Board. The term of office for the remaining three members expired on 30th June 2019.

3.4 Applications were invited from all staff, trade union representatives, departmental representatives, other employers in the Bromley Fund, and from Councillors.

3.5 Only four expressions of interest were received by the deadline of 28th April 2019. On 16th May 2019, the General Purposes and Licensing Committee appointed Lesley Rickards and Vinit Shukle to act in the capacity of member representatives and recommended that Council formally appoint Pinny Borg and Emma Downie to act in the capacity of employer representatives for a term of 4 years from 1 July 2019. This was approved by Council on 22nd May 2019.

4. Board Meetings

4.1 Following an introductory meeting of the Local Pension Board Members which took place on Monday 27th July 2015, formal meetings of the Board took place on Monday 26th October 2015, Thursday 10th November 2016, Tuesday 10th April 2018, Tuesday 6th November 2018, and Wednesday 12 June 2019. The table below shows the attendance of those meetings:

	Employer Representatives					Member Representatives				
	Mr B Toms	Ms J Harding	Ms J Reynolds	Ms P Borg	Ms E Downie	Mr G Kelly	Mr T Conboy	Mrs L Rickards	Mr G Wright	Mr V Shukle
Introductory Meeting 27-07-15	✓	✓	N/A	N/A	N/A	✓	N/A	✓	N/A	N/A
Formal Meeting 26-10-15	✓	✓	N/A	N/A	N/A	X	N/A	✓	N/A	N/A
Formal Meeting 10-11-16	✓	✓	N/A	N/A	N/A	N/A	X	✓	N/A	N/A
Formal Meeting 10-04-18	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	✓	N/A
Formal Meeting 06-11-18	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	X	N/A
Formal Meeting 12-06-19	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	N/A	✓*

* The member had not been formally appointed and was acting as an observer at the meeting

4.2 At the Local Pension Board meeting held on 10th November 2016, Mrs Lesley Rickards was elected by the members of the Board to act as its Chair for a period of 12 months, succeeding Mr Brian Toms, in line with the requirements of the Terms of Reference.

4.3 A meeting of the Local Pension Board was held on 10th April 2018 at which Pinny Borg was elected the Chair of the Pension Board. At the meeting on 6 November 2018, it was agreed that Pinny Borg would continue as Chair of the Pension Board until the term of office for all Board Members expires on 30th June 2019.

4.4 At the meeting on 12th June 2019, Emma Downie was elected the new Chair of the Pension Board, effective from 1 July 2019.

5. Board Activity

5.1 Members of the Board are also invited to attend meetings of the Pensions Investment Sub-Committee and where appropriate meetings of the General Purposes and Licensing Committee.

5.2 In accordance with the work plan agreed by the Local Pension Board members, members have been provided throughout the year with monthly Pensions Administration Reports for review. These reports are produced by Liberata UK Ltd, and include a monthly summary of activity, and details of key Performance Indicators (KPI's). To date no issues have been raised by Board members in connection with such reports.

5.3 The Pension Act 2004 and the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 require the Administering Authority to hold accurate data on scheme members. It is also essential to hold accurate data for efficient administration.

6. Training

6.1 It is a requirement of the Public Service Pensions Act that Board members have the capacity to become conversant with the rules governing the Local Government Pension Scheme and the policy documents of the Administering Authority.

6.2 The following training has been made available to the Local Pension Board members:

- The Pensions Regulator e-learning package, covering conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.
- A presentation on the Introduction to the LGPS was presented to the Local Pension Board Meeting on Tuesday 6th November 2018 by the Pensions Manager.
- A training update on "Pensions Made Simple" will be carried out verbally by the Pensions Manager at the next Local Pension Board Meeting on Wednesday 22nd January 2020.
- Board members are invited to attend the Members Pension Seminar led by the Director of Finance.

6.3 Members have also been provided with the following documentation;

- The Local Government Pension Scheme Regulations
- Administration, HR, Payroll and Member Guides to the Local Government Pension Scheme
- Guidance on the creation and operation of Local Pension Boards
- Mercer Newsletters 'Local Government Pension Scheme – Current Issues'
- Agendas and reports for the Pensions Investment Sub-Committee meetings

7. Board Observations and Comments

7.1 The Local Pension Board terms of reference set out that the Board should raise any areas of risk or concern with the Scheme Manager in the first instance. No such matters have been raised during the reporting period.

8. Conflicts of Interest

8.1 It is explained to each Board member that they are required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the London Borough of Bromley. Members are also required to complete 'The Notification of Disclosable Pecuniary Interests Form', 'The Notification of Non-Pecuniary Interests Form' and a 'Declaration of Acceptance of Office Form'

8.2 No declarations of interests were made at the formal meeting of the Board on 6th November 2018 or 12th June 2019.

9. Expenses and Costs

9.1 All costs regarding the administration of the Local Pension Board have been contained within existing resources. There were reimbursement claims for cost of travel totalling £19.00 within the relevant period

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Report No.
CSD20026

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 24 February 2020**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**APPOINTMENT OF INDEPENDENT PERSON**
Contact Officer:	Philippa Gibbs, Deputy Democratic Services Manager Tel: 020 8461 7638 E-mail: Philippa.Gibbs@bromley.gov.uk
Chief Officer:	Director of Corporate Services
Ward:	(All Wards);

1. Reason for report

At its meeting on 31st October 2019, the Standards Committee considered two applications for the role of Independent Person, and decided that both applicants should be interviewed. Since then, one of the applicants has met with the Standards Sub-Committee – comprising the Chairman and Vice-Chairman and current Independent Person and supported by the Monitoring Officer. The Standards Sub-Committee recommended the applicant for appointment. The other applicant has withdrawn from the process.

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2. RECOMMENDATION(S)

1. That the appointment of Mr Ken Palmer as Independent Person until the end of the current Council in May 2022 be approved.

2. That the appointment of Dr Simon Davey as Independent Person until the end of the current Council in May 2022 be reaffirmed.

3. That Dr Simon Davey and Mr Ken Palmer be co-opted to the Standards Committee.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

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: Democratic Services
4. Total current budget for this head: £350,650
5. Source of funding:

Personnel

1. Number of staff (current and additional): 8 posts (6.67fte)

2. If from existing staff resources, number of staff hours:

Legal

1. Legal Requirement: Statutory Requirement: Requirement of the Localism Act 2011.
2. Call-in: Not Applicable:

Procurement

1. Summary of Procurement Implications: None

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There is the potential for all 60 Councillors to consult the Independent Person in the event of complaints concerning breaches of the Code of Conduct.

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable

3. COMMENTARY

3.1 The statutory role of the Independent Person is as follows:

- They **must** be consulted by the authority before it makes a decision on an allegation of misconduct by a Councillor that it has decided to investigate or before it decides on action to be taken in respect of that Councillor.

- They **may** be consulted by the authority in respect of a standards complaint at any other stage.

- They **may** be consulted by a Councillor or co-opted member against whom a complaint has been made.

3.2 Given the potential conflict between the roles, the Standards Committee are of the opinion that it is appropriate for at least two Independent Persons to be appointed.

3.3 At its meeting on 31st October 2019, the Standards Committee considered applications for the role of Independent Person, and decided that Mr Palmer`s application should go forward for formal interview. On 8th January 2020, the Standards Sub-Committee (comprising the Chairman, Vice-Chairman and current Independent Person and supported by the Monitoring Officer) met to formally interview one of the applicants. Following the interview process the Standards Sub-Committee has unanimously recommended that Mr Ken Palmer be appointed Independent Person.

3.4 Dr Simon Davey was appointed Independent Person by Full Council on 25 June 2012. Dr Davey has confirmed that he is willing to continue in the role to support a handover process and to enable a further recruitment process to be conducted if necessary to ensure sufficient capacity.

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