



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 2 September 2020

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

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

A meeting of the Executive, Resources and Contracts Policy Development and
Scrutiny Committee will be held on **THURSDAY 10 SEPTEMBER 2020 AT 6.30 PM**

**PLEASE NOTE: This is a 'virtual meeting' and members of the press and public can
see and hear the Sub-Committee by visiting the following page on the Council's
website: –**

<https://www.bromley.gov.uk/councilmeetingslive>

Live streaming will commence shortly before the meeting starts.

MARK BOWEN
Director of Corporate Services

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

PART 1 AGENDA

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

STANDARD ITEMS

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

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

Questions specifically on reports on the agenda should be received within two working days

of the normal publication date of the agenda. Please ensure that questions specifically on reports on the agenda are received by the Democratic Services Team by **Friday 4th September 2020.**

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

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

4 **MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETING HELD ON 1 JULY 2020 (EXCLUDING EXEMPT ITEMS) (Pages 5 - 16)**

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

6 **FORWARD PLAN OF KEY DECISIONS (Pages 27 - 32)**

HOLDING THE RESOURCES, COMMISSIONING AND CONTRACTS PORTFOLIO HOLDER TO ACCOUNT

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

Portfolio Holder decisions for pre-decision scrutiny.

a **CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2020/21_(Pages 33 - 42)**

b **TREASURY MANAGEMENT - ANNUAL REPORT 2019/20_(Pages 43 - 60)**

HOLDING THE EXECUTIVE TO ACCOUNT

8 **PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS DUE TO BE CONSIDERED BY THE LEADER OF THE COUNCIL**

Members of the Committee are requested to refer to the separate report pack containing proposed decisions for consideration by the Leader.

POLICY DEVELOPMENT AND OTHER ITEMS

9 **SCRUTINY OF THE CHIEF EXECUTIVE (Pages 61 - 66)**

10 **CONTRACTS REGISTER AND CONTRACTS DATABASE**

PART 2 AGENDA

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

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

Items of Business

Schedule 12A Description

- | | |
|---|---|
| 12 EXEMPT MINUTES OF THE MEETING HELD ON 1 JULY 2020 (Pages 67 - 72) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 13 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS DUE TO BE CONSIDERED BY THE LEADER OF THE COUNCIL | |
| 14 PART 2 CONTRACTS REGISTER AND CONTRACTS DATABASE (Pages 73 - 98) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 6.30 pm on 1 July 2020

Present:

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

Also Present:

Councillor Graham Arthur, Portfolio Holder for Resources,
Commissioning and Contracts Management
Councillor Colin Smith, Leader of the Council

12 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were submitted by Councillor Nicky Dykes.

Councillor Russell Mellor submitted apologies for lateness.

13 DECLARATIONS OF INTEREST

There were no additional declarations of interest.

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

No questions were received.

15 MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETINGS HELD ON 18 MAY 2020 AND 27 MAY 2020 (EXCLUDING EXEMPT ITEMS)

The minutes of the meetings held on 18th May 2020 and 27th May 2020, were agreed and signed as a correct record.

16 FORWARD PLAN OF KEY DECISIONS

1 July 2020

The Committee noted the Forward Plan of Key Decisions covering the period June 2020 to September 2020.

Members noted that final proposals for accommodation arrangements at the Civic Centre had been delayed and would be presented as soon as possible. It was agreed that if any proposals were developed before the end of July there should be a further meeting held in public to consider the proposals.

It was further noted that it was anticipated that a Full Council meeting would take place on 20th July 2020, and this was likely to be a virtual meeting.

17 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS DUE TO BE CONSIDERED BY THE LEADER OF THE COUNCIL

The Committee considered the following Part 1 reports due to be considered by the Leader of the Council on or after 2nd July 2020.

(1) BUDGET MONITORING 2020/21 Report FSD20053

The report was split into two key elements. Firstly it provided the first budget monitoring position for 2020/21 based on expenditure and activity levels up to the end of May 2020, excluding the financial impact of COVID-19. The report also highlighted any significant variations which would impact on future years as well as any early warnings that could impact on the final year end position. Secondly the report identified latest indications of the financial impact of the COVID-19 situation which, at this stage, needed to be treated with some caution as a result of the ongoing uncertainty arising from moving out of lockdown to transition and ultimately the 'new normal'.

The Director of Finance reported that to date additional funding of £74.8m had been received from Government to support the local response to the COVID-19 pandemic. In addition separate support for business rates was being provided. Members noted that in reality, the full impact of the COVID-19 pandemic was not yet known. There were not just issues with the costs associated with the pandemic; the Council had also experienced a significant loss of income. At the moment the potential funding gap that had been identified stood at £27.9m.

In response to a question concerning recovery of business rates, the Director of Finance explained that the Council would always seek to recover outstanding monies however if there was an impact on the Council it would not be seen immediately but would be evident in 2 or 3 years.

The Director of Finance emphasised that as a Local Authority Bromley was in a strong position to manage the financial challenges due to previous prudent financial management. Members and Officers were lobbying hard on the issue of funding from Central Government to ensure that there was funding for

the full costs of the COVID response as these additional and unexpected costs should not fall to local tax payers.

RESOLVED: That the Leader be recommended to:

Financial Monitoring (excluding COVID-19 impact)

- (a) consider the latest financial position;**
- (b) note that a projected net overspend on services of £1,415k is forecast based on information as at May 2020.**
- (c) consider the comments from Chief Officers detailed in Appendix 2 of the report;**
- (d) note the carry forwards being requested for drawdown as detailed in section 3.3 of the report;**
- (e) note a projected reduction to the General Fund balance of £2,635k as detailed in section 3.4 of the report;**
- (f) note the full year cost pressures of £4.7m as detailed in section 3.5 of the report;**
- (g) agree to the release of £104k from the 2020/21 Central Contingency relating to rough sleepers initiative grant as detailed in para. 3.2.2 of the report;**
- (h) agree that a sum of £80k is set aside as an earmarked reserve from the 2020/21 Central Contingency relating to feasibility study costs surrounding the Walnuts development as detailed in para. 3.2.6 of the report;**
- (i) agree the drawdown of £385k from the Technology Fund Reserve to support the accelerated rollout of IT as detailed in para 3.10 of the report;**
- (j) identify any issues that should be referred to individual Portfolio Holders for further action.**

Estimated Financial Impact of COVID-19

- (k) consider the latest estimated financial impact of COVID-19 situation, detailed in Section 4 of the report, and note the ongoing financial uncertainty position relating to net costs and the current shortfall in Government funding;**
- (l) note that the estimated financial impact of the COVID-19 situation which needs to be treated with some caution at this stage because of the ongoing uncertainty arising from the**

impact moving out of 'lockdown' to transition and ultimately the 'new normal'.

**(2) CAPITAL PROGRAMME MONITORING 2020/2021 (PART 1)
Report FSD20048**

The report summarised the current position on capital expenditure and receipts following the 1st quarter of 2020/21 and sought the Leader's approval to a revised Capital Programme.

RESOLVED: That the Leader be recommended to:

- (a) Note the report, including a total re-phasing of £19,436k from 2020/21 into future years, and agree a revised Capital Programme;**
- (b) Approve the following amendments to the Capital Programme:**
 - (i) Increase of £49.7k to the Devolved Formula Capital scheme,**
 - (ii) Increase of £375k to the Capital Maintenance Budget,**
 - (iii) Increase of £2,237k to the Basic Needs capital scheme,**
 - (iv) Increase of £276k for a BMX track at Hoblingwell Park,**
 - (v) Subject to the approval of funding detailed in the 2020/21 Financial Monitoring report elsewhere on this agenda, an increase of £385k to the IT Transformation capital scheme.**

(4) HOUSING REVENUE ACCOUNT

The supply of social/affordable housing could not keep pace with the level of housing need. The risk of insufficient housing and associated cost of temporary accommodation provision was one of the Council's major risks. Whilst the Council was engaged in a number of work streams to tackle homelessness at source the principle mitigation was to increase housing delivery. The report considered the option of re-opening a Housing Revenue Account (HRA) as an additional tool for the provision of affordable housing.

In response to a question the Director of Housing, Planning and Regeneration confirmed that there were three areas for future reports –

1. Reports arising from the programme for identifying sites and how they would come forward. It was anticipated that these reports would be presented to Members from late September/October onwards.

2. The Operational Business Plan. Again, it was anticipated that initial business plans would be presented to Members from late September onwards with further business plans feeding into the Annual Report.

3. Delivery and ownership. The HRA proposed ownership within a housing revenue account for the Council however there was not the internal expertise to support management and maintenance of units. Consequently a report detailing plans for the procurement of a partner for the basic management and maintenance of the units would be presented to Members from September.

In response to a further question the Director of Housing, Planning and Regeneration confirmed that at this stage the percentage of extra care housing had not been identified as this would form part of the business plan.

The Committee noted that whilst any proposals would include an element of temporary accommodation which would be exempt from Right to Buy, the majority of units would be eligible for the Right to Buy scheme.

The Vice Chairman highlighted that the opening/re-opening of the HRA would allow the Council to access Section 106 monies whereas the previous modular units had not.

RESOLVED: That the Leader be recommended to:

- (a) Approve and recommend to Full Council to approve the setting up of a Housing Revenue Account (HRA) for the provision of affordable housing.**
- (b) Note that future reports will be presented in relation to consideration of business cases for individual schemes, the development of a full HRA business plan and gateway report for the provision of management and maintenance services for any affordable housing units held in the HRA.**

**(5) RESOURCING THE COVID-19 RESPONSE CONTACT TRACING
Report LDCS10151**

Public Health in Bromley had new responsibilities in relation to the COVID-19 outbreak. As such, it was important that Elected Members were aware of these new responsibilities which included - Local outbreak management of COVID-19 in key or complex settings; Local area outreach and engagement with vulnerable, hard-to-reach or disconnected residents, groups and communities; Establishing regional or area networks to provide sharing of intelligence and mutual support if pressure on the national system; Specialist Public Health support to Bromley Council and key local partners.

This report set out how the Council would meet these new responsibilities albeit recognising that Officers were still awaiting further clarity from Central Government on a number of issues.

The Committee noted that the report had been circulated to the Adult Care and Health PDS Committee for comment.

The Director of Finance confirmed that there would be a further report back to Members in three months and by this time there would be a better understanding of the impact of COVID and any action required of the Local Authority. It was noted that the further guidance that was expected from Government would be critical moving forward.

The Chairman stressed the need for a system that would enable the Council to gather the information it needed to be able to quickly pin point where new cases emerged.

The Leader stressed that this was an issue for Local Authorities across the country and was one of, if not the most, sensitive issue for Local Authorities. It was noted that the Portfolio Holder for Adult Care and Health, the Chairman of the Adult Care and Health PDS Committee and the Chairman of the Health and Wellbeing Board were all aware of and attentive to the issues.

RESOLVED: That the Leader be recommended to:

- (a) Note that this is the first assessment of the additional resources needed to execute this function and agree to delegate authority to the Director of Public Health, in consultation with the Portfolio Holder for Adult Care and Health and the Chairman of the Health and Wellbeing Board, to incur expenditure up to £100k from the ring fenced grant of circa £1.370m awarded to the Local Authority.**
 - (b) Note that under the Health and Social Care Act 2012, Directors of Public Health in local authorities have a duty to prepare for and lead the local authority public health response to incidents that present a threat to the public's health. This will include the Bromley Outbreak Control Plan and the local authority role in Test and Trace.**
 - (c) Request that this report is followed up with another report on Contact Tracing in three months.**
- (9) CONTRACT FOR THE PROVISION OF AGENCY WORKERS
(PART 1)**

The Council's current arrangement with Adecco for the supply of agency workers was due to expire on 21st April 2021. There was no provision in the contract for further extension. The report provided Members with an

overview of the future options that had been reviewed and the reasoning behind recommendations. The accompanying Part 2 report provided detail on the proposed award of contract.

RESOLVED: That the Leader be recommended to agree the award of contract via a compliant framework, as detailed in the accompanying Part 2 report, for the supply of agency staff.

(12) AUTHORISATION TO PROCEED TO PROCUREMENT: ENERGY SERVICES

(On the basis that the reason for the classification of the report as Part 2 (Exempt from Publication) could not be established, and following legal advice from the Head of Legal Services, the Committee took the decision to consider the report in Part 1 of the meeting)

The London Borough of Bromley (LBB) Electricity and Gas supply contracts were coming to an end on 30 September 2020. Energy supplies were currently procured via a broker – Laser. The current suppliers for LBB's electricity and gas, procured via the broker, were Npower and Total Gas respectively. The report sought approval from the Leader to proceed to procurement for energy supplies, via a mini competition from a compliant framework. The framework would be accessed, and the mini competition run on behalf of the Council, via direct award to the relevant broker for the framework. The proposed procurement route would provide LBB with the opportunity to compare tariffs from different energy suppliers and choose cost effective rates to reduce utility costs. It would also provide LBB with clearer information on energy usage and costs, enabling the Council to demonstrate and achieve transparency in energy and carbon reporting. Furthermore, it would provide LBB with access to key data needed to take corrective actions to reduce the Council's energy consumption and carbon.

Members suggested that two key performance indicators (KPIs) should be considered for inclusion in the contract were:

- If gas and/or electricity supplies at Council sites were to be cut off it needed to be re-established within 24 hours.
- A KPI around green energy to support the Council to reach its Net Zero Carbon target.

The Committee requested that the Energy Manager circulate to the Committee Key Performance Indicators (KPIs) prior to the Leader taking his decision.

RESOLVED: That the Leader be recommended to

- (a) Approve proceeding to procurement for supply of electricity and gas via a utility brokerage service with access to the Countess of Chester Hospital Commercial Procurement Services framework**

1 July 2020

(F021) for a contract duration of 5 years. The current annual energy consumption spend of LBB is approximately £2.6m giving an estimated 5-year contract value of £13m;

(b) Approve award of contract, via exemption from competitive tendering, to Inspired Energy for the provision of utility brokerage to LBB for a duration of 5 years, at a whole life value of £32,310 (annual value £6,462), enabling access to the F021 framework and for Inspired Energy to procure energy supplies from the framework via a mini-competition;

(c) Note that a separate report seeking authorisation to award a contract via the framework will be submitted in due course, following completion of the mini-competition process via the utility broker;

(d) Note that financial figures in this report are estimates and known conditions of LBB energy portfolio at the time of the report, seasonal variations in consumption and subject to suppliers' terms and conditions.

**18 BENEFITS SERVICE MONITORING REPORT AND COUNCIL TAX SUPPORT REDUCTION 2021/22
Report FSD20049**

The report provided information regarding the performance of the benefit services provided by Liberata during the period 1 October 2019 to 31 March 2020. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, was attached as Appendix 1. This communication provided Liberata's perspective on performance, together with an update on initiatives to be introduced in the coming months.

In response to a question concerning how the £1,814,229 allocated to Bromley by the Government in response to COVID-19, to support "economically vulnerable people and households in [the] local area", had been distributed, the Assistant Director for Exchequer Services explained that the funding would be distributed to those already in receipt of Council Tax Support this year. The funding had been earmarked and the Council was awaiting a script from its Benefit Service software suppliers to enable the automatic distribution of the funding.

Members noted that the recovery of any overpayments required a lot of time and effort but that the Council was successful in terms of recovery of overpayments. It was noted that the COVID-19 pandemic had an impact on all elements of recovery.

The Committee requested that a short update on the impact of COVID-19 on the Benefits Service be provided at the September meeting.

Turing to the consultation on the Council Tax Support/Reduction Scheme the Committee agreed that the Portfolio Holder should be recommended to agree that Option 3 (the continuation of the scheme currently in place) should form the basis of the consultation for the 2021/2022 scheme.

RESOLVED: That

- 1. The report and letter provided by Liberata be noted;**
- 2. The Portfolio Holder be recommended to agree that a consultation exercise be held in August 2020 for the Authority's 2021/22 Council Tax Support/Reduction scheme based on the scheme being the same as currently in place (i.e. the maximum contribution of working age claimants remaining at 25% of a household's Council Tax liability).**

**19 REVENUES SERVICE MONITORING REPORT
Report FSD20050**

The report provided information regarding the performance of the Revenues Services provided by Liberata for the six months from 1 October 2019 to 31 March 2020. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, provided an update on each individual service and was attached at Appendix 1 to the report with statistical data relating to the Revenues Service attached at Appendix 2.

The Committee noted that it has been a particularly difficult year in terms of recovery. The variance in the amount that was collectable compared to the amount collected could be attributed to the cancellation of the March court hearing date. This was compounded by the more sympathetic approach to recovery that had been required during the period of COVID-19 lockdown. Members were provided with assurances that there was an expectation that any outstanding monies would be recovered and collected.

RESOLVED: That the report be noted.

**20 EXCHEQUER SERVICE - CONTRACT PERFORMANCE
REPORT
Report FSD20051**

The report provided information regarding Liberata's performance in the provision of Exchequer Services for the period 1st April 2019 to 31st March 2020. A letter from Amanda Inwood-Field, Liberata's Contract Director, provided an update on each individual service and was attached at Appendix 1 to the report with statistical data relating to the services shown in subsequent appendices.

RESOLVED: That the report be noted.

**21 CUSTOMER SERVICES CONTRACT MONITORING REPORT
Report CSD20073**

The report provided information on the performance of the Customer Service Contract provided by Liberata for the period 1st December 2019 to 31st May 2020. A letter from Amanda Inwood-Field, Contract Director for Liberata, provided an update on each individual element and was attached at Appendix 1 to the report.

Members noted that the slight drop in performance in respect of answering calls in February 2020 arose from the high winds experienced in that month. As a result of the high winds there were a number of trees down across the Borough and this resulted in a larger volume of calls.

RESOLVED: That the report be noted.

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

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

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

23 EXEMPT MINUTES OF THE MEETING HELD ON 18 MAY 2020

The Part 2 (exempt) minutes of the meeting held on 18th May 2020 were agreed, and signed as a correct record.

**24 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE
REPORTS DUE TO BE CONSIDERED BY THE LEADER OF
THE COUNCIL**

The Committee considered the following Part 2 (exempt) reports due to be considered by the Leader of the Council on or after 2nd July 2020.

(11) CONTRACT FOR THE PROVISION OF AGENCY WORKERS (PART 2)

The Committee considered and discussed the Part 2 information contained within the report and made recommendations to the Leader.

**(13) TRANSFORMING PROPERTY SERVICES
Report HPL2020/001**

The Committee considered and discussed the report and made recommendations to the Leader.

**(14) MANAGEMENT OF PROPERTY INVESTMENT PORTFOLIO
Report HPR2020/014**

The Committee considered and discussed the report and made recommendations to the Leader.

(15) CAPITAL PROGRAMME MONITORING 2020/21 - APPENDIX E (PART 2)

The Committee noted the Part 2 appendix.

The Meeting ended at 8.14 pm

Chairman

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Report No.
CSD20087

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive, Resources & Contracts PDS Committee

Date: Thursday 10th September 2020

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

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

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: (All Wards);

1. Reason for report

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

- Monitoring progress against actions arising from previous meetings;
 - Developing the 2020/21 Forward Work Programme; and
 - A schedule of Sub-Committees and Working Groups across all PDS Committees
-

2. **RECOMMENDATION(S)**

That PDS Committee reviews and comments on:

1. Progress on matters arising from previous meetings;
2. The 2020/21 work programme, indicating any changes or particular issues that it wishes to scrutinise for the year ahead.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Corporate Policy

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

Financial

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

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

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

Ward Councillor Views

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

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

3. COMMENTARY

Matters Outstanding from Previous Meetings

- 3.1. There are currently no matters outstanding from previous meetings.

Work Programme

- 3.2 Each PDS Committee determines its own work programme, balancing the roles of (i) pre-decision scrutiny and holding the Executive to account, (ii) policy development and review and (iii) external scrutiny. ERC PDS Committee has the additional role of providing a lead on scrutiny issues and co-ordinating PDS work.
- 3.3 PDS Committees need to prioritise their key issues. The work programme also needs to allow room for items that arise through the year, including Member requests, call-ins and referrals from other Committees. Committees need to ensure that their workloads are realistic and balanced, allowing sufficient time for important issues to be properly scrutinised. Members also need to consider the most appropriate means to pursue each issue – the current overview and scrutiny arrangements offer a variety of approaches, whether through a report to a meeting, a time-limited working group review, a presentation, a select committee style meeting focused on a single key issue, or another method.
- 3.4 **Appendix 1** sets out the ERC PDS Committee Work Programme for 2020/21, including: the provisional report title (or activity); the lead division; and Committee's role. Committee is invited to comment on the proposed schedule and suggest any changes it considers appropriate.
- 3.5 Other reports will be added to the 2020/21 Work Programme as items arise. In addition, there may also be references from other committees, the Resources, Contracts and Commissioning Portfolio Holder, or the Executive.

Sub-Committees and Working Groups

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

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

Meeting Date: 18 May 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Resources, Commissioning & Contract Management Portfolio Holder	N/A	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Risk Register (Red Risks)	Audit	PDS Committee
Meeting Date: 1 July 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Budget Monitoring 2020/21	Finance	Pre-decision scrutiny (PH)
Customer Services - Contract Performance Report	Customer Services	PDS Committee – Monitoring Report
Exchequer Service - Contract Performance Report	Finance	PDS Committee – Monitoring Report
Benefits Service Monitoring Report And Update On Council Tax Support\Reduction	Revenues & Benefits	Pre-decision scrutiny (PH)
Revenues Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Risk Register	Audit	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Meeting Date: 10 September 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny

Treasury Management - Annual Report 2019/20	Finance	Pre-decision scrutiny (PH)
Capital Programme Monitoring - 1st Quarter 2020/21	Finance	Pre-decision scrutiny (PH)
Scrutiny of the Chief Executive	Chief Execs	PDS Committee
Risk Management	Audit	Information Item
Contract Register and Contracts Database	Procurement	Information Item

Meeting Date: 8 October 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Scrutiny of the Leader	N/A	PDS Committee
Scrutiny of the Executive Assistant to the Leader	N/A	PDS Committee
Executive Agenda	Various	Pre-decision scrutiny
Insurance Fund - Annual Report 2019/20	Finance	Pre-decision scrutiny (PH)
TFM Contract (Amey)	Property	PDS Committee – Monitoring Report
BT/ICT Contract Monitoring Report	IT	PDS Committee – Monitoring Report
Cost of Agency Staff	HR/Finance	PDS Committee
Risk Register (Red Risks)	Audit	PDS Committee
Expenditure on Consultants 2019/20 and 2020/21	Finance	PDS Committee
Section 106 Agreements: Update*	Planning and Regeneration	PDS Committee

Meeting Date: 18 November 2020	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Treasury Management - Quarter 2 Performance 2020/21 & Mid-Year	Finance	Pre-decision scrutiny (PH)

Review		
Risk Register	Audit & Assurance	PDS Committee
Scrutiny of the Resources, Commissioning & Contract Management Portfolio Holder	N/A	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Meeting Date: 6 January 2021		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Capital Programme Monitoring - 2nd Quarter 2020/21	Finance	Pre-decision scrutiny (PH)
Section 106 Agreements: Update*	Regeneration & Housing	PDS Committee – Monitoring Report
Benefits Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Revenues Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Customer Services - Contract Performance Report	Customer Services	PDS Committee – Monitoring Report
Exchequer Service - Contract Performance Report	Finance	PDS Committee – Monitoring Report
Property Portfolio Update	Property	PDS Committee
Meeting Date: 3 February 2021		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Treasury Management – Annual Investment Strategy and Quarter 3 Performance 2020/21	Finance	PH Decision
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Chief Executive	N/A	PDS Committee
Scrutiny of the Resources, Commissioning and Contract Management Executive Assistant	N/A	PDS Committee
Risk Register (Red Risks)	Audit & Assurance	PDS Committee

Contracts Register and Contracts Database Update	Procurement	PDS Committee
Meeting Date: 24 March 2021	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Leader	N/A	PDS Committee
Annual PDS Report 2020/21	Democratic Services	PDS Committee

*Part 2 (Exempt) Report

PDS SUB-COMMITTEES AND WORKING GROUPS 2020/21

SUBJECT	DATE OF NEXT MEETING	MEMBERSHIP
EXECUTIVE, RESOURCES & CONTRACTS PDS		
Section 106/CIL Task and Finish Group	TBC	Cllr Marlow (Chairman), Cllr Fawthrop, Cllr Wells, Cllr Wilkins, Cllr Evans, Cllr M. Stevens, Cllr Dykes, Cllr Sharma.
ADULT CARE AND HEALTH PDS		
Health Scrutiny Sub-Committee	TBC	Cllr Cooke (Chairman), Cllr Allatt, Cllr Dunn, Cllr Ellis, Cllr Evans, Cllr Jefferys, Cllr McIlveen, Cllr Onslow.
Any 2020/21 Working Groups of ACH PDS or the Health Scrutiny Sub-Committee to be appointed by the parent bodies.		
Our Healthier South East London Joint Health Overview and Scrutiny Committee (with Bexley, Greenwich, Lambeth, Lewisham & Southwark)	TBC	Cllr Ellis, Cllr McIlveen.
CHILDREN, EDUCATION AND FAMILIES PDS COMMITTEE		
Youth Engagement Task and Finish Group	TBC	Cllr Dykes, Cllr Ellis, Cllr Gray, Cllr Ahmed, Cllr Harris.
Any 2020/21 Working Groups of the Children, Education & Families PDS Committee to be appointed by the parent bodies.		
ENVIRONMENT & COMMUNITY SERVICES PDS		
Any 2020/21 Working Groups of the Environment & Community Services Committee to be appointed by the parent body.		
PUBLIC PROTECTION AND ENFORCEMENT PDS		
Any 2020/21 Working Groups of the PPE PDS Committee to be appointed by the parent body.		
RENEWAL, RECREATION & HOUSING PDS		
Any 2020/21 Working Groups of the RRH PDS Committee to be appointed by the parent body.		

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LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 12 AUGUST 2020 (UPDATED)

PERIOD COVERED: August 2020 - November 2020

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 15 September 2020

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
COUNCIL						
COUNCIL TAX SUPPORT/ REDUCTION SCHEME 2021/22	Council	7 December 2020 Executive; Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Jayne Carpenter Tel: 020 8461 7996 Jayne.Carpenter@bromley.gov.uk	<u>Meeting in public</u>	Report and Relevant Background documents
EXECUTIVE						
TRANSFORMATION PROGRAMME - PROJECT REPORTS: Moving Traffic Contraventions/SEN Transport/Property/ Family Contact Services/Building Homes	Leader of the Council	Between 10 September 2020 and 30 September 2020 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Naheed Chaudhry Tel: 020 8461 7554 Naheed.Chaudhry@bromley.gov.uk	<u>PDS Meeting in public</u>	Reports and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
LOCAL DEVELOPMENT SCHEME - 2020 UPDATE	Leader of the Council	Between 10 September 2020 and 30 September 2020 Development Control Committee	Meetings	Contact Officer: Ben Johnson Tel. 020 8461 7845 ben.johnson@bromley.gov.uk	<u>PDS Meeting in public</u>	Report and relevant Background Documents
REGENERATION STRATEGY	Leader of the Council	Between 10 September 2020 and 30 September 2020 Renewal, Recreation & Housing PDS Committee	Meetings/email	Contact Officer: Alicia Munday Tel. 020 8313 4559 Alicia.Munday@bromley.gov.uk	<u>PDS Meeting in Public</u>	Report and relevant background documents
BROMLEY HIGH STREET IMPROVEMENTS	Leader of the Council	Between 10 September 2020 and 30 September 2020 Renewal, Recreation & Housing PDS Committee	Meetings/email	Contact Officer: Alicia Munday Tel. 020 8313 4559 Alicia.Munday@bromley.gov.uk	<u>PDS Meeting in public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
AIR QUALITY ACTION PLAN	Leader of the Council	Between 10 September 2020 and 30 September 2020 Environment & Community Services PDS Committee	Meeting/email	Contact Officer: Joanne Stowell Tel: 020 8313 4332 Joanne.Stowell@bromley.gov.uk	<u>PDS Meeting in public</u>	Report and relevant background documents
PROVISION OF HOLIDAY AND SATURDAY GROUP BASED SHORT BREAKS - AUTHORISATION TO EXTEND THE SHORT BREAKS FOR DISABLED CHILDREN AND YOUNG PEOPLE CONTRACT WITH RIVERSIDE SCHOOL ORPINGTON	Leader of the Council	Between 10 September 2020 and 30 September 2020 Children, Education & Families PDS Committee	Meetings	Contact Officer: Daniel Manns Tel. 020 8313 4618 daniel.manns@bromley.gov.uk	<u>PDS Meeting in Public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
LAND APPROPRIATION	Leader of the Council	Between 10 September 2020 and 30 September 2020 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Isabelle Haddow Tel 020 8461 7476 isabelle.haddow@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
REDEVELOPMENT OF CHISLEHURST LIBRARY AND DISPOSAL OF LAND AT 36 VINSON CLOSE, ORPINGTON	Leader of the Council	Between 10 September 2020 and 30 September 2020 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: Alicia Munday Tel. 020 8313 4559 Alicia.Munday@bromley.gov.uk	<u>Private Meeting - exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - Not for Publication
BUILDING A BETTER BROMLEY	Executive	Between 14 October 2020 and 30 October 2020 Executive, Resources & Contracts PDS Committee	Meetings/email	Contact Officer: Naheed Chaudhry Tel: 020 8461 7554 Naheed.Chaudhry@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
HOUSING LEASING SCHEME (Beehive)	Executive	Between 14 October 2020 and 30 October 2020 Renewal, Recreation & Housing PDS Committee	Meetings/email	Contact Officer: Sara Bowrey Tel: 020 8313 4013 sara.bowrey@bromley.gov.uk	<u>Private meeting- exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - Not for Publication
HOUSING ACQUISITION SCHEME (Orchard & Shipman)	Executive	Between 14 October 2020 and 30 October 2020 Renewal, Recreation & Housing PDS Committee	Meetings/email	Contact Officer: Sara Bowrey Tel: 020 8313 4013 sara.bowrey@bromley.gov.uk	<u>Private meeting- exempt information - Financial/business affairs of a person or body</u>	Part 2 Report - not for Publication
PROVISION OF DIRECT PAYMENTS ADVICE, GUIDANCE AND PAYROLL SERVICE	Executive	Between 25 November 2020 and 18 December 2020 Adult Care & Health PDS Committee	Meeting/emails	Contact Officer: Garnett Clough garnett.clough@bromley.gov.uk	<u>Item is expected to be considered during the public part of the meeting, with confidential material to be considered during exempt proceedings.</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
ADULT CARE & HEALTH PORTFOLIO <i>(No key decisions anticipated)</i>						
CHILDREN, EDUCATION & FAMILIES PORTFOLIO <i>(No key decisions anticipated)</i>						
ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO <i>(No key decisions anticipated)</i>						
PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO <i>(No key decisions anticipated)</i>						
RENEWAL, RECREATION & HOUSING PORTFOLIO <i>(No key decisions anticipated)</i>						
RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO <i>(No key decisions anticipated)</i>						

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

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

Report No.
FSD20066

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive, Resources & Contracts PDS Committee on 10th September 2020

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2020/21

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

On 8th July 2020, the Leader received a report summarising the current position on capital expenditure and receipts following the 1st quarter of 2020/21, and agreed a revised Capital Programme for the four year period 2020/21 to 2023/24. This report highlights changes agreed by the Executive and the Leader in respect of the Capital Programme for the Executive, Resources & Contracts Portfolio. The revised programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are shown in Appendix B, and details of the 2019/20 outturn position are included in Appendix C.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to note and confirm the changes agreed by the Leader on 8th July 2020.

Impact on Vulnerable Adults and Children:

1. Summary of Impact:

Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring 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, we review our main aims and outcomes through the AMP process and identify those that require the use of capital assets. Our primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in the Community Plan and in "Building a Better Bromley".
 2. BBB Priority: Excellent Council
-

Financial

1. Ongoing costs: Not Applicable
 2. Budget head/performance centre: Capital Programme
 3. Total current budget for this head: £38.5m for the Executive, Resources & Contracts Portfolio over the four years 2020/21 to 2023/24
 4. Source of funding: Capital grants, capital receipts, S106 and earmarked revenue contributions.
-

Personnel

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

Legal

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

Procurement:

1. Summary of Procurement Implications:
-

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

Capital Monitoring – variations agreed by the Leader on 8th July 2020

3.1 A revised Capital Programme was approved by the Leader on 8th July 2020, following a detailed monitoring exercise carried out after the 1st quarter of 2020/21. The base position is the programme approved by the Executive on 12th February 2020, as amended by variations approved at subsequent Executive meetings. All changes to schemes in the Executive, Resources & Contracts Portfolio Programme are itemised in the table below and further details are included in paragraphs 3.2 to 3.4. The revised Programme for the Portfolio is attached as Appendix A whilst Appendix B shows actual spend against budget in the first quarter of 2020/21, together with detailed comments on individual scheme progress. Appendix C includes details of the final outturn in 2019/20.

	2020/21	2021/22	2022/23	2023/24	2023/24
	£'000	£'000	£'000	£'000	£'000
Programme approved by Executive 12/02/2020	5,318	13,691	16,000	0	35,009
Net underspend 2019/20 re-phased to 2020/21 (Para 3.2)	339				339
Approved programme prior to 1st Quarter monitoring	5,657	13,691	16,000	0	35,348
Variations approved by the Leader 08/07/20					
Social Care Case Management System IT (Moved from Adult Care & Health Portfolio)	1,468	1,270			2,738
IT Transformation	385				385
Re-phasing to 2021/22 (Para 3.4)	Cr 2,848	2,848			0
Total approved variations	Cr 995	4,118	0	0	3,123
Revised Executive Resources & Contracts Portfolio	4,662	17,809	16,000	0	38,471

3.2 Net Underspend 2019/20 re-phased into 2020/21

The 2019/20 Capital Outturn was reported to the Leader on 27th May 2020. The final capital outturn for the year for the Executive, Resources & Contracts Portfolio schemes was £3,621k compared to a revised budget of £3,960k approved by the Executive in February 2020. The £339k underspend has been re-phased into 2020/21.

3.3 IT Capital Transformation Scheme (£385k increase to budget in 2020/21)

At the meeting on 8th July the Leader agreed to add £385k to the capital programme for IT. Due to the COVID-19 pandemic, the IT Transformation project was paused and the resources were diverted to assist all LBB staff to work from home. This resulted in 1,400+ staff being able to work from home and carry out their duties as well as support COVID-19 projects such as Shielding. The Windows 10 rollout has now resumed at 50% of its original rate, with 100 laptops a week now being issued. This will ensure that all the prerequisites are met, and social distancing is maintained in line with Government and our Public Health guidance. This has doubled the deployment time. Officers have managed to secure the project delivery at a fixed price; hence the risk of any further delays in rolling out of the Windows 10 devices due to technical issues resides with BT. However, any risks or additional costs from staff not coming to collect the devices or another enforcement of lockdown that is beyond BT's control rests with

the Council. The COVID-19 pause of the project and increased deployment time to comply with social distancing has added projected costs of £350k plus 10% contingency.

3.4 Schemes re-phased from 2020/21 into 2021/22

As part of the 1st quarter monitoring exercise, a total of £2,848k has been re-phased from 2020/21 into 2021/22 to reflect revised estimates of when expenditure is likely to be incurred. This is itemised in the table below and comments on scheme progress are provided in Appendix B. This has no overall impact on the total approved estimate for the capital programme.

Capital expenditure-Rephasing in Q1 Monitoring	2020/21	2021/22	Total
	£'000	£'000	£'000
Customer Services IT System Replacement	Cr 325	325	0
IT Transformation	Cr 348	348	0
Social Care Case Management System	Cr 1,369	1,369	0
SharePoint PP update/replacement	Cr 306	306	0
Financial system replacement	Cr 500	500	0
Total Executive, Resources & Contracts Re-phasing	Cr 2,848	2,848	0

Post-Completion Reports

3.5 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. After major slippage of expenditure in prior years, Members confirmed the importance of these as part of the overall capital monitoring framework. 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 currently due for the Executive, Resources & Contracts Portfolio:

- 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
- Performance Management/ Children's Services Information Technology
- Carbon Management Programme (Invest to Save funding)
- Banbury House Demolition/Site Prep
- Review of Corporate Customer Services IT System
- Upgrade of MS Dynamics CRM System

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.

5. FINANCIAL IMPLICATIONS

- 5.1 These were reported in full to the Leader on 8th July 2020. Changes agreed by the Executive and the Leader for the Executive, Resources & Contracts Portfolio Capital Programme are set out in the table in paragraph 3.1.

Non-Applicable Sections:	Legal, Personnel and Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Capital Programme Monitoring Qtr.1 2020/21 (Leader 08/07/20) Capital Outturn report (Executive 27/05/20) Capital Programme Monitoring Qtr.3 2019/20 (Executive 12/02/20)

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EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO - APPROVED CAPITAL PROGRAMME 8th JULY 2020								
Capital Scheme/Project	Total Approved Estimate	Actual to 31.3.20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Responsible Officer	Remarks
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s		
PROPERTY DIVISION								
Emergency Works on Surplus Sites	312	206	106	0	0	0	Michael Watkins	(Block Capital) Essential to maximise capital receipts
Property Investment Fund	112,553	97,062	491	5,000	10,000	0	Michael Watkins	Various property acquisitions - met from Property Investment Fund, Growth Fund, and Capital Receipts
Civic Centre Development Strategy	14,100	92	1,048	6,960	6,000	0	Cathy Pimm	Approved Executive 18/05/16 and Council 04/07/16
Property Disposal/Feasibility Work (Growth Fund)	250	172	78	0	0	0	Michael Watkins	
TOTAL - PROPERTY DIVISION	127,215	97,532	1,723	11,960	16,000	0		
RESOURCES DIRECTORATE								
IT Transformation	5,766	3,715	1,355	696	0	0	Vinit Shukle	Approved by Exec 28/11/18
SharePoint Productivity Platform upgrade/replacement	1,500	194	500	806	0	0	Vinit Shukle	
Customer Services IT System Replacement	958	15	550	393	0	0	Duncan Bridgewater	
Financial Systems Replacement	1,750	0	435	1,315	0	0	James Mullender	Agreed by Council on 24/02/20.
Social Care Case Management System IT	3,000	262	99	2,639	0	0	Naheed Chaudhry	Exec approved 12 Sept 2018 - £2.7m from Social Care Grant and £0.3m from PCT learning scheme
TOTAL RESOURCES DIRECTORATE	12,974	4,186	2,939	5,849	0	0		
TOTAL EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO	140,189	101,718	4,662	17,809	16,000	0		

EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO - APPROVED CAPITAL PROGRAMME 8th JULY 2020				
Capital Scheme/Project	Revised Estimate Feb 2020	Actual to July 2020	Revised Estimate July 2020	Remarks
	£'000s	£'000s	£'000s	
PROPERTY DIVISION				
Emergency Works on Surplus Sites	0	0	106	(Block Capital) Essential to maximise capital receipts. To prepare surplus sites for disposal and to cover any emergency works.
Property Investment Fund	243	0	491	Additional £15m capital receipts to fund future acquisition (approved Exec 11/02/15). Purchase for Trinity House was completed Late March/ Early April'17. Two further property purchases were approved in December Executive Meetings. £15.4m budget rephasing to be requested for Nov 2019 Exec with £150k to 2019/20, £243k to 2020/21, £5m to 2021/22 and £10m to 2022/23.
Civic Centre Development Strategy	1,000	109	1,048	Feasibility study has now been completed and report being prepared for Executive to determine if project proceeds to next stage.
Property Disposal/Feasibility Work (Growth Fund)	0	0	78	Feasibilities being carried out on a number of schemes. These are being progressed until planning approval and on-site development by contractor is underway, and the costs will then be transferred to according scheme code.
TOTAL - PROPERTY DIVISION	1,243	109	1,723	
RESOURCES DIRECTORATE				
IT Transformation	1,544	Cr 162	1,355	Approved by Exec 28 Nov 2018. Network hardware including UPS ordered. Total spend for 2020/21 anticipated to be approx £1.3m with remaining £348k to be rephased to 2021/22.
SharePoint Productivity Platform upgrade/replacement	756	169	500	Officers now taking a tactical solution to move to Sharepoint 2010 from 2007 version, before finally moving to new platform of Office 365. Ongoing project which is gaining momentum. This scheme will now be delivered in-line with the IT Transformation scheme to ensure there is no duplication. Anticipate spend of £800k this year with £806k to be rephased to FY21/22.
Customer Services IT System Replacement	840	Cr 5	550	Scoping, solution analysis and business process mapping is now complete. Technical designs have been developed and are awaiting final approval. Commencement of system implementation and configuration to begin from summer 2020.
Financial Systems Replacement	935	0	435	Scheme approved by Executive on 12 th February 2020 to 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). The scheme has been delayed slightly due to the impact of COVID-19 and essential upgrades required for other financial systems; however officers are now beginning to explore options, and it is anticipated that a gateway review will be reported to Members later in the year.
Social Care Case Management System IT	0	109	99	
TOTAL RESOURCES DIRECTORATE	4,075	111	2,939	
TOTAL EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO	5,318	220	4,662	

EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO - APPROVED CAPITAL PROGRAMME 8th JULY 2020					
Capital Scheme/Project	Actual to 31.03.20	Approved Estimate Feb 20	Final Outturn	Variation	Comments/Actions taken
	£'000s	£'000s	£'000s	£'000s	
PROPERTY DIVISION					
Emergency Works on Surplus Sites	206	124	18	Cr 106	2019/20 Underspend re-phased into 2020/21
Property Investment Fund	97,062	150	Cr 98	Cr 248	2019/20 Underspend re-phased into 2020/21
Civic Centre Development Strategy	92	137	88	Cr 49	2019/20 Underspend re-phased into 2020/21
Property Disposal/Feasibility Work (Growth Fund)	172	79	1	Cr 78	2019/20 Underspend re-phased into 2020/21
TOTAL - PROPERTY DIVISION	97,532	490	10	Cr 480	
RESOURCES DIRECTORATE					
IT Transformation	3,715	3,370	3,596	226	
SharePoint Productivity Platform upgrade/replacement	194	50	0	Cr 50	2019/20 Underspend re-phased into 2020/21
Customer Services IT System Replacement	15	50	15	Cr 35	2019/20 Underspend re-phased into 2020/21
Financial Systems Replacement	0	0	0	0	
TOTAL RESOURCES DIRECTORATE	3,927	3,470	3,611	141	
TOTAL EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO	101,722	3,960	3,621	Cr 339	

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Report No.
FSD20064

London Borough of Bromley

PART 1 - PUBLIC

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

Date: For pre-decision scrutiny by Executive, Resources and Contracts PDS Committee on 10th September 2020
Council 12th October 2020

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - ANNUAL REPORT 2019/20

Contact Officer: Katherine Ball, Principal Accountant
Tel: 020 8313 4792 E-mail: katherine.ball@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All wards

1. Reason for report

- 1.1 This report summarises treasury management activity during the March quarter and includes the Treasury Management Annual Report for 2019/20, which is required to be reported to Full Council. The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 31st March 2020 totalled £336.1m and there was no external borrowing. For information and comparison, the balance of investments stood at £354.4m as at 31st December 2019 and £311.6m as at 31st March 2019, and, at the time of writing this report (21st August 2020) it stood at £386.6m.
-

2. **RECOMMENDATION(S)**

2.1 **The Portfolio Holder and Council are asked to:**

- (a) **Note the Treasury Management Annual Report for 2019/20;**
- (b) **Approve the actual prudential indicators within the report.**

Corporate Policy

1. Policy Status: Existing policy. To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rates 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: £3.291m budget (net interest earnings) in 2019/20; surplus of £1.842m achieved in 2019/20. Budget for 2020/21 £3.591m
 5. Source of funding: Net investment earnings
-

Staff

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

Legal

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

Customer Impact

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

Ward Councillor Views

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

3 COMMENTARY

3.1 General

3.1.1 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year comparing actual activity to the strategy. In practice, the Director of Finance has reported quarterly on treasury management activity for many years, as well as reporting the annual strategy before the year and the annual report after the year-end. This report includes details of investment performance in the final quarter of 2019/20 and the annual report for the whole of the financial year 2019/20.

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.

3.1.3 Recent changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

3.1.4 The Council has monies available for Treasury Management investment as a result of the following:

- Positive cash flow;
- Monies owed to creditors less than monies owed by debtors;
- Receipts (mainly from Government) received in advance of payments being made;
- Capital receipts not yet utilised to fund capital expenditure;
- Provisions made in the accounts for liabilities (e.g. provision for outstanding legal cases) which have not yet materialised;
- General and earmarked reserves retained by the Council.

3.1.5 Some of the monies identified above are short term and investment of these needs to be highly "liquid", particularly if it relates to a positive cash flow position, which can change in the future. Future monies available for Treasury Management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding (which will require the Council to make 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.

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

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

3.2 Treasury Performance in the quarter and year ended 31st March 2020

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 the whole of the 2019/20 financial year:

	Qtr ended 31/03/20		2019/20 financial year		Ref para
	Deposits £m	Ave Rate %	Deposits £m	Ave Rate %	
Balance of "core" investments b/f	240.00	1.25	225.00	1.25	
New investments made in period	.	0.00	180.00	1.18	
Investments redeemed in period	-20.00	1.25	-185.00	1.18	
"Core" investments at end of period	<u>220.00</u>	<u>1.25</u>	<u>220.00</u>	<u>1.25</u>	
Money Market Funds	34.80	0.69	34.80	0.69	3.4.1
CCLA Property Fund*	40.00	2.29	40.00	0.70	3.4.4.5
Multi-Asset Income Funds*	40.00	2.23	40.00	-7.57	3.4.4.10
Project Beckenham Loan	1.30	6.00	1.30	6.00	3.4.3
"Alternative" investments at end of period	<u>116.10</u>	<u>1.83</u>	<u>116.10</u>	<u>-2.09</u>	
Total investments at end of period	<u>336.10</u>	<u>1.45</u>	<u>336.10</u>	<u>0.10</u>	

* The rates shown here are the total return i.e. dividend income received, plus change in capital value.
Only dividend income will be recognised during the year; the change in capital value is held in the Pooled Investment Funds Adjustment Account and will be recognised on the sale of the investments.
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 March 2020 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. An average return of 1.0% 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 (previously Capita), and with officers' views.

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

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

3.2.6 Active UK banks on the Council's current list now comprise only Lloyds, RBS (ring-fenced – including National Westminster Bank), Santander UK, Goldman Sachs International Bank, Close Brothers, and Yorkshire, Principality, Nottingham & 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 Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the Monetary Policy Committee (MPC) would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020.
- 3.3.2 Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer-term investments where cash balances were sufficient to allow this.
- 3.3.3 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
- 3.3.4 The Link Asset Services forecast below includes two decreases in the Bank Rate of 0.50% and then 0.15% in March 2020.

Date	LATEST FORECAST (July 20)				PREVIOUS FORECAST (Dec 19)			
	Base Rate	3 month Libid	6 month Libid	1 year Libid	Base Rate	3 month Libid	6 month Libid	1 year Libid
Jun-20	0.10%	0.45%	0.60%	0.75%	0.75%	0.70%	0.80%	1.00%
Dec-20	0.10%	0.35%	0.50%	0.65%	0.75%	0.90%	1.00%	1.20%
Jun-21	0.10%	0.30%	0.40%	0.55%	1.00%	1.00%	1.10%	1.30%
Dec-21	0.10%	0.30%	0.40%	0.55%	1.00%	1.10%	1.10%	1.30%

3.4 Other Investments

3.4.1 Money Market Funds

- 3.4.1.1 The Council currently has 7 AAA-rated Money Market Fund accounts, with Federated 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 fund currently offers the best rate at around 0.12%.
- 3.4.1.2 The total balance held in Money Market Funds has varied during the year, moving from £14.3m as at 31st March 2019 to £29.5m as at 30th June 2019, £39.7m as at 30th September 2019, £33.1m at 31st December 2019 and £34.8m as at 31st March 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

0.10%); however they are the most liquid, with funds able to be redeemed up until midday for same day settlement.

Money Funds	Market	Date Account Opened	Ave. Rate 2019/20	Ave. Daily balance 2019/20	Actual balance 31/03/20	Latest Balance 12/08/20	Latest Rate 12/08/20
			%	£m	£m	£m	%
Federated Rate	Prime	15/06/2009	0.73	9.1	15.0	15.0	0.10
Aberdeen Standard Insight		25/01/2010	0.73	14.2	15.0	15.0	0.14
Legal & General		03/07/2009	0.71	5.7	-	0.0	0.05
Blackrock		23/08/2012	0.7	3.1	4.8	9.0	0.08
Fidelity		16/09/2009	0.61	0.0	-	-	0.00
Morgan Stanley		20/11/2002	0.65	0.3	-	-	0.05
TOTAL			-	-	-	-	-
				32.4	34.8	39.0	

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. More recently, a deposit of £5m was placed with Metropolitan Housing Trust (A+) in April 2018 for two years at a rate of 1.75%. On 25th February 2019, Council approved an increase in the limit for investments with Housing Associations from £25m to £50m. On 28th March 2019 a further investment of £10m was made with Southern Housing Group (A2) for two years at a rate of 1.70%. On 9th April 2019 a £5m investment was made with Thames Valley Housing Association (A-) for 2 years at a rate of 1.73% and on 22nd August with Optivo Housing (A2) for 2 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 At the same meeting, Council also approved the inclusion in the strategy of the secured loan to Project Beckenham relating to the provision of temporary accommodation for the homeless that had previously been agreed to be advanced from the Investment Fund. This loan was made in June 2017, at a rate of 6%, although that may increase to 7.5% if the loan to value ratio exceeds a specified value. £0.7m of this loan was re-paid during August 2019 and £0.3m was re-paid in September 2019 leaving a balance of £1.3m as at the end of March 2020.

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% (£1,196k in 2019/20, £1,509k in 2018/19 and £3,790k to date) relating to the CCLA Property Fund and Fidelity Multi-Asset Income Fund were set aside in an Income Equalisation earmarked reserve. This will protect the council against unexpected variations in the capital value of these investments and any timing issues arising from the expiry of the statutory override.

CCLA Property Fund

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

	Dividend	Capital	Total
	%	Growth	Return
Annualised net return		%	%
01/02/14- 31/03/14	4.29	-29.64	-25.35
01/04/14 - 31/03/15	5.03	3.44	8.47
01/04/15 - 31/03/16	5.02	1.63	6.65
01/04/16 - 31/03/17	4.55	-2.50	2.05
04/04/17 - 31/03/18	4.59	2.41	7.00
01/04/18 - 31/03/19	4.46	1.57	6.03
01/04/19 - 31/03/20	4.38	-3.68	0.7
Cumulative return	4.57	-0.18	4.39

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 a reduction in capital of -0.18%. The negative capital growth in 2019/20 is due to market volatility due to the Covid-19 pandemic.

Multi-Asset Income Fund

3.4.4.10 Following approval by Council in June and December 2017, the limit for pooled investment schemes was increased to £100m, and an investment of £30m was made on 12th July 2017 in the Fidelity Multi-Asset Income Fund following the agreement of the Resources Portfolio Holder. The fund return for the year to 31st March 2020 was a reduction in capital growth of 11.81% and dividends paid of 4.25%, resulting in a total return of -7.57%. Since inception, dividends paid have averaged 4.25% per annum and the capital value has reduced by 5.69% per annum resulting in a net annual return of -1.44%. It should be noted that the Fund

represents a longer term investment of around five years and that the 2019/20 returns have been affected by market volatility due to the Covid-19 pandemic.

	Dividend %	Capital Gain / Loss %	Total Return %
Annualised net return			
12/07/2017 - 31/03/2018	4.42	-6.27	-1.85
01/04/18 - 31/03/2019	4.26	1.45	5.71
01/04/19 - 31/03/2020	4.25	-11.81	-7.57
Cumulative Return	4.25	-5.69	-1.44

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 (2007), 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 £5,034k has been received (99% of the total claim of £5,087k), leaving a balance of £53k (1%).

3.5 **Actual prudential indicators for 2019/20**

3.5.1 The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2019/20 were approved by the Executive and the Council in February 2019. Appendix 4 sets out the actual performance in 2019/20 against those indicators.

3.6 **Economic Background during 2019/20 (provided by Link Asset Services)**

3.6.1 Further information on the economic background is included as Appendix 5.

3.7 **Regulatory Framework, Risk and Performance**

3.7.1 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.

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

4 POLICY IMPLICATIONS

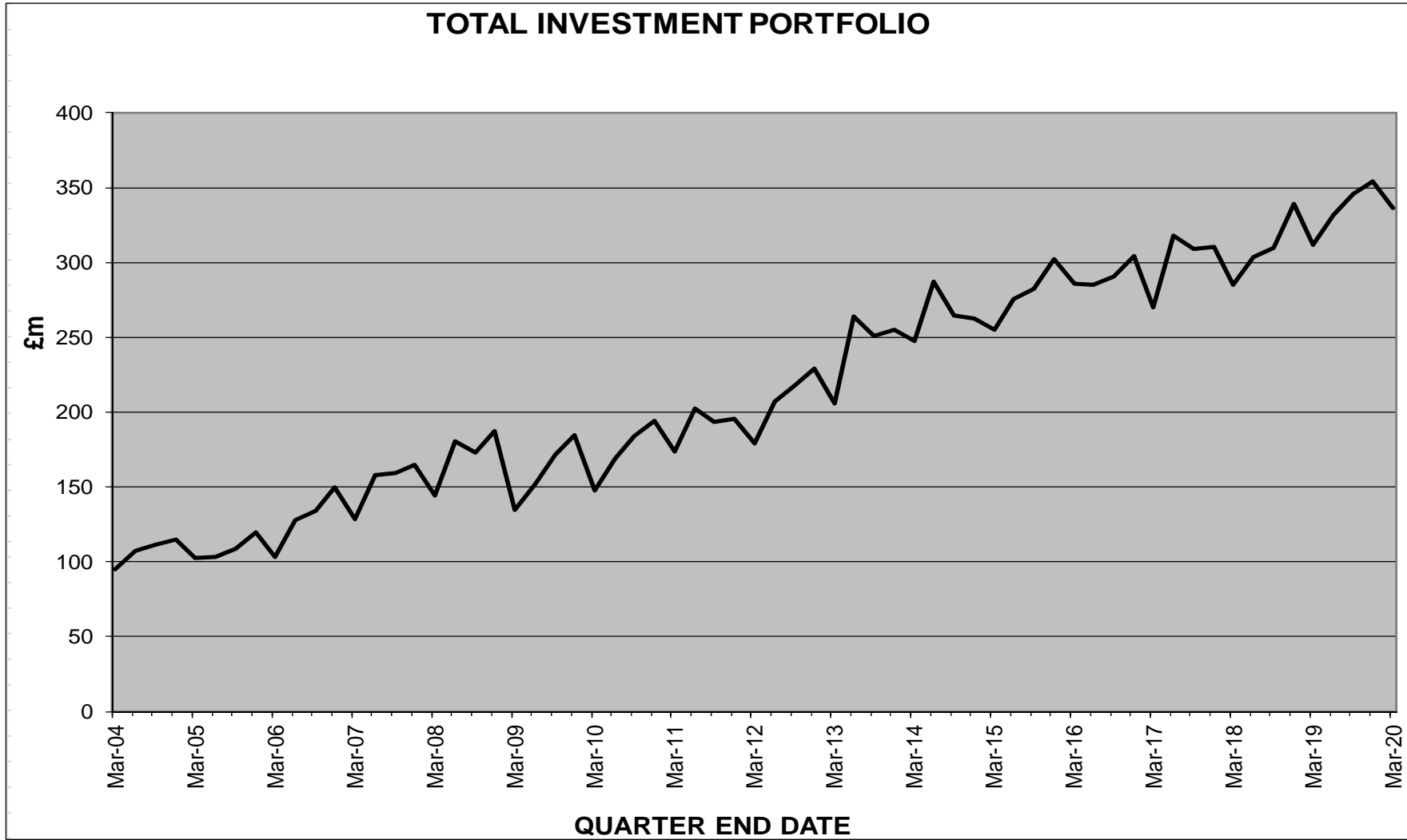
- 4.1 In line with government guidance, the Council’s policy is to seek to achieve the highest rate of return on investments whilst maintaining appropriate levels of risk, particularly security and liquidity.

5 FINANCIAL IMPLICATIONS

- 5.1 At the time of setting the 2019/20 budget, the Bank of England had recently increased the Base Rate to 0.75% from 0.50%, and as a result, an average rate of 1.0% was prudently assumed for interest on new fixed term deposits.
- 5.2 Despite a decrease in the base rate to 0.25% in March 2020, there has been relatively little impact on interest income from lending to banks. This is partly due to banks having the ability to borrow from the Bank of England at very low rates as well as the strengthening of ‘balance sheets’ reducing the need to borrow as well as the fact that expected increases in the base rate had already been ‘priced in’. However, the fall in the base rate will tend to reduce the interest rates available on any new investments that the Council wishes to consider during 2020/21 as and when other investments mature or other balances become available.
- 5.3 In addition, the utilisation of the Investment Fund and Growth Fund as well as the Highways Investment Scheme, have reduced the resources available for treasury management investment. However, the treasury management strategy was revised in December 2017 to enable alternative investments of £100m which will generate additional income, in the longer term, of around £2m compared with lending to banks.
- 5.4 The final outturn for net interest on investments in 2019/20 was £5,133k compared to the budget of £3,291k, mainly due to the continued high level of balances available for investment as well as the high level of interest earned on the pooled funds, housing association deposits and Project Beckenham loan.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Treasury Management - Annual Investment Strategy 2019/20, Council, 25 th February 2019 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

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INVESTMENTS HELD AS AT 31ST MARCH 2020

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m
FIXED DEPOSITS				
YORKSHIRE BUILDING SOCIETY	11/04/2019	09/04/2020	1.20	10.0
SANTANDER BANK	17/04/2019	16/04/2020	1.03	15.0
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.0
SANTANDER BANK	14/06/2019	12/06/2020	0.94	10.0
CLOSE BROTHERS	19/07/2019	17/07/2020	1.25	10.0
PRINCIPALITY BUILDING SOCIETY - CARDIFF	02/08/2019	31/07/2020	1.18	10.0
NOTTINGHAM BUILDING SOCIETY	01/08/2019	31/07/2020	1.18	10.0
SKIPTON BUILDING SOCIETY	16/08/2019	14/08/2020	1.00	10.0
LLOYDS BANK	19/08/2019	19/08/2020	1.10	5.0
GOLDMAN SACHS	17/09/2019	17/09/2020	0.95	5.0
GOLDMAN SACHS	20/09/2019	18/09/2020	1.00	5.0
GOLDMAN SACHS	01/11/2019	30/10/2020	1.05	10.0
NATWEST BANK (RING FENCED)	15/11/2019	13/11/2020	0.98	10.0
SANTANDER BANK	15/11/2019	15/11/2020	1.10	5.0
LLOYDS BANK	05/12/2019	04/12/2020	1.10	20.0
WOKINGHAM BC	19/12/2018	18/12/2020	1.45	10.0
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0
SOUTHERN HOUSING GROUP	28/03/2019	30/09/2021	1.70	10.0
NATWEST BANK (RING FENCED)	09/04/2019	09/04/2021	1.35	10.0
THAMES VALLEY HOUSING ASSOCIATION	09/04/2019	09/04/2021	1.73	5.0
OPTIVO	22/08/2019	23/08/2021	1.45	10.0
WARRINGTON BC	29/10/2019	29/10/2021	1.55	15.0
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0
TOTAL FIXED INVESTMENTS				220.0
OTHER FUNDS				
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				15.0
LGIM STERLING LIQUIDITY FUND				4.8
FEDERATED (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				336.1

INVESTMENTS HELD AS AT 31ST MARCH 2020

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
<u>UK BANKS</u>							
LLOYDS BANK	19/08/2019	19/08/2020	1.10	5.00			
LLOYDS BANK	05/12/2019	04/12/2020	1.10	20.00	25.0	30.0	5.0
NATWEST BANK (RING FENCED)	15/11/2019	13/11/2020	0.98	10.00			
NATWEST BANK (RING FENCED)	09/04/2019	09/04/2021	1.35	10.00	20.0	80.0	60.0
GOLDMAN SACHS INTERNATIONAL BANK	17/09/2019	17/09/2020	0.95	5.00			
GOLDMAN SACHS INTERNATIONAL BANK	20/09/2019	18/09/2020	1.00	5.00			
GOLDMAN SACHS INTERNATIONAL BANK	01/11/2019	30/10/2020	1.05	10.00	20.0	20.0	0.0
SANTANDER BANK	17/04/2019	16/04/2020	1.03	15.00			
SANTANDER BANK	14/06/2019	12/06/2020	0.94	10.00			
SANTANDER BANK	15/11/2019	15/11/2020	1.10	5.00	30.0	30.0	0.0
CLOSE BROTHERS LTD	19/07/2019	17/07/2020	1.25	10.00	10.0	30.0	20.0
<u>BUILDING SOCIETIES</u>							
YORKSHIRE BUILDING SOCIETY	11/04/2019	09/04/2020	1.20	10.00	10.0	10.0	0.0
PRINCIPALITY BUILDING SOCIETY - CARDIFF	02/08/2019	31/07/2020	1.18	10.00	10.0	10.0	0.0
NOTTINGHAM BUILDING SOCIETY	01/08/2019	31/07/2020	1.18	10.00	10.0	10.0	0.0
SKIPTON BUILDING SOCIETY	16/08/2019	14/08/2020	1.00	10.00	10.0	10.0	0.0
<u>LOCAL AUTHORITIES</u>							
WOKINGHAM BC	19/12/2018	18/12/2020	1.45	10.00	10.0	15.0	5.0
CHERWELL COUNCIL	21/01/2019	21/01/2021	1.45	5.00	5.0	15.0	10.0
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.00	10.0	15.0	5.0
WARRINGTON BC	29/10/2019	29/10/2021	1.55	15.00	15.0	15.0	0.0
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.00	5.0	15.0	10.0
<u>HOUSING ASSOCIATIONS</u>							
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.00	5.0	10.0	5.0
SOUTHERN HOUSING GROUP LTD	28/03/2019	30/09/2021	1.70	10.00	10.0	10.0	0.0
THAMES VALLEY HOUSING ASSOCIATION	09/04/2019	09/04/2021	1.73	5.00	5.0	10.0	5.0
OPTIVO	22/08/2019	23/08/2021	1.45	10.00	10.0	10.0	0.0
<u>OTHER INVESTMENTS</u>							
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				15.00	15.0	15.0	0.0
LGIM STERLING LIQUIDITY FUND				4.80	4.8	15.0	10.2
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.00	15.0	15.0	0.0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40.00			
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			40.00	80.0	100.0	20.0
PROJECT BECKENHAM LOAN	09/06/2017			1.30	1.3	2.3	1.0
TOTAL INVESTMENTS				336.1	336.1		

Prudential and Treasury Indicators – Actual 2019/20

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. The table below shows the actual performance in relation to the indicators in 2018/19 and compares the actual in 2019/20 with the original estimates approved in February 2019 and with the revised estimates (“probable”) reported in the Q3 review in February 2020. Further details on capital expenditure outturn were reported to the Leader in May 2020.

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 adopted by full Council on 15th February 2010.

PRUDENTIAL INDICATORS	2018/19	2019/20	2019/20	2019/20
	actual	estimate	probable	actual
Total Capital Expenditure	£30.9m	£51.5m	£25.9m	£23.4m
Ratio of financing costs to net revenue stream	0%	0%	0%	0%
Net borrowing requirement (net investments for Bromley) brought forward 1 April carried forward 31 March	£284.8m £311.6m	£294.8m £246.9m	£310.4m £272.6m	£311.6m £336.1m
in year borrowing requirement /movement in net investments	£26.8m	£-47.9m	£-37.8m	£24.5m
Capital Financing Requirement as at 31 March	£1.2m	£1.1m	£0.7m	£9.6m
Incremental impact of capital investment decisions Increase in council tax (band D) per annum	£ p -	£ p -	£ p -	£ p -

TREASURY MANAGEMENT INDICATORS	2018/19	2019/20	2019/20	2019/20
	actual	estimate	probable	actual
Authorised Limit for external debt - borrowing	£30.0m	£30.0m	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt - borrowing	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m	£30.0m
Actual external debt	£1.2m	£1.1m	£0.7m	£9.6m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 364 days beyond year-end dates	£170.0m	£170.0m	£170.0m	£170.0m

Further Information on the Economic Background during 2019/20 (provided by Link Asset Services)

UK. Brexit. The main issue in 2019 was the repeated battles in the House of Commons to agree on one way forward for the UK over the issue of Brexit. This resulted in the resignation of Theresa May as the leader of the Conservative minority Government and the election of Boris Johnson as the new leader, on a platform of taking the UK out of the EU on 31 October 2019. The House of Commons duly frustrated that renewed effort and so a general election in December settled the matter once and for all by a decisive victory for the Conservative Party: that then enabled the UK to leave the EU on 31 January 2020. However, this still leaves much uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on this deadline; however, the second and third rounds of negotiations have already had to be cancelled due to the virus.

Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% y/y. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the **coronavirus outbreak**. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.

After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in **quantitative easing (QE)**, essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank were also very concerned to stop people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. At the time of writing, this is a rapidly evolving situation so there may be further measures to come from the Bank and the Government in April and beyond. The measures to support jobs and businesses already taken by the Government will result in a huge increase in the annual budget deficit in 2020/21 from 2%, to nearly 11%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover

once the lock down is ended. Provided the coronavirus outbreak is brought under control relatively swiftly, and the lock down is eased, then it is hoped that there would be a sharp recovery, but one that would take a prolonged time to fully recover previous lost momentum.

Inflation has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

Employment had been growing healthily through the last year but it is obviously heading for a big hit in March – April 2020. The good news over the last year is that wage inflation has been significantly higher than CPI inflation which means that consumer real spending power had been increasing and so will have provided support to GDP growth. However, while people cannot leave their homes to do non-food shopping, retail sales will also take a big hit.

USA. Growth in quarter 1 of 2019 was strong at 3.1% but growth fell back to 2.0% in quarter 2 and 2.1% in quarters 3 and 4. The slowdown in economic growth resulted in the Fed cutting rates from 2.25-2.50% by 0.25% in each of July, September and October. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a \$2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to \$6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of \$1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost \$367bn and 100% of the cost of lost wages for four months will also be covered. In addition there will be \$500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including \$50bn for airlines.

However, all this will not stop the US falling into a sharp recession in quarter 2 of 2020; some estimates are that growth could fall by as much as 40%. The first two weeks in March of initial jobless claims have already hit a total of 10 million and look headed for a total of 15 million by the end of March.

EUROZONE. The annual rate of GDP growth has been steadily falling, from 1.8% in 2018 to only 0.9% y/y in quarter 4 in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth, 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%), prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting it announced a third round of TLTROs; this provided banks with cheap two year maturity borrowing every three months from September 2019 until March 2021. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting in September 2019, 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 to start in November at €20bn per month, a relatively small amount, plus more TLTRO measures. Once coronavirus started having a major impact in Europe, the ECB took action in March 2020 to expand its QE operations and other measures to help promote expansion of credit and economic growth. What is currently missing is a coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure; action is therefore likely to be patchy.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lock down of the country and a major contraction of economic activity in February-March 2020. While it appears that China has put a lid on the virus by the end of March, these are still early days to be confident and it is clear that the economy is going to take some time to recover its previous rate of growth. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems.

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. It appears to have missed much of the domestic impact from coronavirus in 2019-20 but the virus is at an early stage there.

WORLD GROWTH. The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019, as any downturn in China would spill over into impacting countries supplying raw materials to China. Concerns were particularly focused on the synchronised general weakening of growth in the major economies of the world. These concerns resulted in government bond yields in the developed world falling significantly during 2019. In 2020, coronavirus is the big issue which is going to sweep around the world and have a major impact in causing a world recession in growth in 2020.

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Agenda Item 9

London Borough of Bromley

PART ONE - PUBLIC

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

Date: 10 September 2020

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

Title: SCRUTINY OF THE CHIEF EXECUTIVE

Contact Officer: Ade Adetosoye OBE, Chief Executive
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Chief Officer: Ade Adetosoye OBE, Chief Executive

Ward: All Wards

1. Reason for report

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

2. **RECOMMENDATION(S)**

Members are requested to note the report.

3. COMMENTARY

Introduction

3.1 Since my previous scrutiny session in February 2020, I can provide the following updates:

- Covid 19 Update;
- Transformation Programme Update

3.2 COVID-19 Response

Since my last committee report to Members in May 2020 on our response to COVID-19, I can provide the following summary of key updates on our response to the COVID-19 pandemic:

3.3 Recovery planning

As an organisation and as directed by the Leader who is the strategic sponsor of the Council's COVID-19 response, we have started to outline our planning arrangements for the Council's recovery for the next 12 months.

The guiding principles for our recovery approach are the three 'Rs':

- **Restore:** Restoring essential services back to pre-COVID-19 capacity
- **Retain:** Retaining new ways of working or any service improvements/innovation as a result of our management of the COVID-19 crisis
- **Reinvent:** Looking at our processes and developing new ways of working that should be or will be created

3.4 Each member of the senior leadership team has developed their own service area recovery plan, which captures the short, medium and long term operational actions required to restore service capacity, retain new ways of working and service improvement, and reinvent services and processes to be more effective in a post-COVID-19 world.

3.5 The Council's overarching strategic recovery plan is set out across five themes

- **People:** including staff and contractors and how we return safely to the workplace; reviewing our culture, working practices and communications;
- **Place:** increasing the safety and accessibility of our town centres, parks and green spaces;
- **Accommodation:** improving our utilisation of public buildings and improving digital access;
- **Finance:** Revision and streamlining of financial processes and strategies;
- **Future Resilience:** Collaboration with partners, including the voluntary sector to ensure we are well equipped to deal with future challenges, including a review of our workforce strategy.

3.6 Our overarching strategic recovery plan is reviewed monthly by the Chief Executive with support from the Chief Executive's Office and progress is reported to the C-19 strategic group. The recovery plan is underpinned by an action plan, which captures key actions across all service areas and our collective efforts to facilitate the wider social and economic recovery of the borough in partnership with local agencies and also with our residents and the wider voluntary and community sector. The weekly COVID-19 strategic group, chaired by the Chief Executive, continues to meet weekly to oversee the delivery of the recovery plan.

3.7 Our recovery approach is informed by regular communications and engagement with staff, trade unions and Departmental Representatives. We are also working closely through the Borough Partnership Forum.

3.8 Learning key lessons and planning assumptions for a second wave

We are also currently preparing our planning arrangements, both as an organisation and with multi-agency partners, to respond appropriately and to scale in the event of a second COVID-19 wave in autumn/winter 2020. This will include the preparation of an Emergency Response Plan to include commitment from community partners.

3.9 As part of our planning, we have captured the learning from the first wave response to the COVID-19 pandemic and incorporated this into our recovery planning arrangements. Each service area has completed a lessons learnt assessment, identifying what went well during our response to the first wave, what needs improving and how each service will respond to a second wave. Using this learning, we have developed an overarching risk assessment document which we review on a monthly basis and determine how to mitigate these risks as needed.

3.10 Staff wellbeing survey – May 2020

As an organisation, we know that the COVID-19 pandemic has had a significant impact on our staff, many of whom have been asked to adapt their ways of working entirely, take on new roles often outside of their normal field of expertise, and to go above and beyond to support our residents and service users in Bromley.

3.11 We therefore ran a staff wellbeing survey in May, where we asked colleagues to feed back on their experiences of working for the Council over the last five months. In total, 975 members of staff, including agency staff, responded to the survey, representing a total turnout of 55.7% of the workforce, which is a strong turnout compared to similar surveys in other London local authorities.

3.12 Key findings include:

- Over 93% of our staff are working from home most of the time, with only 3% stating that they do not work from home either because they are in the office or perform roles in the community
- Staff have a range of caring responsibilities, including for children, partner/spouse, neighbours, extended family, as volunteers, as well as caring for themselves.
- Over 75% of respondents noted that they had a suitable place to work from home and over 77% have the technology they need to work effectively from home, which is a significant accomplishment at this stage in the rollout of the IT transformation programme.
- Over 86% of respondents are proud of their work to support the COVID-19 response and 94% of respondents would speak positively about the work the Council is doing to friends and family.
- 48% of staff agreed that their home/work life balance has improved overall. Staff did also highlighted concerns about screen time going up, and mental health and wellbeing concerns, which will be addressed through our HR wellbeing and development offer.
- There was a low take-up of Council support services, such as our Occupational Health Service and our Employee Assistance Programme, despite broad awareness of this service provision.
- In terms of training opportunities, staff expressed an interest in wellbeing and resilience. However, there was mixed interest from Managers to take-up training.

3.13 The longer-term changes that staff would like to see after the COVID-19 crisis has ended include:

- Ongoing engagement with staff through regular communications and surveys.
- Maintaining home working opportunities and promote flexible, remote and agile working for all.
- More interdisciplinary working across teams.
- More volunteering opportunities.

- More virtual meetings.

3.14 In response to the findings of the staff survey, a Staff Survey Working Group has been established with representation from all service areas to develop an action plan and take forward key recommendations. Departments have been encouraged to conduct local surveys as needed to gain further local intelligence and a further Council wide staff survey will be taken forward at the end of the year.

3.15 Thanking our staff and volunteers

The Council recognises that we have only been able to respond effectively to the many challenges of the COVID-19 crisis through the collective contribution of our staff and the enthusiastic turnout in support from volunteers across the borough.

3.16 We are therefore taking the opportunity to thank all staff, both those who we have redeployed or that have provided one-off support to deliver key COVID-19 programmes and workstreams, as well as those in their business as usual roles who have also made a vital contribution in keeping services running and maintaining performance standards.

3.17 We are recognising the contributions of staff through:

- Joint certificate and thank you letter from the Chief Executive and the Mayor to members of staff deployed as part of the C-19 response workstreams;
- Voucher reward scheme to recognise the contribution of deployed staff;
- Identification of 5-10 exceptional members of staff to be put forward for the Queen's Garden Party
- Nomination of 2 exceptional members of staff to be put forward for the Queen's C-19 national honours

3.18 We are recognising the contribution of all volunteers who registered and those who were assigned to provide additional support through:

- Joint certificate and thank you letter from the Chief Executive, Executive Portfolio Holder for Care and Health and Madam Mayor to the 1082 deployed volunteers;
- Joint certificate and thank you letter from the Executive Portfolio Holder for Care and Health and Madam Mayor to the COVID-19 Mutual Aid groups and other voluntary organisations that assisted Bromley residents;
- Letter of thanks from the Director of Social Care and Madam Mayor to the 3,500 or so volunteers not deployed;
- Thank you note from the Leader and Chief Executive to members of staff as and when through the CEO regular email to staff.
- Seven Bromley-based charities/organisations to receive formal letters/certificates from the Lord Lieutenant;
- One Bromley based organisation identified by Madam Mayor to be put forward for the Queen's Award for Voluntary Service (QAVS).

Transformation Programme 2019 - 2023

3.19 In the second year of the four year transformation programme, the Transformation Board, chaired by the Chief Executive, has continued to meet regularly to scrutinise the development of transformation proposals across the six workstreams in order to help reduce the Council's emerging budget gap over the next four years:

- 1.Housing Planning and Regeneration
- 2.Children's Services and Education
- 3.Adult Social Care
- 4.Environment and Public Protection

- 5. Professional Services
- 6. Workplace Modernisation

3.20 Where a policy decision is required, the six Transformation Boards are in the process of submitting their transformation savings proposals for 2021/22 to the relevant PDS Committees and to the Executive. The decisions on these proposals will then inform the overall budget setting process for 2021/22.

3.21 Key priorities for the next 6 months

1. Effective delivery of the Council's response to the COVID-19 pandemic.
2. Delivering the key organisational efficiencies and transformations as part of the Transforming Bromley agenda
3. Close financial monitoring of the Council's budget and the cost of the COVID-19 crisis to the Council, as well as the extent to which the Government funds the net cost to the Council
4. Continuing to progress the delivery of affordable housing units as outlined in the Housing Strategy 2019 – 2029
5. Delivery of the key corporate priorities of the Council
6. Overseeing the roll out and deployment of new IT equipment to support staff working from home
7. Baselineing and review of the office accommodation needs of staff
8. Effective health and social care partnership working through the One Bromley Executive Group.

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