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DATE: 9 November 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 **WEDNESDAY 18 NOVEMBER 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 **5pm on Thursday 12<sup>th</sup> November 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 MEETINGS HELD ON 8 OCTOBER 2020 AND 22 OCTOBER 2020 (EXCLUDING EXEMPT ITEMS) (Pages 5 - 16)**

**5 MATTERS OUTSTANDING AND WORK PROGRAMME (Pages 17 - 24)**

**6 FORWARD PLAN OF KEY DECISIONS (Pages 25 - 30)**

**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 INSURANCE FUND ANNUAL REPORT 2019/20\_(Pages 31 - 42)**

**b TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE 2020/21 & MID-YEAR REVIEW\_(Pages 43 - 68)**

**HOLDING THE EXECUTIVE TO ACCOUNT**

**8 PRE-DECISION SCRUTINY OF REPORTS DUE FOR DECISION BY THE LEADER**

Members of the Committee are requested to bring their copy of the reports due for consideration by the Leader on or after 25<sup>th</sup> November 2020.

**POLICY DEVELOPMENT AND OTHER ITEMS**

**9 BT/ICT CONTRACT MONITORING (Pages 69 - 90)**

**10 SCRUTINY OF THE RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO HOLDER**

**11 SCRUTINY OF THE EXECUTIVE ASSISTANT TO THE LEADER**

**12 COST OF AGENCY WORKERS (Pages 91 - 96)**

**13 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**

**PART 2 AGENDA**

**14 EXEMPT MINUTES OF THE MEETING HELD ON 8 OCTOBER 2020 (Pages 97 - 98)**

**15 PRE-DECISION SCRUTINY OF EXEMPT EXECUTIVE REPORTS (IF ANY)**

**16 PART 2 COST OF AGENCY WORKERS (Pages 99 - 102)**

Information relating to any individual.

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## **EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 6.30 pm on 8 October 2020

### **Present:**

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

### **Also Present:**

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

### **37 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies were received from Councillor Evans and Councillor Rutherford.  
Councillor Onslow attended as substitute for Councillor Rutherford.

Apologies for lateness were received from Councillors Benington, Cartwright  
and Dykes.

### **38 DECLARATIONS OF INTEREST**

There were no additional declarations of interest.

### **39 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

Two written questions were received from a Member of the Public and these  
are attached at Appendix 1.

### **40 MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETING HELD ON 10 SEPTEMBER 2020 (EXCLUDING EXEMPT ITEMS)**

The minutes (excluding exempt information) of the Executive, resources and  
Contracts PDS meeting held on 10 September 2020, were agreed and signed  
as a correct record.

**41 MATTERS OUTSTANDING AND WORK PROGRAMME  
Report CSD20098**

The report set out matters outstanding from previous meetings and the proposed work plan for 2020/21.

**RESOLVED: That the report be noted.**

**42 FORWARD PLAN OF KEY DECISIONS**

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

In response to a question the Leader confirmed that the report concerning Building a Better Bromley would be available to be considered by the Committee at its next meeting.

Members noted that due to the way in which the Government were dealing with budgeting for 2021/22, it might be necessary to hold a special meeting later in the year to consider the funding settlement.

**43 PRE-DECISION SCRUTINY OF REPORTS DUE FOR DECISION  
BY THE LEADER**

The Committee considered the following Part 1 reports for decision by the Leader on or after 14 October 2020.

**(3) ALLOCATION OF COVID-19 GRANT FUNDING  
Report FSD20076**

The report sought agreement to release the 'ring fenced' funding for the Next Steps Accommodation Programme, the second tranche Infection Control and Emergency Assistance. The report also sought delegation for approval of any further tranche or new grant funding relating to Covid-19.

The Chairman highlighted the need to ensure that regular reviews concerning the use of the funding were undertaken to ensure that the taxpayer received value for money.

The Committee noted that earlier in the day a supplementary paper had been circulated setting out the final allocation for the General Covid Fund which had increased to £2,357,000 (an increase of £541,000). The Director of Finance highlighted that funding was being carefully managed because the funding received by the Council was less than the amount currently being spent in terms of the impact of Covid.

The Director of Finance provided an update to the Committee explaining that the allocation for the Self-Isolation payment had been received, although the situation remained fluid. The total funding allocation was in the region of

*8 October 2020*

£230,000 and included a discretionary element. There was a requirement to distribute the funding from the week beginning 12<sup>th</sup> October. The Director of Finance reported that there were a number of grants that required quick action on the part of Local Authorities which was why delegated authority was being sought. Members noted that the Council had also received additional funding of £145,000 for Street Marshalls. The Director of Finance confirmed that the next Budget Monitoring Report would provide a list of the grants that had been received.

In relation to the Infection Control Grant, in response to a question the Director of Finance confirmed that the majority of the grant was passported to Care Homes across the Borough. The Committee noted that the funding received was to enable the Local Authority to respond to the current situation and, as such, there was still uncertainty around what would happen in terms of responding to any second wave.

In response to a question the Director of Finance confirmed that one of the challenges with grant conditions was that some providers may use funding more effectively than others and there is a monitoring requirement on the Council. In terms of whether staff would need to be diverted in order to administer the grant funding for Infection Control, the Director of Finance confirmed that staff had responded very well although there was clear pressure on staff who were working hard to ensure that support was being delivered to vulnerable residents across the Borough.

Tying to lessons learnt from implementation and issues around some providers finding compliance conditions “unhelpful”, the Director of Finance explained that there was a requirement to monitor and it was therefore likely that the lessons would come out through monitoring. The Committee agreed to an additional recommendation requiring the provision of regular updates on the effectiveness of the funding.

In respect of carer respite, a Member highlighted that there needed to be greater emphasis within the discretionary 20% on the level of pressure on carers which was currently exacerbated by the Covid pandemic resulting in a more acute need for respite. This would enable a greater focus to be placed on carer respite through the upcoming winter season which was likely to be very difficult.

**RESOLVED: That the Leader be recommended to:**

**1. Approve the utilisation of**

- (a) Next Steps Accommodation Programme Funding of £391k;**
- (b) The second tranche infection control funding of £2,357k;**
- (c) Emergency Assistance Grant of £279k.**

**2. Agree that the utilisation of any further funding made available to deal with the Covid-19 situation is approved by the respective**

**Chief Officer, in consultation with the respective Portfolio Holder, Leader and Chairman of ER&C PDS Committee.**

- 3. Note that the outcome of such decisions will be included in future budget monitoring reports to the Executive.**
- 4. Agree that regular updates on the effectiveness of the grant funding be provided.**

#### **44 SCRUTINY OF THE LEADER**

The Leader of the Council, Councillor Colin Smith, attended the meeting to respond to questions from the Committee. Councillor Smith gave a brief introduction highlighting the following issues:

- Covid had dominated the in-tray of every London Leader since March. Infection rates were being closely monitored, and in some parts of London there was evidence of the emergence of a sharp (for London) increase in rates of infection. Two schools of thought were developing: one that London should consider an early lockdown all in one go; others felt that it was still too early to make that call and even if London were to lockdown depending on the numbers in certain places an London-wide lockdown may not be appropriate. Before any firm conclusions were drawn there would need to be further analysis of data as it posed a fine balancing act between health and wellbeing and economic considerations,
- Since the start of the pandemic there had been a number of meetings with local MPs to discuss local needs and local policies. There had also been discussions around where the Local Authority agreed or disagreed with Government specific policies and nuisances. Regular meetings had also taken place with London Councils to discuss how to approach the emerging situation. In addition to this Ministers' Seminars had taken place and these afforded the opportunity for Council Leaders to comment on evolving policies around a range of issues.
- The Council's relentless focus on finance had been maintained. As a result of this focus over many years Bromley now found itself relatively well placed to move forward and focus on the post-Covid recovery. Across the Local Government Sector Leaders had expressed hope that there would be a favourable Local Government Financial Settlement to support the sector.
- Turning to the Council's major asset, its staff, there had been no redundancies to date, no staff had been furloughed, and in return the performance and loyalty from staff had been incredible.
- The Council had 60 staff volunteers in place to drive the track and trace programme forward in addition to their substantive role. Bromley had amongst one of the biggest local track and trace teams in London.
- The Council was clear about where it was in terms of its Transformation Programme and a number of projects had recently



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been considered by PDS Committees with further reports expected over the next few meetings. A number of the decisions would be influenced by the Chancellor's Budget, the Autumn Statement and the Local Government Settlement and it was hoped that there would be further clarity over the next few months.

Councillor Smith then responded to questions, making the following comments:

- Were there a need to live with Covid long-term the Council would need to react to situations as they arose. There was a hope and expectation that there would be a return to some semblance of "normality", although there was a recognition that it may take longer than initially anticipated by many. There was some evidence that the return to schools and colleges was going some way to developing more "herd immunity" and there would be a growing general immunity to infection but there were questions around how long this immunity may last. In terms of how the Council would deal with a longer-term situation, at the current time there were too many unknowns in terms of financial implications to enable firm plans to be developed. Regular meetings took place between senior Members of the Council's Executive and the Director of Finance in order to ensure that the Council was well placed to react to issues as they arose.
- Any decisions around local lockdowns would rest solely with local Council Leaders and the Government. To date there had been no contact from the Office of the Mayor for London. Whilst the Mayor of London had met with a handful of London Leaders, he was by no means meeting with all London Leaders and the meetings that had taken place would not reflect the views and experiences of all 32 London Boroughs.
- In relation to funding for enforcing compliance with health regulations, the Council had received £145,000 for Street Marshalls. Several of the Road Safety and Traffic Team had been deployed to do some work around marshalling and had broadly received a good reception in the High Street, although some visitors to the High Street had been less receptive to the messages. This work would become increasingly critical over the next few weeks.

The Committee thanked the Leader for his update and through the Leader and Chief Officers attending the meeting thanked all staff for their continued efforts on behalf of the residents of the Borough.

#### **45 EXPENDITURE ON CONSULTANTS 2019/20 AND 2020/21 Report CSD20092**

The Committee considered a report detailing total expenditure on consultants in 2019/20 and expenditure on consultants to June 2020 for both Revenue and Capital Budgets.

Members noted that the report would be forwarded to individual PDS committees for detailed consideration.

**RESOLVED: That**

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

**46 SECTION 106 AGREEMENTS: UPDATE**

The Committee considered an update on Section 106 Agreements. The Vice-Chairman, who had presided over the Committee's Section 106 Working Group, highlighted that one of the conclusions arising from that group had been that it would be beneficial for all PDS Committees to receive bi-annual updates on Section 106 monies that pertained to their particular policy areas. The Infrastructure Delivery Team Leader confirmed that arrangements were being put in place to facilitate such updates.

In relation to education spending, the Vice-Chairman noted that the terms of some of the agreements were tightly worded, such that the funding could effectively only be handed to specific schools. Consequently, the working group had concluded that it would be sensible to write to those schools to advise them of the availability of the funding to enable it to be transferred as soon as possible.

The Committee also requested that the Director of Housing, Planning and Regeneration provide an update to the Committee on when the various Section 106 funding relating to housing would be spent.

The Chairman expressed his thanks to the Vice Chairman for the work undertaken by the Section 106 Working Group, noting that a great deal had been achieved in a short space of time.

**RESOLVED: That**

- 1. The report be noted;**
- 2. Section 106 be reported to the relevant PDS Areas on a bi-annual basis.**
- 3. The Infrastructure Delivery Team Leader write to schools in receipt of specific Section 106 monies to advise them of the availability of the funding.**

**47 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**

**48 EXEMPT MINUTES OF THE MEETING HELD ON 10  
SEPTEMBER 2020**

The Part 2 (exempt) minutes of the meeting held on 10 September 2020, were agreed and signed as a correct record.

The Meeting ended at 7.22 pm

Chairman

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## **EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 6.30 pm on 22 October 2020

### **Present:**

Councillor Simon Fawthrop (Chairman)  
Councillor Christopher Marlow (Vice-Chairman)  
Councillors Gareth Allatt, Nicholas Bennett MA J.P.,  
David Cartwright QFSM, Mary Cooke, Ian Dunn,  
Robert Evans, Will Harmer, Russell Mellor and  
Angela Wilkins

### **Also Present:**

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

#### **49 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillor Nicky Dykes. Councillor Nicholas Bennett attended as substitute.

#### **50 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **51 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC**

Three written questions were received and are attached at Appendix 1.

#### **52 AUTHORISATION TO PROCEED TO CONTRACT: ENERGY SERVICES**

The Leader of the Council on 21 July 2020, approved proceeding to procurement for energy supplies from the United Learning Trust Framework via a mini competition. The report sought authorisation to award contracts for London Borough of Bromley's electricity and gas supplies following the mini competition.

In opening the debate, the Chairman sought an explanation as to the cause of the delay in bringing a decision forward. The Leader of the Council explained that he had wanted to seek some clarification concerning some of the

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information contained in the report – such as the price of Brent Crude – and as a result of this there had been some delays in finalising the report. Whilst acknowledging the explanation provided by the Leader, the Chairman expressed concern that the report had not been flagged for attention on the Contracts Register.

The Committee noted that the report was seeking delegated authority and requested that Officers report back to the Committee once the final contractor had been determined.

In response to a question concerning the fuel mix of the electricity that was being purchased, in particular green energy, the Assistant Director for Strategic Property confirmed that all electricity and gas supplies were coming from 100% renewable sources (solar and wind power in relation to electricity). It was noted that the actual mix of energy could be obtained from the broker and shared with Members following the meeting.

Members noted that 30 days' notice was required in order to end the default tariff. The Assistant Director for Strategic Property reported that at this stage the financial impact of going onto default tariffs was unclear as due to the nature of the energy market the final cost would be dependent on agreement of the next contract.

The Chairman noted that the chosen procurement framework was for a five-year period but within that framework the contract was for a two-year period. After two years a further contract could be negotiated. The recommendation from the broker was that the Council should agree a fixed two-year contract as a result of the fluctuation in prices within the energy market since July 2020. It was noted that the price would be fixed for two years irrespective of any further fluctuations in the market and this would provide cost certainty during that two-year period.

In response to a question concerning to what energy usage the contract applied, the Assistant Director for Strategic Property confirmed that the Council buildings were included as was street lighting (which represented the single biggest usage of electricity). The contract also applied to some leisure centres and some libraries but not all and this was dependant on the lease arrangements that were in place and whether the Council had an undertaking to provide the service.

The Committee requested that at a future meeting a separate paper setting out details of contracts with other organisations where the Council was supplying services (such as energy, water, maintenance) over which it had no control as well as that changes that had been made to contracts which have enabled the Council to pass on charges for services such as gas and electricity to contractors be presented.

In relation to the targets for reducing carbon emissions, the Committee noted that as the energy was 100% green the Council targets for carbon

management would be met on day one of the contract and this was a major step towards the Council's zero carbon commitment for 2029.

**RESOLVED: That the Leader be recommended to:**

- 1. Award contracts for the supply of electricity and gas via the United Learning Trust Procurement Services framework via a mini-competition for a contract duration of 5 years.**
- 2. Award contracts for gas and electricity supplies for a fixed period of two years.**
- 3. Note that indicative costs are £2.6m per annum for gas and electricity supplies; the proposed costs for the contract term are within the Council's annual energy budget allocation.**
- 4. Agree that green energy be procured; the costs of green energy procurement are within the Council's annual energy budget allocation.**
- 5. Note that the actual prices can only be confirmed at the point of agreement and are variable on a daily basis due to the nature of the market and therefore authority be delegated to the Director of Housing, Planning and Regeneration to finalise the price point and select and contract suppliers based on the quote on the day at point of the agreement.**
- 6. Agree that the situation be reviewed in two years' time when the fixed term deal expires.**

**53 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**

*22 October 2020*

**54 PRE-DECISION SCRUTINY: AUTHORISATION TO PROCEED  
TO CONTRACT: ENERGY SERVICES**

The Committee noted the Part 2 (exempt from publication) information.

The Meeting ended at 7.06 pm

Chairman



Report No.  
CSD20118

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** Executive, Resources & Contracts PDS Committee

**Date:** 18 November 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);

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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

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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.
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## Procurement

1. Summary of Procurement Implications: N/A
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## Customer Impact

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

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

<b>Non-Applicable Sections:</b>	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. The matters outstanding from previous meeting are set out in Appendix 1.

#### **Work Programme**

- 3.2 Each PDS Committee determines its own work programme, balancing the roles of (i) pre-decision scrutiny and holding the Executive to account, (ii) policy development and review and (iii) external scrutiny. ERC PDS Committee has the additional role of providing a lead on scrutiny issues and co-ordinating PDS work.
- 3.3 PDS Committees need to prioritise their key issues. The work programme also needs to allow room for items that arise through the year, including Member requests, call-ins and referrals from other Committees. Committees need to ensure that their workloads are realistic and balanced, allowing sufficient time for important issues to be properly scrutinised. Members also need to consider the most appropriate means to pursue each issue – the current overview and scrutiny arrangements offer a variety of approaches, whether through a report to a meeting, a time-limited working group review, a presentation, a select committee style meeting focused on a single key issue, or another method.
- 3.4 **Appendix 2** sets out the ERC PDS Committee Work Programme for 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.

**Appendix 1**

<b>Minute Number/Title/Date</b>	<b>Action/PDS Request</b>	<b>Update</b>	<b>Action by</b>	<b>Expected Completion Date</b>
46 Update on Section 106 Agreements	That an update on the timetable for spending the various Section 106 funding relating to housing be provided.	An update was circulated to the Committee on 06.11.2020	Director of Housing, Planning and Regeneration	November 2020

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

<b>Meeting Date: 6 January 2021</b>		
	<b>Division</b>	<b>Committee Role</b>
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
<b>Meeting Date: 3 February 2021</b>		
	<b>Division</b>	<b>Committee Role</b>
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

<b>Meeting Date: 24 March 2021</b>	<b>Division</b>	<b>Committee Role</b>
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**

<b>SUBJECT</b>	<b>DATE OF NEXT MEETING</b>	<b>MEMBERSHIP</b>
<b>EXECUTIVE, RESOURCES &amp; CONTRACTS PDS</b>		
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.
<b>ADULT CARE AND HEALTH PDS</b>		
Health Scrutiny Sub-Committee	14/01/2021	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)		Cllr Ellis, Cllr McIlveen.
<b>CHILDREN, EDUCATION AND FAMILIES PDS COMMITTEE</b>		
Youth Engagement Task and Finish Group	TBC	Cllr Dykes, Cllr Ellis, Cllr Ahmed, Cllr Harris.
Any 2020/21 Working Groups of the Children, Education & Families PDS Committee to be appointed by the parent bodies.		
<b>ENVIRONMENT &amp; COMMUNITY SERVICES PDS</b>		
Any 2020/21 Working Groups of the Environment & Community Services Committee to be appointed by the parent body.		
<b>PUBLIC PROTECTION AND ENFORCEMENT PDS</b>		
Any 2020/21 Working Groups of the PPE PDS Committee to be appointed by the parent body.		
<b>RENEWAL, RECREATION &amp; HOUSING PDS</b>		
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: 28<sup>TH</sup> OCTOBER 2020

PERIOD COVERED: October 2020 - January 2021

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 15<sup>TH</sup> December 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?
<b>COUNCIL</b>						
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 <a href="mailto:Jayne.Carpenter@bromley.gov.uk">Jayne.Carpenter@bromley.gov.uk</a>	<u>Meeting in public</u>	Report and Relevant Background documents
BUILDING A BETTER BROMLEY	Council	7 December 2020  Executive, Resources & Contracts PDS Committee	Meetings/email	Contact Officer:  Naheed Chaudhry Tel: 020 8461 7554 <a href="mailto:Naheed.Chaudhry@bromley.gov.uk">Naheed.Chaudhry@bromley.gov.uk</a>	<u>Meeting in public</u>	Report and relevant background documents
<b>EXECUTIVE</b>						

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?
BUDGET MONITORING DECISIONS	Leader of the Council	Between 19 November 2020 and 30 November 2020  Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer:  David Bradshaw Tel: 020 8313 4807 <a href="mailto:David.Bradshaw@bromley.gov.uk">David.Bradshaw@bromley.gov.uk</a>	<u>PDS Meeting in public</u>	Report and relevant background documents
LEGAL SERVICES FUNDING REVIEW	Leader of the Council	Between 19 November 2020 and 30 November 2020  Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer:  Shupriya Iqbal Tel: 020 8461 7161 <a href="mailto:shupriya.iqbal@bromley.gov.uk">shupriya.iqbal@bromley.gov.uk</a>	<u>PDS Meeting in public</u>	Report and relevant background documents
PROCUREMENT OF A REPLACEMENT FINANCE SYSTEM	Leader of the Council	Between 19 November 2020 and 30 November 2020  Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer:  James Mullender Tel: 020 8313 <a href="mailto:James.Mullender@bromley.gov.uk">James.Mullender@bromley.gov.uk</a>	<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?
MORE HOMES BROMLEY-DISCHARGING DUTY	Leader of the Council	Between 19 November 2020 and 27 November 2020  Renewal, Recreation & Housing PDS Committee	Meeting	Contact Officer:  James Mullender Tel: 020 8313 <a href="mailto:James.Mullender@bromley.gov.uk">James.Mullender@bromley.gov.uk</a>	<u>PDS meeting in public</u>	Report and relevant background documents
PROVISION OF DIRECT PAYMENTS ADVICE, GUIDANCE AND PAYROLL SERVICE	Leader of the Council	Between 19 November 2020 and 30 November 2020  Adult Care & Health PDS Committee	Meeting/emails	Contact Officer:  Garnett Clough Tel. 020 8461 7304 <a href="mailto:garnett.clough@bromley.gov.uk">garnett.clough@bromley.gov.uk</a>	<u>Report is expected to be considered during the public part of the PDS meeting, with confidential material to be considered during exempt proceedings.</u>	Report and relevant background documents
COVID-19: PROCUREMENT IMPLICATIONS	Leader of the Council	Between 19 November 2020 and 30 November 2020  Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer:  Laurence Downes Tel: 0208 313 4805 <a href="mailto:Laurence.Downes@bromley.gov.uk">Laurence.Downes@bromley.gov.uk</a>	<u>Report is expected to be considered in the public part of the PDS meeting, with confidential material to be considered during exempt proceedings</u>	Report and relevant background documents

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HOUSING FINANCES	Leader of the Council	Between 19 November 2020 and 18 December 2020  Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer:  Isabelle Haddow Tel. 020 8461 7476  <a href="mailto:isabelle.haddow@bromley.gov.uk">isabelle.haddow@bromley.gov.uk</a>	<u>Report is expected to be considered in the public part of the PDS meeting, with confidential material considered during exempt proceedings</u>	Report and relevant background documents
CHILDREN'S COMMUNITY WELLBEING (CAMHS) CONTRACT AWARD	Leader of the Council	Between 19 November 2020 and 30 November 2020  Children, Education & Families PDS Committee	Meetings	Contact Officer:  Daniel Devitt Tel. 020 8461 7250  <a href="mailto:daniel.devitt@bromley.gov.uk">daniel.devitt@bromley.gov.uk</a>	<u>Report is expected to be considered during the public part of the PDS meeting, with confidential material to be considered during exempt proceedings</u>	Report and relevant background documents
HOUSING ACQUISITION SCHEME	Leader of the Council	Between 07 January 2021 and 29 January 2021  Renewal, Recreation & Housing PDS Committee	Meetings/email	Contact Officer:  Sara Bowrey Tel: 020 8313 4013  <a href="mailto:sara.bowrey@bromley.gov.uk">sara.bowrey@bromley.gov.uk</a>	<u>Report is expected to be considered during the public part of the PDS 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?
TRANSFORMATION PROGRAMME - PROJECT REPORTS	Leader of the Council	Between 07 January 2021 and 29 January 2021  Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer:  Naheed Chaudhry Tel: 020 8461 7554 <a href="mailto:Naheed.Chaudhry@bromley.gov.uk">Naheed.Chaudhry@bromley.gov.uk</a>	<u>PDS Meeting in public</u>	Reports and relevant background documents
SUPPORTED LIVING - CONTRACT AWARD	Leader of the Council	Between 07 January 2021 and 29 January 2021  Adult Care & Health PDS Committee	Meeting	Contact Officer:  Colin Lusted Tel: 0208 461 7650 <a href="mailto:Colin.Lusted@bromley.gov.uk">Colin.Lusted@bromley.gov.uk</a>	<u>Report is expected to be considered in the public part of the PDS meeting, with confidential material considered during exempt proceedings</u>	Report and relevant background documents
LEARNING DISABILITY COMMUNITY PROVISION	Leader of the Council	Between 10 February 2021 and 26 February 2021  Adult Care & Health PDS Committee	Meeting	Contact Officer:  Colin Lusted Tel: 0208 461 7650 <a href="mailto:Colin.Lusted@bromley.gov.uk">Colin.Lusted@bromley.gov.uk</a>	<u>Report is expected to be considered in the public part of the PDS meeting, with confidential material considered during exempt proceedings</u>	Report and relevant background documents
<b>ADULT CARE &amp; HEALTH PORTFOLIO</b>						
<b>CHILDREN, EDUCATION &amp; FAMILIES PORTFOLIO</b>						
<b>ENVIRONMENT &amp; COMMUNITY SERVICES PORTFOLIO</b>						

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**PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO**

**RENEWAL, RECREATION & HOUSING PORTFOLIO**

PROVISION OF HOUSING IN YORK RISE, ORPINGTON	Portfolio Holder for Renewal, Recreation and Housing	Between 9 November 2020 and 30 November 2020  Renewal, Recreation & Housing PDS Committee	Meeting	Contact Officer:  Isabelle Haddow Tel. 020 8461 7476 <a href="mailto:isabelle.haddow@bromley.gov.uk">isabelle.haddow@bromley.gov.uk</a>	<u>PDS Meeting in public</u>	Report and relevant background documents
BROMLEY BID PROPOSAL: RENEWAL FOR 2021-26	Portfolio Holder for Renewal, Recreation and Housing	Between 9 November 2020 and 30 November 2020  Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer:  Lorraine McQuillan Tel. 020 8461 7498 <a href="mailto:Lorraine.McQuillan@bromley.gov.uk">Lorraine.McQuillan@bromley.gov.uk</a>	<u>Report is expected to be considered in the public part of the PDS meeting, with confidential material considered during exempt proceedings</u>	Report and relevant background documents

**RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO**

London Borough of Bromley: 020 8464 3333 [www.bromley.gov.uk](http://www.bromley.gov.uk)

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

Report No.  
FSD20077

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** RESOURCES, COMMISSIONING & CONTRACTS  
MANAGEMENT PORTFOLIO HOLDER

**Date:** For pre-decision scrutiny by the Executive, Resources & Contracts PDS  
Committee on Wednesday 18<sup>th</sup> November 2020

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

**Title:** INSURANCE FUND - ANNUAL REPORT 2019/2020

**Contact Officer:** Viknesh Gill, Insurance & Risk Manager  
Tel: 0208 313 4244 E-mail: [viknesh.gill@bromley.gov.uk](mailto:viknesh.gill@bromley.gov.uk)

**Chief Officer:** Director of Finance

**Ward:** (All Wards);

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## 1. Reason for report

- 1.1 This report advises Members of the position of the Insurance Fund as at 31<sup>st</sup> March 2020 and presents statistics relating to insurance claims for the last two years. In 2019/20, the total Fund value increased from £3.984m to £4.396m. A mid-year review of the Fund has also been carried out and at this stage, it is estimated that the final Fund value as at 31<sup>st</sup> March 2021 will increase to approximately £4.6m. The position will continue to be monitored throughout the year.
- 

## 2. RECOMMENDATION(S)

- 2.1 The Resources, Commissioning and Contracts Management Portfolio Holder is requested to note the contents of the report.

## Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
- 

## Corporate Policy

1. Policy Status: Existing policy. To maintain appropriate levels of insurance cover to ensure adequate cover for Council properties, assets and services.
  2. BBB Priority: Excellent Council.
- 

## Financial

1. Cost of proposal: N/A
  2. Ongoing costs: N/A
  3. Budget head/performance centre: Insurance Fund
  4. Total current budget for this head: £4.396m (Fund balance as at 31/03/2020)
  5. Source of funding: Insurance Fund – contributions from revenue, interest earned on balance
- 

## Personnel

1. Number of staff (current and additional): 1 current Insurance & Risk Manager
  2. If from existing staff resources, number of staff hours: Insurance claims are handled under a shared services arrangement with the London Borough of Sutton
- 

## Legal

1. Legal Requirement: No statutory requirement or Government guidance :
  2. Call-in: Applicable:
- 

## Procurement

1. Summary of Procurement Implications: N/A
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approx. 450 claims are received each year across all insurance covers
- 

## Ward Councillor Views

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



### **3. COMMENTARY**

#### **3.1 Background**

- 3.1.1 Like most organisations, ensuring adequate insurance cover is in place is one of the ways that the Council manages risk. It is the responsibility of the Council to determine the best balance between the level of premiums paid to external insurers and internal self-insurance arrangements paid from the Insurance Fund earmarked reserve.
- 3.1.2 The Council has a number of separate insurance policies, and these policies are subject to excess and stop-loss arrangements so that claims are only chargeable to the insurers if the cost of an individual claim is greater than the excess and/or if the aggregate of all claims exceeds the relevant stop-loss. The aggregate stop-loss is designed so that the Insurance Fund is protected in the event of a significant claim or a large number of successful claims.
- 3.1.3 The Fund balance remained fairly stable at around £3m until 2016/17 when it began to increase slightly and the trend in recent years has been a gradual increase in the Fund, as illustrated in the table in paragraph 6.1. The balance (to cover new claims notified after 31<sup>st</sup> March 2020) stood at £4.396m at 31<sup>st</sup> March 2020.
- 3.1.4 Very little guidance is given on a prudent level of reserves for insurance claims, but the Financial Conduct Authority generally supports the principle that it should be based on a realistic assessment of the value of known unsettled claims. Accordingly, in addition to the Fund balance, the Council carries a provision on its Balance Sheet for the estimated proportion of claims received that will be settled. As at 31<sup>st</sup> March 2020, the provision stood at £1.802m.
- 3.1.5 In the Insurance Annual Report for 2018/19, Members were informed that, at that stage, it was estimated that the Fund balance would remain at around £4.0m for 2019/20. The value of claims for the rest of the year was lower than the projections, and the remaining balance at year end was £4.396m. The increase in fund value was mainly due to claims settled during the year being lower than the total of interest accrued to the fund, the annual contribution from the revenue budget and the movement in the estimated value of unsettled claims. As at 31<sup>st</sup> March 2020, there were 351 open claims.
- 3.1.6 The position of the Fund has been reviewed as at 1<sup>st</sup> October 2020 and, based on the estimated value of claims received to that date, it is anticipated that the Fund balance will increase marginally to around £4.6m at the end of 2020/21. As at 1<sup>st</sup> October 2020, there were 232 open claims. The position will continue to be monitored throughout the year.

#### **3.2 Insurance Claim Handling Arrangements**

- 3.2.1 The Council has historically handled self-insured claims in-house (with the exception of own fault or disputed motor claims involving a third-party), as well as managing more serious/complex claims in liaison with the insurer. This service was performed by the Royal Borough of Greenwich (RBG) under a shared service arrangement from January 2014 to 31<sup>st</sup> March 2020.
- 3.2.2 Following the expiry of the shared service agreement with RBG, the Council commenced an insurance claims handling agreement on 1<sup>st</sup> April 2020 for a period of 5 years with the London Borough of Sutton (LBS). The agreement with LBS has the same service specification as the one with RBG. This proposal was agreed in the Executive, Resources & Contracts PDS Committee on Wednesday 9<sup>th</sup> October 2019.

- 3.2.3 LBS are a local authority experienced in handling similar insurance claims to those received by the Council due to their prior experience of operating integrated insurance services for the London Borough of Kingston and a number of local authorities in Surrey. As a result of this, LBS have a large insurance team and their existing integrated services agreements ensure that they have sufficient resilience and experience to provide a good claims handling service for the Council
- 3.2.4 The client function at Bromley is undertaken by the Insurance and Risk Manager who sits within the Audit and Assurance team of the Finance department. The Insurance and Risk Manager is responsible for the management of the overall service including the authorisation of all claim payments, meeting with insurers and broker, annual reviews of insurance cover and performance monitoring in line with the terms of the service specification that has been drawn up and agreed with LBS. Quarterly meetings are held between the Insurance & Risk Manager, LBS, insurance broker and casualty/property insurance providers.
- 3.2.5 The Council's insurance is categorised across the following 'business classes':-
- Employer's Liability – All employers are required to insure their staff during the course of their employment, both for their actions and against injury.
  - Public Liability – This covers a wide range of risks for injury and damage that the public may be exposed to as a result of Council actions or omissions.
  - Motor – This includes the Council's vehicles, minibuses and staff leased cars.
  - Property – This is for the property issues for Council assets such as fire, storm and floods.
  - Terrorism – This covers physical loss or damage to property, loss of rental income and increased cost of working (business interruption) on a first loss basis, for any act of terrorism or sabotage. This was a new policy from 1<sup>st</sup> August 2016.
  - Other – These are minor policies such as travel, school journey insurance and fidelity guarantee.

### 3.3 Insurance Policy Providers

- 3.3.1 The Council completed an OJEU tender exercise in early 2019 for new insurance policies which commenced on 1<sup>st</sup> May 2019. The long term agreement is for a period of 5 years with an option to extend for a further period of three years. The outcome of this tender exercise was outlined in the 'Contract Award: Insurance policies' report (FSD190) that was presented to Executive in March 2019. The Council's current Insurance Policies and providers are listed in the table below:

<b>Insurance Policy</b>	<b>Insurance Provider as of 1<sup>st</sup> May 2019</b>
Casualty (Public & Employers Liability, Professional & Officials Indemnity)	Maven Public Sector
Motor	Zurich Municipal
Property	Travelers Insurance Co
Terrorism	Atrium Underwriting Ltd
School Journey	Risk Management Partners
Personal Accident & Travel	Risk Management Partners
Fidelity Guarantee	Risk Management Partners

3.3.2 The Insurance & Risk Manager has quarterly meetings with the Council's insurance broker and both casualty and property insurers who have not raised any concerns regarding the Council's claims in the first full policy year of 2019/20. In particular, the Council's property insurers (Travelers Insurance Co) have recently confirmed a 10% premium rebate due to low claims in 2019/20.

3.3.3 As part of the new property policy, Travelers Insurance Co are keen to obtain a better understanding of the Council's property portfolio and the management of these properties. The insurers undertook an inspection of the Civic Centre site in October 2019 and highlighted some risk improvements which are being addressed. In addition to this, the insurers are undertaking inspections of some other Council sites during 2020/21.

### 3.4 Reviews of the Insurance Service

3.4.1 The Insurance Section was subject to an internal audit review during 2019/20 which was undertaken by Mazars LLP in order to maintain independence under the joint framework agreement with the London Borough of Croydon. The overall audit opinion was that of reasonable assurance. One medium priority finding (priority 2) was identified and has been actioned following the commencement of the Council's claims handling agreement with LBS.

3.4.2 The total payments and stop losses of casualty claims going back to 2010 are outlined in the table below:

Insurer	Policy Year	Start Date	Stop loss	Total Payments	Outstanding Estimate	Total Claims	Under Stop Loss
			£'000	£'000	£'000	£'000	£'000
Travelers	2010/11	01/05/2010	1,275	913	3	916	362
Travelers	2011/12	01/05/2011	1,275	680	0	680	595
Travelers	2012/13	01/05/2012	1,326	589	0	589	737
Travelers	2013/14	01/05/2013	1,353	505	5	511	848
Travelers	2014	01/05/14 - 17/06/14	1,531	101	0	101	1,430
Zurich Municipal	2014/15	17/06/14 - 1/5/15	1,965	497	43	540	1,468
Zurich Municipal	2015/16	01/05/2015	1,965	187	41	228	1,778
Zurich Municipal	2016/17	01/05/2016	1,965	240	127	367	1,725
Zurich Municipal	2017/18	01/05/2017	2,500	199	186	386	2,301
Zurich Municipal	2018/19	01/05/2018	2,500	145	440	585	2,355
Maven Public Sector	2019/20	01/05/2019	1,750	31	429	461	1,719

The above table shows the total value of claims currently paid (total payments) and the insurance claim reserves (outstanding estimate) on claims that are currently open. The total of both amounts is shown in the total claims column and illustrates that the Council have not breached the stop loss in any of the last 10 policy years.

3.4.3 The policy excess and stop loss figures for the Council's major insurance policies for 2019/20 are outlined in the table below:

	2019/2020		
Policy	Excess (£'000)		Aggregate Stop Loss (£'000)
<b>Property</b>			
General	125	}	750
Education	250		
Storm/Flood	125		
<b>Casualty</b>	125		1,750
<b>Motor</b>	50		250

From the table in 3.4.2, the highest total claims payment of casualty claims in the last 10 years is £916k in 2010/11 which is well below the current stop loss of £1.75m. The historical total claim amounts of the last 10 years would indicate that the current stop loss of £1.75m is set at an appropriate level in order to balance the level of insurance premium with a stop loss that is unlikely to be breached

3.4.4 Internal recharges are made to the revenue budget for both the insurance premiums and the contribution to the Insurance Fund to cover the cost of claims met by the Council. The recharge basis takes account of claims records and premium charges for individual service areas. The cost of claims is met directly from the Fund until the stop-loss is reached.

### 3.5 Insurance Claims

3.5.1 Claims statistics for the main categories of insurance cover for 2018/19, 2019/20 and 2020/21 to date are detailed in the following table. These show claims submitted in these financial years as at 1<sup>st</sup> October 2020 in respect of incidents/accidents taking place, but not necessarily reaching settlement. The table also shows the total number of outstanding claims for all years and the estimated value.

	2018/19		2019/20		2020/21 to date		Total Outstanding	
	No	Paid	No	Paid	No	Paid	No	Outstanding
<b>Policies subject to excess / stop loss</b>								
Property Damage All Risk	9	£39,258.80	9	£18,632.00	8	£847.00	15	£109,408.00
Public Liability	341	£165,054.79	292	£38,056.36	75	£3,645.98	178	£1,328,423.52
Employers Liability	1	£0.00	0	£0.00	0	£0.00	1	£7,188.14
Officials Indemnity	0	£0.00	0	£0.00	0	£0.00	1	£0.00
<b>Total</b>	<b>351</b>	<b>£204,313.59</b>	<b>301</b>	<b>£56,688.36</b>	<b>83</b>	<b>£4,492.98</b>	<b>195</b>	<b>£1,445,019.66</b>
<b>Vehicle Policies</b>								
Leased Car Fleet	46	£63,465.87	47	£66,515.04	15	£14,126.28	36	£40,714.49
Motor Fleet	0	£0.00	0	£0.00	0	£0.00	1	£5,000.00
<b>Total</b>	<b>46</b>	<b>£63,465.87</b>	<b>47</b>	<b>£66,515.04</b>	<b>15</b>	<b>£14,126.28</b>	<b>37</b>	<b>£45,714.49</b>

- 3.5.2 The number of claims relating to 2018/19 have increased when compared with the figures included in last year's annual report, reflecting the fact that claims are often received some time after the occurrence of an incident. However, the total amount outstanding compared to the last year's report has significantly decreased by £577k. The reason for this is due to a large recovery of £264k costs on a public liability claim from 2011/12 and also claims being repudiated or settled at a lower value than initially estimated.
- 3.5.3 The figures above reflect claims received up to 1<sup>st</sup> October 2020 and will likely increase as further claims are made. The deadlines for submitting claims are as follows: injuries can be notified up to 3 years after the incident occurred (or up to the age of 21 for minors at the time), property claims up to 6 years, and without limit for historic mesothelioma, abuse, noise related or repetitive injury claims. Courts can also waive limitation periods e.g. when the claimant has mental health issues.
- 3.5.4 It should be noted that although the total value of outstanding claims is just under £1.5m, this is unlikely to be the actual cost to the Council of these claims. The Council will settle the claim if it believes that it is liable or it does not have a defence in law. If not, the claim will be repudiated. Following the repudiation there will be a period of some uncertainty before the claim is closed as the claim may be challenged through the legal process.
- 3.5.5 The table below provides a summary of the claims by financial year in respect of incidents/accidents taking place and shows those that are still in progress, redirected to a third party, repudiated or settled.

Financial Year	No of Claims	In Progress	Redirected	Repudiated / Closed	Settled
2010	510	0.4%	5.5%	38.0%	56.1%
2011	446	0.0%	5.6%	32.7%	61.7%
2012	438	0.0%	6.6%	34.5%	58.9%
2013	467	0.2%	3.0%	52.9%	43.9%
2014	421	0.7%	4.3%	59.4%	35.6%
2015	346	1.2%	2.3%	67.6%	28.9%
2016	345	2.9%	3.8%	64.9%	28.4%
2017	377	5.8%	2.4%	62.6%	29.2%
2018	397	12.1%	3.5%	54.2%	30.2%
2019	349	22.7%	8.6%	50.1%	18.6%
2020 (to date)	100	88.0%	9.0%	1.0%	2.0%

- 3.5.6 From a review of the claims received, the Council has received 349 claims for incidents that occurred in 2019/20 with 22.7% of these claims still in progress. The majority of these claims received are public liability claims made against the Council which are broken down into highways, trees and other claims shown in Table 1 of Appendix 2.

- 3.5.7 Table 3 of Appendix 2 is a new addition to the Insurance Fund annual report and breaks down the public liability claims received each month for the financial year of 2019/20. The majority of these claims received during the course of the financial year are highways claims received from January to March 2020 and could possibly be attributed to the weather conditions over the winter months. However, it should be noted that these figures are still likely to change as new claims are submitted relating to previous years (as detailed in paragraphs 3.5.3 and 3.5.4).
- 3.5.8 Tables 1 and 2 of Appendix 1 show the number and total cost of claims by the financial year the incident occurred. As indicated in paragraph 3.5.4 and highlighted by the repudiation rate in the table in paragraph 3.5.5, a significant proportion of the claims currently shown as outstanding will ultimately not be paid.
- 3.5.9 Of the claims received in 2019/20, around 80% of the total number relate to Public Liability claims. The public liability claim numbers and payments based on the financial year the incident occurred are shown on Tables 1 and 2 of Appendix 2.

#### 4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

N/A

#### 5. POLICY IMPLICATIONS

- 5.1 To maintain appropriate levels of insurance cover to ensure adequate cover for Council properties, assets and services.

#### 6. FINANCIAL IMPLICATIONS

- 6.1 The table below shows movements into and out of the Insurance Fund in recent years and gives an indication of the volatility and unpredictability of the value of claims settled and outstanding each year. An estimate of the position for 2020/21 is also included in the table.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (est)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fund balance b/f	3,022	2,981	2,888	3,099	3,373	3,717	3,984	4396
Revenue contribution to Fund	1,300	800	800	800	800	800	800	800
Interest	35	65	73	81	75	78	89	75
Claims (actual and estimated)	-1,376	-958	-662	-607	-531	-611	-477	-700
Fund balance c/f	<b>2,981</b>	<b>2,888</b>	<b>3,099</b>	<b>3,373</b>	<b>3,717</b>	<b>3,984</b>	<b>4,396</b>	<b>4,571</b>

**7. PERSONNEL IMPLICATIONS**

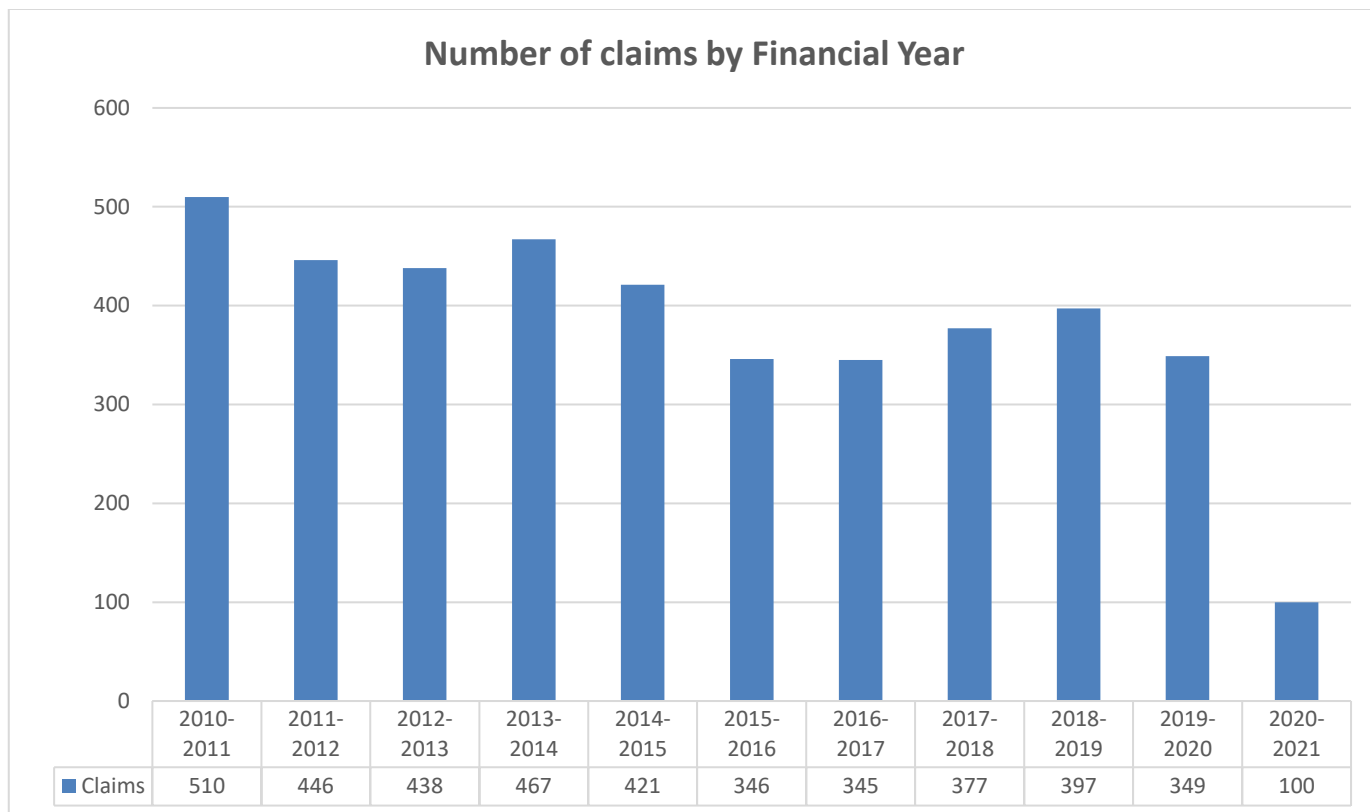
7.1 An insurance claims handling service is provided by staff from the London Borough of Sutton under a shared services arrangement.

**8. PROCUREMENT IMPLICATIONS**

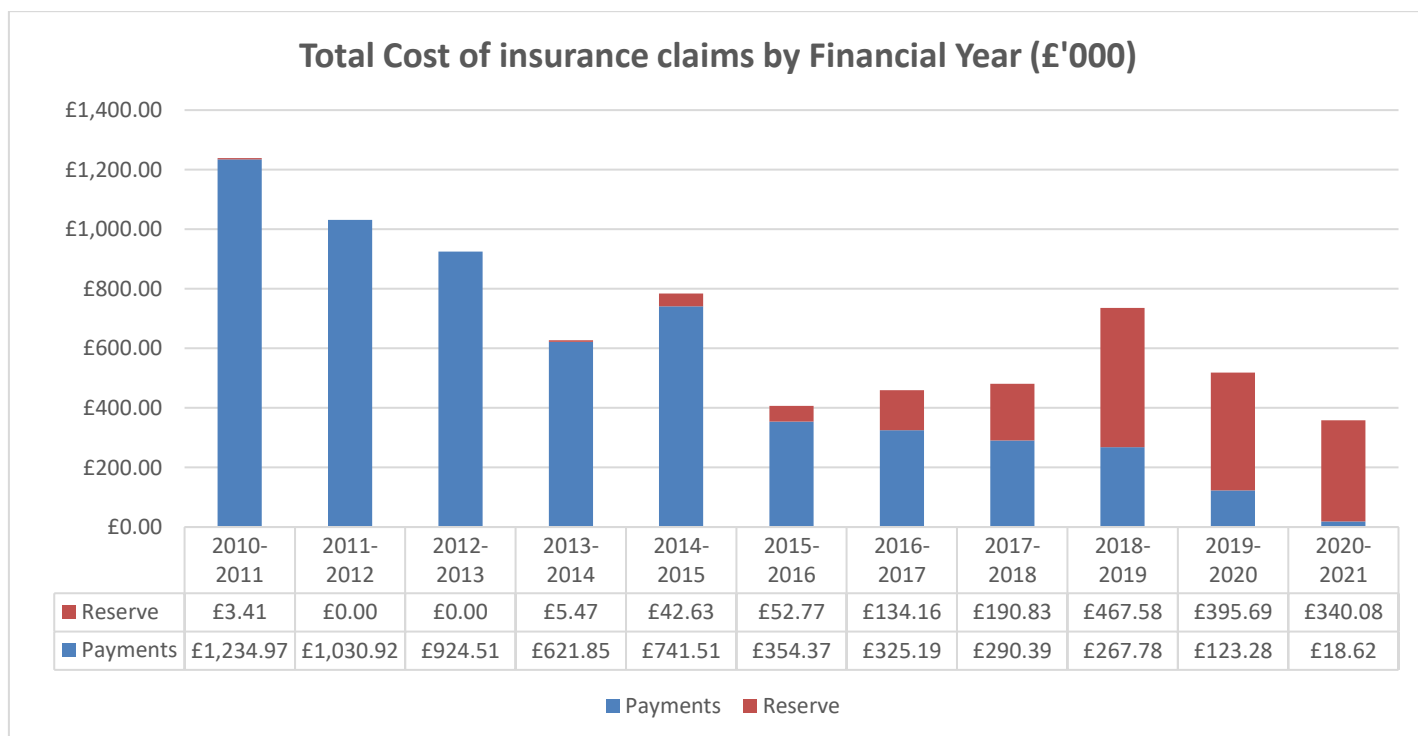
N/A

<b>Non-Applicable Sections:</b>	4. IMPACT ON VULNERABLE ADULTS AND CHILDREN 8. PROCUREMENT IMPLICATIONS
Background Documents: (Access via Contact Officer)	- Insurance Fund – Annual Report 2018/19, Executive and Resources PDS Committee, 9 <sup>th</sup> October 2019  - Gateway 0/1: Procurement Strategy for Integrated Insurance Agreement, Executive and Resources PDS Committee, 9 <sup>th</sup> October 2019  - Contract Award: Insurance Policies, Executive 27 <sup>th</sup> March 2019

**Table 1**

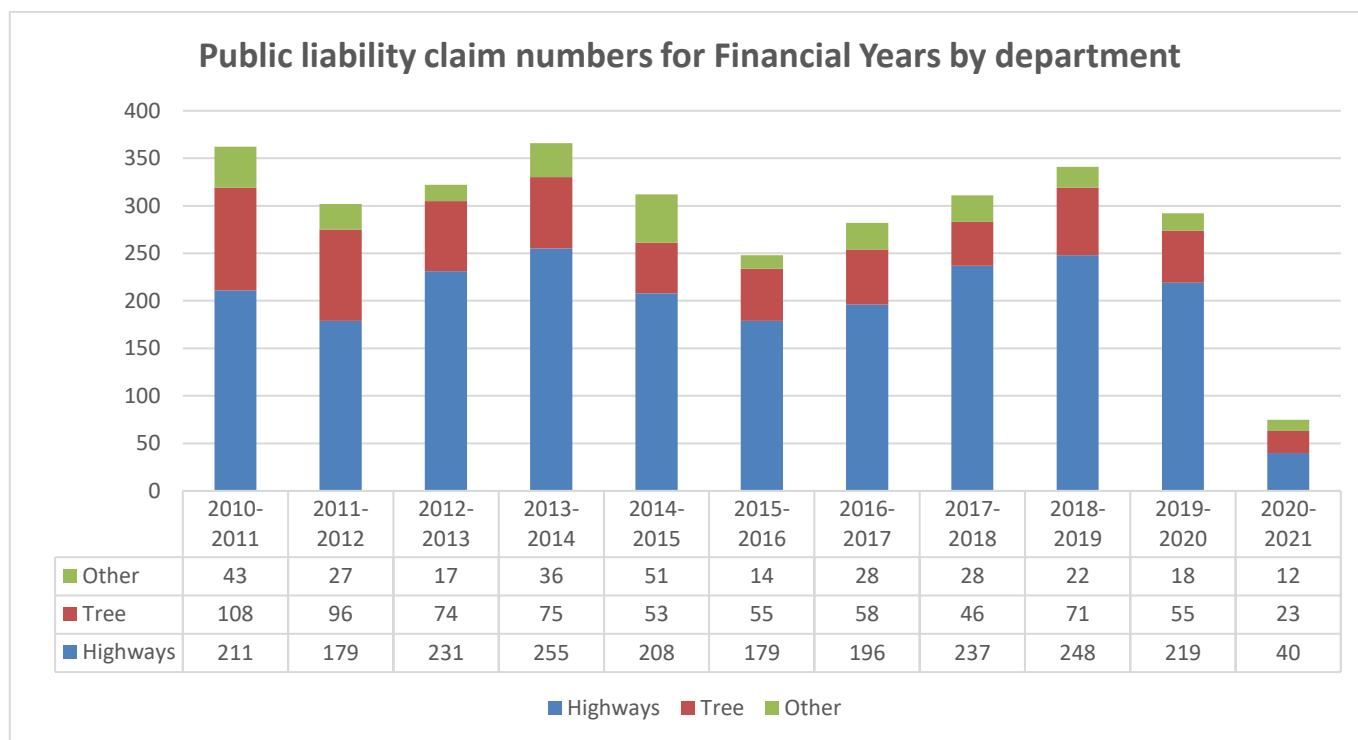


**Table 2**

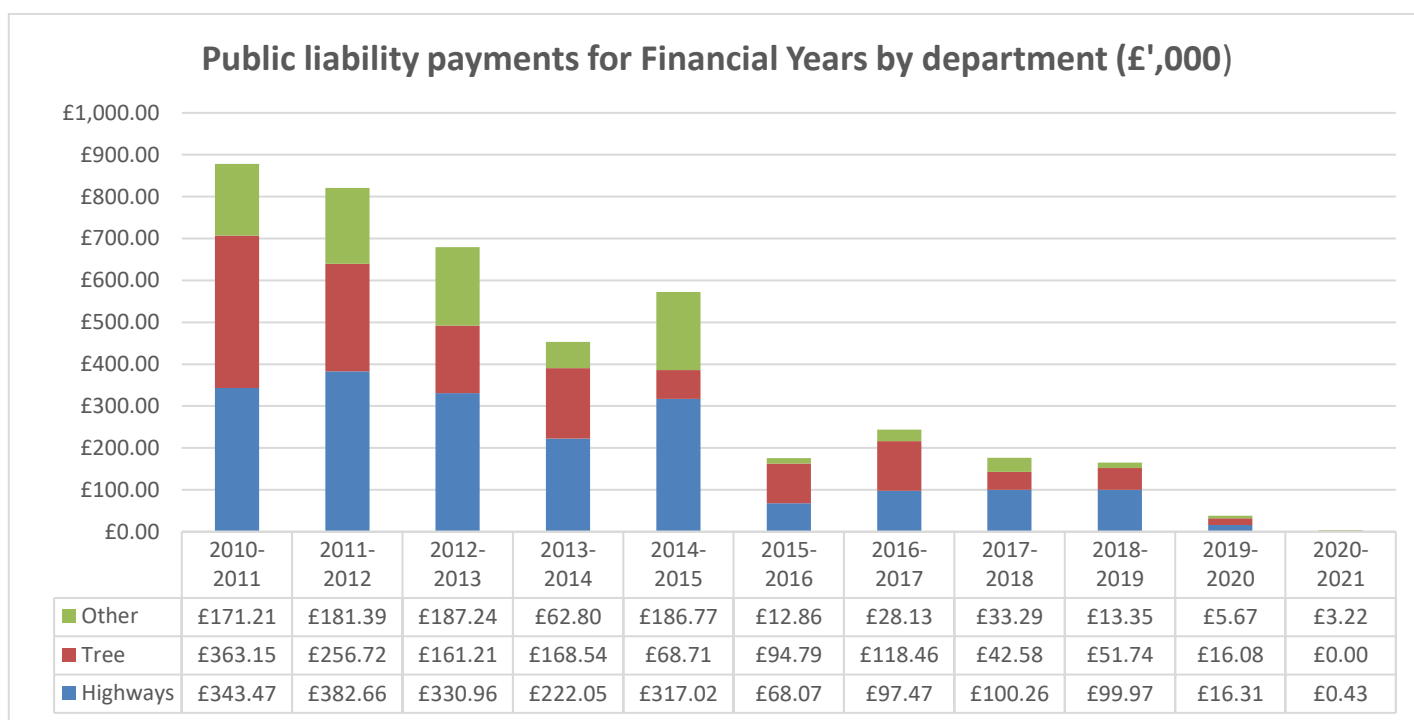




**Table 1**

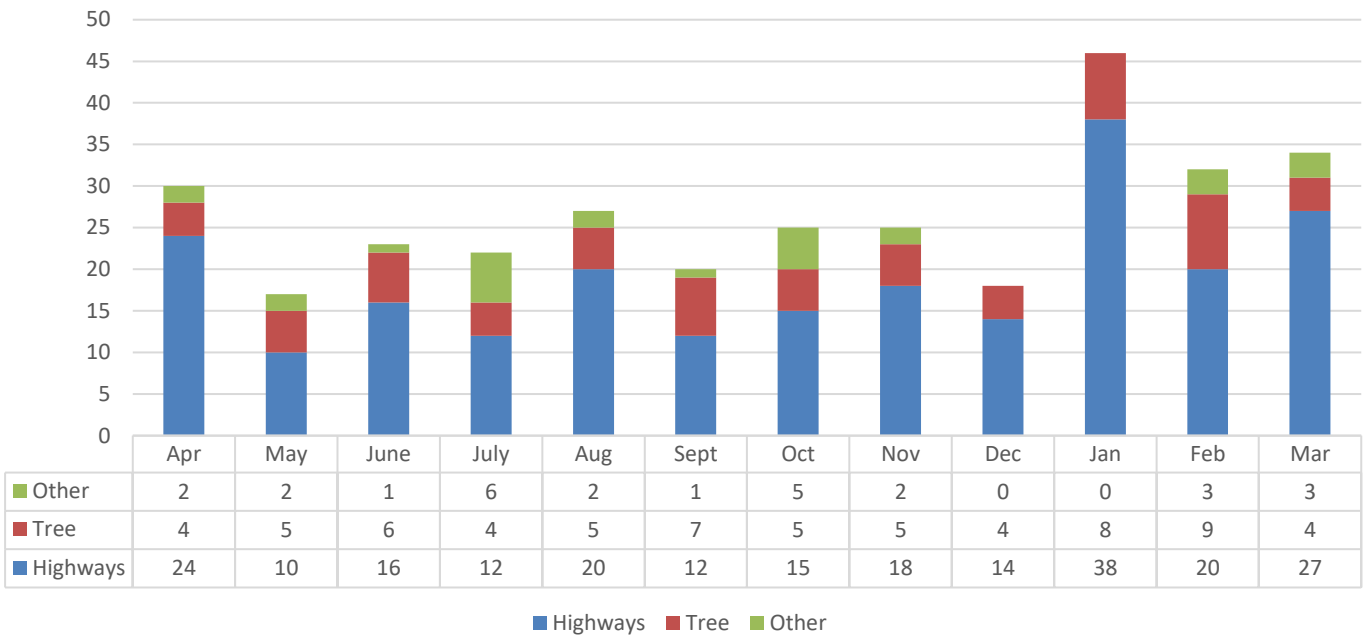


**Table 2**



**Table 3**

**Public liability claims received by department for Financial Year 2019-20**



Report No.  
FSD20086

## London Borough of Bromley

### PART 1 - PUBLIC

---

**Decision Maker:** Resources, Commissioning and Contracts Management  
Portfolio Holder  
Council

**Date:** For pre-decision scrutiny by Executive, Resources and Contracts PDS  
Committee on 18<sup>th</sup> November 2020  
Council 7<sup>th</sup> December 2020

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

**Title:** **TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE  
2020/21 & MID YEAR REVIEW**

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

**Chief Officer:** Director of Finance

**Ward:** All

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#### 1. Reason for report

- 1.1. This report summarises treasury management activity during the second quarter of 2020/21. The report also includes a Mid-Year Review of the Treasury Management Strategy Statement and Annual Investment Strategy (Annex A). The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 30<sup>th</sup> September 2020 totalled £373.3m and there was no outstanding external borrowing. For information and comparison, the balance of investments stood at £366.7m as at 30<sup>th</sup> June 2020, £336.1m as at 31<sup>st</sup> March 2020, and, at the time of writing this report (4<sup>th</sup> November 2020) it stood at £390.4m.
- 

#### 2. RECOMMENDATION(S)

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

- (a) note the Treasury Management performance for the second quarter of 2020/21;
- (b) recommend that Council approve the 2020/21 prudential indicators as set out in Annex B1.

- 2.2. Council is requested to:

**(a) note the report and approve changes to the 2020/21 prudential indicators, as set out in Annex B1.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

## Corporate Policy

1. Policy Status: Existing policy. To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rate of return on investments.
  2. BBB Priority: Excellent Council.
- 

## Financial

1. Cost of proposal: N/A
  2. Ongoing costs: N/A
  3. Budget head/performance centre: Interest on balances
  4. Total current budget for this head: £3,591k (net) in 2020/21; £750k surplus currently projected
  5. Source of funding: Net investment income
- 

## Personnel

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

## Legal

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

## Procurement

1. Summary of Procurement Implications: N/A
- 

## Customer Impact

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

## Ward Councillor Views

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

### **3. COMMENTARY**

#### **3.1. General**

- 3.1.1. Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year comparing actual activity to the strategy. Until recently, the Director of Finance reported quarterly on treasury management activity as well as reporting the annual strategy before the year and the annual report after the year-end. Following consideration by this Committee, on 10<sup>th</sup> December 2018 Council approved the non-reporting of treasury management activity quarterly. This effectively means that in-year monitoring will be incorporated into the three reports required by the Code of Practice and that Quarter 1 monitoring will no longer be reported unless there are any matters that officers feel should come before the Committee sooner.
- 3.1.2. This report includes details of investment performance in the second quarter of 2020/21. The 2020/21 annual treasury strategy, including the MRP (Minimum Revenue Provision) Policy Statement and prudential indicators, was originally approved by Council in February 2020. The annual report for financial year 2019/20 was submitted to the Executive, Resources and Contracts PDS Committee on 10<sup>th</sup> September 2020 and Council on 12<sup>th</sup> October 2020 and included no proposed changes to the 2020/21 strategy.
- 3.1.3. Changes in the regulatory environment have placed a much greater onus on Members to undertake the review and scrutiny of treasury management policy and activities. This report is important in that respect as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 3.1.4. The Council has monies available for Treasury Management investment as a result of the following:
- Positive cash flow;
  - Monies owed to creditors was lower 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 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, £5.4m in 2019/20 and is budgeted to achieve £5.6m in 2020/21 (although this is being closely monitored in light of the potential impact of Covid-19). This is based on a longer term investment timeframe of at least 3 to 5 years and ensures that the monies available can attract higher yields over the longer term.

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

### 3.2. Treasury Performance in the quarter ended 30<sup>th</sup> September 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 second quarter of 2020/21 and 2020/21 year to date:

	Qtr Ended 30/09/20		2019/20 Year to Date		Paragraph
	Deposits	Ave Rate	Deposits	Ave Rate	
	£m	%	£m	%	
Balance of "core" investments b/f	260.00	1.38	220.00	1.25	
New investments made in period	55.00	0.41	135.00	0.98	
Investments redeemed in period	-55.00	1.12	-95.00	1.13	
"Core" investments at end of period	260.00	1.28	260.00	1.28	
Money Market Funds	31.70	0.08	31.70	0.18	3.4.1
CCLA Property Fund*	40.00	3.48	40.00	-4.22	3.4.4.5
Multi-Asset Income Funds*	40.00	3.76	40.00	19.21	3.4.4.8
Project Beckenham Loan	1.60	6.00	1.60	6.00	3.4.3
"Alternative" investments at end of period	113.30	2.66	113.30	5.43	
<b>Total Investments at end of Period</b>	<b>373.30</b>	<b>1.70</b>	<b>373.30</b>	<b>2.54</b>	

\* The rates shown in here are the total return (ie. the dividend income plus the change in capital value).  
A more detailed breakdown of the rates for these investments is shown in the relevant paragraphs.

3.2.3 Details of the outstanding investments at 30<sup>th</sup> September 2020 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. The return on the new "core" investments placed during the second quarter of 2020/21 was 0.41%.

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

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

3.2.6 Active UK banks and building societies on the Council's list now comprise 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 1<sup>st</sup> April 2004 and shows how available funds have increased steadily over the years. This has been a significant contributor to the over-achievement of investment income against budgeted income in recent years.

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

3.3.1. The forecasts in the table below have been based on an assumption that there is some sort of 'muddle through' to an agreed trade deal with the EU before the transition period ends on 31<sup>st</sup> December. Forecasts may need to be materially reassessed in light of events over the next few weeks or months.

Date	LATEST FORECAST (Nov20)				PREVIOUS FORECAST (Aug20)			
	Base Rate	3 month average earnings	6 month Libid	1 year Libid	Base Rate	3 month average earnings	6 month Libid	1 year Libid
Dec-20	0.10%	0.10%	0.10%	0.20%	0.10%	0.10%	0.10%	0.20%
Jun-21	0.10%	0.10%	0.10%	0.20%	0.10%	0.10%	0.10%	0.20%
Dec-21	0.10%	0.10%	0.10%	0.20%	0.10%	0.10%	0.10%	0.20%
Jun-22	0.10%	-	-	-	0.10%	0.10%	0.10%	0.20%
Dec-22	0.10%	-	-	-	0.10%	0.10%	0.10%	0.20%

### 3.4. Other accounts

#### 3.4.1. Money Market Funds

3.4.1.1. The Council currently has 7 AAA-rated Money Market Fund accounts, with 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 & Fidelity funds currently offer the best rate at around 0.05%.

3.4.1.2. The total balance held in Money Market Funds has varied during the year to date moving from £34.8m as at 31<sup>st</sup> March 2020 to £31.7m as at 30<sup>th</sup> September 2020 and currently stands at £48.8m (as at 4<sup>th</sup> November 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 0.0%); however they are the most liquid, with funds able to be redeemed up until midday for same day settlement.



Money Market Funds	Date Account Opened	Actual Balance	Actual Balance	Ave. daily balance to	Ave. daily rate to	Latest Balance	Latest Rate
		31/03/20	30/09/20	30/09/20	01/04/20 to 30/09/20	04/11/20	04/11/20
		£m	£m	£m	%	£m	%
Prime Rate (Federated)	15/06/2009	15.00	15.00	13.60	0.21	15.00	0.02
Aberdeen Standard	25/01/2010	15.00	15.00	14.66	0.24	15.00	0.06
Insight	03/07/2009	-	-	1.75	0.15	-	-
Legal & General (LGIM)	23/08/2012	4.80	-	9.86	0.20	3.80	0.01
Blackrock	16/09/2009	-	-	-	-	-	-
Fidelity	20/11/2002	-	1.70	1.71	0.15	15.00	0.05
Morgan Stanley		-	-	-	-	-	-
<b>TOTAL</b>		<b>34.80</b>	<b>31.70</b>	<b>41.58</b>		<b>48.80</b>	

3.4.1.3 Current balances in MMFs are higher than usual for several reasons, mainly due to a number of government grants relating to Covid-19 that have been received since April 2020. Funds are also being held to cover cashflow requirements in February and March when income from Council Tax and Business Rates is significantly lower than the rest of the year, as well as ensuring the Council has sufficient liquidity to cover any 'non-standard' expenditure such as investment property purchases.

#### 3.4.2. Housing Associations

3.4.2.1 Following the reduction of the counterparty rating criteria to A- for Housing Associations approved by Council in June 2017, deposits of £10m each were placed with Hyde Housing Association (A+) and Places for People Homes (A) for two years at rates of 1.30% and 1.60% respectively. Both of these investments have since matured. 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 25<sup>th</sup> February 2019, Council approved an increase in the limit for investments with Housing Associations from £25m to £50m. On 28<sup>th</sup> March 2019 a further investment of £10m was made with Southern Housing Group (A2) for two years at a rate of 1.70%. On 9<sup>th</sup> April 2019 a £5m investment was made with Thames Valley Housing Association (A-) for 2 years at a rate of 1.73% and on 22<sup>nd</sup> August with Optivo Housing (A2) for 2 years at a rate of 1.45%. On April 14<sup>th</sup> 2020, a £10m investment was made with Places for People Homes Ltd (A3) for two years at a rate of 2.15%, and on June 12<sup>th</sup> 2020, a £5m investment was made with Metropolitan Housing Trust (A-) for two years at a rate of 1.50%. Current investments in Housing Associations total £40m.

#### 3.4.3. Loan to Project Beckenham

3.4.3.1. On 26<sup>th</sup> June 2017 Council approved the inclusion in the strategy of a secured loan to Project Beckenham relating to the provision of temporary accommodation for the homeless that had previously been agreed to be advanced from the Investment Fund. A loan of £2.3m was made in June 2017, at a rate of 6%, although that may increase to 7.5% if the loan to value ratio exceeds a specified value. £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. A sum of £0.350m was advanced in August 2020, and the current balance is £1.6m.

### 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 have been 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 have been set aside in an Income Equalisation earmarked reserve. This will protect the Council against unexpected variations in the capital value of these investments and any timing issues arising from the expiry of the statutory override.

#### CCLA Property Fund

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

Annualised net return	Dividend %	Capital Growth %	Total Return %
01/02/14 - 31/03/14	4.29	-29.64	-25.35
01/04/14 - 31/03/15	5.03	3.44	8.47
01/04/15 - 31/03/16	5.02	1.63	6.65
01/04/16 - 31/03/17	4.55	-2.50	2.05
01/04/17 - 31/03/18	4.59	2.41	7.00
01/04/18 - 31/03/19	4.46	1.57	6.03
01/04/19 - 31/03/20	4.45	-3.68	0.77
01/04/20 - 30/09/20	4.02	-8.23	-4.22
Cumulative return	4.53	-1.03	3.50

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. Overall there has been a modest capital decline of -1.03%, with the negative capital growth in 2019/20 and the first half of 2020/21 due to market volatility caused by the Covid-19 pandemic.

#### Multi-Asset Income Fund

3.4.4.7. Following approval by Council in June 2017, the limit for pooled investment schemes was increased to £80m and an investment of £30m was made on 12<sup>th</sup> July 2017 in the Fidelity Multi-Asset Income Fund following the agreement of the Resources, Commissioning and Contracts Management Portfolio Holder. A subsequent investment of £10m was made on December 30<sup>th</sup> 2019. The annualised fund return for the year to 30<sup>th</sup> September 2020 was capital growth of 14.80% and dividends paid of 4.51% resulting in a total return of 19.26%.

3.4.4.8. Since inception, dividends paid have averaged 4.33% per annum and the capital value has decreased by -1.82% per annum resulting in a net annual return of 2.51%. It should be noted that the Fund represents a longer-term investment of around five years.

	Dividend %	Capital Gain / Loss %	Total Return %
Annualised net return			
12/07/17 - 31/03/18	4.42	-6.27	-1.85
01/04/18 - 31/03/19	4.26	1.45	5.71
01/04/19 - 31/03/20	4.37	-11.81	-7.44
01/04/20 - 30/9/20	4.47	14.80	19.26
Cumulative Return	4.33	-1.82	2.51

#### 3.4.5. Investment with Heritable Bank

3.4.5.1 Members will be aware from previous updates to the Resources Portfolio Holder and the Executive that the Council had £5m invested with the Heritable Bank, a UK subsidiary of the Icelandic bank, Landsbanki. In October 2008, the bank was placed in administration and the investment was frozen. To date, a total of £5,034k has been received (99% of the total claim of £5,087k) leaving a balance of £53k (1%).

### 3.5. **Mid-Year Review of Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21**

3.5.1. The CIPFA Code of Practice on Treasury Management requires the Council to receive a mid-year review report on performance against the approved strategy. The Annual Investment Strategy was originally approved by Council in February 2020. A mid-year review, including comments on the economic background during the first half of 2020/21 and on the outlook, is included at Annex A.

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

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

- The Local Government Act 2003 (the Act) which provides the powers to borrow and invest as well as providing controls and limits on this activity;

- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing that may be undertaken (although no restrictions have been made to date);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act, the MHCLG 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 8<sup>th</sup> November 2007.

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

#### **4. POLICY IMPLICATIONS**

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

#### **5. FINANCIAL IMPLICATIONS**

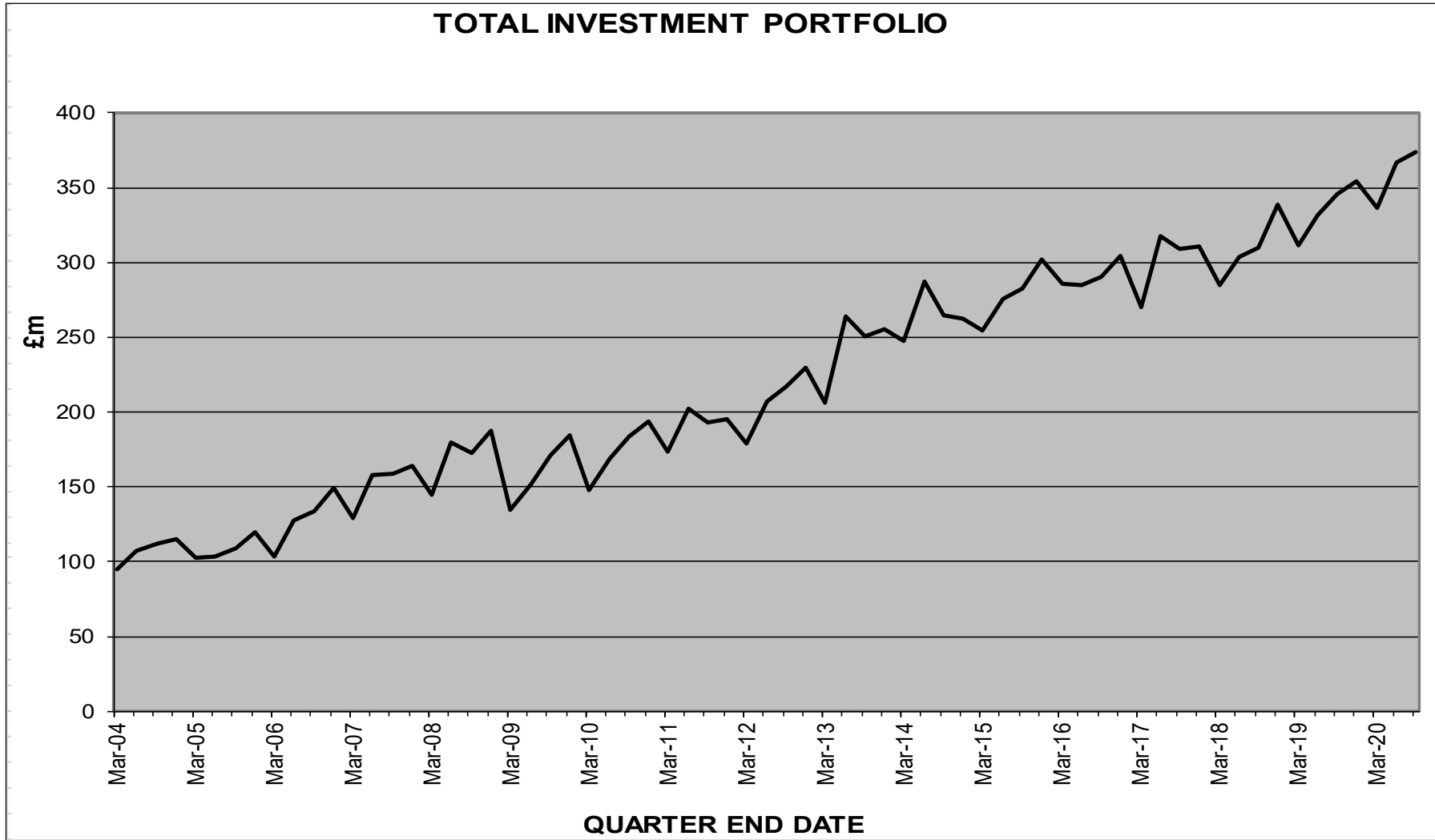
5.1 There has been a decrease in the Bank of England base rate from 0.25% to 0.10%, and this has led to new core investments being taken out at lower rates; this is not forecast to have a substantial impact on the amount of interest received in 2020/21 as most of the rates on the core investments were already fixed, but is projected to have an impact over the next few years as the core investments taken out at higher rates mature and are replaced by investments at lower rates.

5.2 The treasury management strategy has previously been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks.

5.3 Although the Council has seen a significant reduction in the rates offered for new fixed-term investments as well as overnight money market funds, as part of the treasury management strategy there are a number of existing longer-term fixed investments at higher rates that are cushioning the Council from the impact of the drop in interest rates, and are partly responsible for the currently projected surplus of £750k for the year. The projected surplus is also due to higher interest earned on the pooled funds and the Project Beckenham loan.

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

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INVESTMENTS HELD AS AT 30TH SEPTEMBER 2020

APPENDIX 2

Counterparty	Start Date	Maturity Date	Rate of Interest	Amount	Fitch		Moody's		S&P		Fitch		Moody's		S&P	
					Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
					Ratings at time of Investment				Ratings as at 2nd October							
<b>FIXED DEPOSITS</b>																
GOLDMAN SACHS	01/11/2019	30/10/2020	1.05	10.0	A	F1	A1	P-1	A+	A-1	A	F1	A1	P-1	A+	A-1
NATWEST BANK	15/11/2019	13/11/2020	0.98	10.0	A	F1	Baa2	P-2	A-	A-2	A+	F1	Baa2	P-2	A-	A-2
SANTANDER BANK	15/11/2019	15/11/2020	1.10	5.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
LLOYDS BANK	05/12/2019	04/12/2020	1.10	20.0	A+	F1	Aa3	P-1	A+	A-1	A+	F1	Aa3	P-1	A+	A-1
WOKINGHAM BOROUGH COUNCIL	19/12/2018	18/12/2020	1.45	10.0	N/A (Local Authority)				N/A (Local Authority)							
BIRMINGHAM CITY COUNCIL	20/04/2020	20/01/2021	1.33	15.0	N/A (Local Authority)				N/A (Local Authority)							
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0	N/A (Local Authority)				N/A (Local Authority)							
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0	N/A (Local Authority)				N/A (Local Authority)							
CLOSE BROTHERS	17/07/2020	18/03/2021	1.20	10.0	A	F1	Aa3	P-1			A-	F2	Aa3	P-1		
SOUTHERN HOUSING GROUP	28/03/2019	29/03/2021	1.70	10.0	A2				A3							
STOCKTON ON TEES BC	01/04/2020	01/04/2021	1.50	5.0	N/A (Local Authority)				N/A (Local Authority)							
BATH & NE SOMERSET DC	01/04/2020	01/04/2021	1.50	15.0	N/A (Local Authority)				N/A (Local Authority)							
CHESHIRE EAST COUNCIL	17/09/2020	06/04/2021	0.45	5.0	N/A (Local Authority)				N/A (Local Authority)							
NATWEST BANK	09/04/2019	09/04/2021	1.35	10.0	A+	F1	A1	P-1	A-	A-2	A+	F1	Baa2	P-2	A-	A-2
THAMES VALLEY HOUSING ASSOCIATION LTD	09/04/2019	09/04/2021	1.73	5.0	A-				A-							
CHESHIRE EAST COUNCIL	21/09/2020	12/04/2021	0.42	5.0	N/A (Local Authority)				N/A (Local Authority)							
THURROCK BOROUGH COUNCIL	16/04/2020	16/04/2021	1.90	10.0	N/A (Local Authority)				N/A (Local Authority)							
PRINCIPALITY BUILDING SOCIETY	31/07/2020	30/07/2021	0.38	10.0	BBB+	F2	Baa2	P-2			BBB+	F2	Baa2	P-2		
LANCASHIRE COUNTY COUNCIL	05/08/2020	04/08/2021	0.40	10.0	N/A (Local Authority)				N/A (Local Authority)							
CLOSE BROTHERS	14/08/2020	16/08/2021	0.80	10.0	A-	F2	Aa3	P-1			A-	F2	Aa3	P-1		
LANCASHIRE COUNTY COUNCIL	19/08/2020	19/08/2021	0.43	5.0	N/A (Local Authority)				N/A (Local Authority)							
OPTIVO	22/08/2019	23/08/2021	1.45	10.0	A2				A2							
WARRINGTON BOROUGH COUNCIL	29/10/2019	29/10/2021	1.55	15.0	N/A (Local Authority)				N/A (Local Authority)							
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0	N/A (Local Authority)				N/A (Local Authority)							
PLACES FOR PEOPLE HOMES LTD	14/04/2020	14/04/2022	2.15	10.0	A3				A3							
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/2020	20/04/2022	1.45	5.0	N/A (Local Authority)				N/A (Local Authority)							
METROPOLITAN HOUSING TRUST	12/06/2020	10/06/2022	1.50	5.0	A-				A-							
THURROCK BOROUGH COUNCIL	12/06/2020	13/06/2022	1.55	5.0	N/A (Local Authority)				N/A (Local Authority)							
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/2020	20/04/2023	1.68	10.0	N/A (Local Authority)				N/A (Local Authority)							
<b>TOTAL FIXED INVESTMENTS</b>				<b>260.0</b>												
<b>OTHER FUNDS</b>																
ABERDEEN STANDARD (IGNIS) LIQUIDITY FUND	25/01/2020			15.0												
INSIGHT STERLING LIQUIDITY FUND	03/07/2009			0.0												
PRIME RATE (FEDERATED) STERLING LIQUIDITY FUND	15/06/2009			15.0												
FIDELITY INSTITUTIONAL CASH FUND	20/11/2012			1.7												
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			1.6												
<b>TOTAL INVESTMENTS</b>				<b>373.3</b>												

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
<b><u>UK BANKS</u></b>							
LLOYDS BANK	05/12/2019	04/12/2020	1.10	20.0	20.0	30.0	10.0
NATWEST BANK PLC	15/11/2019	13/11/2020	0.98	10.0			
NATWEST BANK PLC	09/04/2019	09/04/2021	1.35	10.0	20.0	80.0	60.0
GOLDMAN SACHS INTERNATIONAL BANK	01/11/2019	30/10/2020	1.045	10.0	10.0	20.0	10.0
SANTANDER BANK	15/11/2019	15/11/2020	1.10	5.0	5.0	30.0	25.0
CLOSE BROTHERS LTD	14/08/2020	16/08/2021	0.80	10.0			
CLOSE BROTHERS LTD	17/07/2020	18/03/2021	1.20	10.0	20.0	30.0	10.0
<b><u>UK BUILDING SOCIETIES</u></b>							
PRINCIPALITY BUILDING SOCIETY	31/07/2020	30/07/2021	0.38	10.0	10.0	10.0	0.0
<b><u>LOCAL AUTHORITIES</u></b>							
THURROCK BOROUGH COUNCIL	16/04/2020	16/04/2021	1.90	10.0			
THURROCK BOROUGH COUNCIL	12/06/2020	13/06/2022	1.55	5.0	15.0	15.0	0.0
WOKINGHAM BOROUGH COUNCIL	19/12/2018	18/12/2020	1.45	10.0	10.0	15.0	5.0
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0	5.0	15.0	10.0
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0			
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0	15.0	15.0	0.0
BIRMINGHAM CITY COUNCIL	20/04/2020	20/01/2021	1.33	15.0	15.0	15.0	0.0
BATH & NE SOMERSET DC	01/04/2020	01/04/2021	1.50	15.0	15.0	15.0	0.0
WARRINGTON BOROUGH COUNCIL	29/10/2019	29/10/2021	1.55	15.0	15.0	15.0	0.0
STOCKTON ON TEES BC	01/04/2020	01/04/2021	1.50	5.0	5.0	15.0	10.0
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/2020	20/04/2022	1.45	5.0			
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/2020	20/04/2023	1.68	10.0	15.0	15.0	0.0
CHESHIRE EAST COUNCIL	17/09/2020	06/04/2021	0.45	5.0			
CHESHIRE EAST COUNCIL	21/09/2020	12/04/2021	0.42	5.0	10.0	15.0	5.0
LANCASHIRE COUNTY COUNCIL	05/08/2020	04/08/2021	0.40	10.0			
LANCASHIRE COUNTY COUNCIL	19/08/2020	19/09/2021	0.43	5.0	15.0	15.0	0.0
<b><u>HOUSING ASSOCIATIONS</u></b>							
METROPOLITAN HOUSING TRUST	12/06/2020	10/06/2022	1.50	5.0	5.0	10.0	5.0
THAMES VALLEY HOUSING ASSOCIATION LTD	09/04/2019	09/04/2021	1.73	5.0	5.0	10.0	5.0
SOUTHERN HOUSING GROUP	28/03/2019	29/03/2021	1.70	10.0	10.0	10.0	0.0
OPTIVO	22/08/2019	23/08/2021	1.45	10.0	10.0	10.0	0.0
PLACES FOR PEOPLE HOMES LTD	14/04/2020	14/04/2022	2.15	10.0	10.0	10.0	0.0
<b><u>OTHER INVESTMENTS</u></b>							
ABERDEEN STANDARD (IGNIS) LIQUIDITY FUND	25/01/2020			15.0	15.0	15.0	0.0
INSIGHT STERLING LIQUIDITY FUND	03/07/2009			0.0	0.0	15.0	15.0
PRIME RATE (FEDERATED) STERLING LIQUIDITY FUND	15/06/2009			15.0	15.0	15.0	0.0
FIDELITY INSTITUTIONAL CASH FUND	20/11/2012			1.7	1.7	15.0	13.3
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40.0			
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			40.0	80.0	100.0	20.0
PROJECT BECKENHAM LOAN	09/06/2017			1.6	1.6	2.3	0.7
<b>TOTAL INVESTMENTS</b>				<b>373.3</b>	<b>373.3</b>		

# Treasury Management Strategy Statement and Annual Investment Strategy

## Mid-year Review Report 2020/21

### 1 Background

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

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

Accordingly, treasury management is defined as:

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

### 2 Introduction

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

The primary requirements of the Code are as follows:

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

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

- An economic update for the first part of the 2020/21 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- A review of any debt rescheduling undertaken during 2012021;
- A review of compliance with Treasury and Prudential Limits for 2020/21.

## **Key Changes to the Treasury and Capital Strategies**

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

### 3 Economic update (provided by Link Asset Services)

- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6<sup>th</sup> August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:
  - The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
  - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
  - It forecast that there would be excess demand in the economy by Q3 2022 causing **CPI inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.
- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.
- The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1<sup>st</sup> November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.
- Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.
- There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or

possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.

- One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee** (FPC) report on 6<sup>th</sup> August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.
- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and 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. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

## **4 Treasury Management Strategy Statement and Annual Investment Strategy update**

The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by this Council on 24<sup>th</sup> February 2020. No revisions were proposed in the Annual Report 2019/20 reported to Council on 12<sup>th</sup> October 2020 or in the Mid-Year Review report.

## **5 Investment Portfolio**

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.10% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

Details of the Council's investment activity during the first six months of 2020/21 are provided in sections 3.2.2 to 3.4.5 of the covering report and lists of current investments are provided in Appendices 2 (in maturity date order) and 3 (by counterparty). The Council held £373.3m of investments as at 30th September 2020 (£366.7m as at 30th June 2020).

The Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2020/21.

The Council's budget for interest on investments in 2020/21 is £3.591m. As a result of higher levels of balances available for investment, a surplus of £750k is currently projected for the 2020/21 financial year.

### **Investment Counterparty criteria**

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

## **6 Borrowing**

The Council's estimated capital financing requirement (CFR) for 2020/21 is £9.6m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council does not currently borrow to finance its capital expenditure and has, in recent years, only had to borrow short-term (for cashflow purposes) on very few occasions.

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



## Prudential and Treasury Indicators – Mid-Year Review 2020/21

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

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

### Prudential Indicators for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the Capital Programme for 2020/21 was agreed in February 2019. The decrease in the latest estimate for 2020/21 is mainly the result of slippage in expenditure originally planned for 2020/21 into future years, as highlighted in previous reports to the Executive and to PDS Committees.

Capital Expenditure by Portfolio	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
Children, Education & Families	13.6	14.8
Adult Care & Health	2.3	0.1
Environment & Community Services	11.6	12.3
Renewal Recreation & Housing	26.5	20.7
Executive, Resources & Contracts	5.3	4.7
Estimated slippage/new schemes	-15.0	-15.0
<b>Total</b>	<b>44.3</b>	<b>37.6</b>

### Changes to the Financing of the Capital Programme

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

Capital Expenditure	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
Supported	44.3	37.6
Unsupported	-	-
<b>Total spend</b>	<b>44.3</b>	<b>37.6</b>
Financed by:		
Capital receipts	9.2	1.2
Capital grants/contributions	26.8	25.7
General Fund	-	-
Internal Borrowing	-	-
Revenue contributions	8.3	10.7
<b>Total financing</b>	<b>44.3</b>	<b>37.6</b>
<b>Borrowing need</b>	<b>-</b>	<b>-</b>

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

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

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

The table also shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. The Council’s capital financing requirement (CFR) as at 1<sup>st</sup> April 2020 was £9.5m. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council’s CFR relates to liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment. The Council currently has no external borrowing as such.

Prudential Indicators	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
CFR	0.4	8.9
<b>Debt – Operational Boundary</b>		
Borrowing	10.0	10.0
Other long-term liabilities	20.0	20.0
<b>Total Operational Boundary</b>	<b>30.0</b>	<b>30.0</b>
<b>Debt – Authorised Boundary</b>		
Borrowing	30.0	30.0
Other long-term liabilities	30.0	30.0
<b>Total Operational Boundary</b>	<b>60.0</b>	<b>60.0</b>

### Other Prudential Indicators

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

## Prudential and Treasury Indicators - Summary

	2020/21	2020/21
	Original Estimate	Revised Estimate
Total Capital Expenditure	£44.3m	£37.6m
Ratio of financing costs to net revenue stream	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)		
brought forward 1 April	£272.6m	£336.1m
carried forward 31 March	£251.8m	£328.3m
in year borrowing requirement (reduction in net investments for Bromley)	-£20.8m	-£7.8m
Estimated CFR as at 31 March (finance lease liability) (NB. Actual CFR as at 31 March 2020 (finance lease liability) = £9.6m)	£0.4m	£8.9m
Annual change in Cap. Financing Requirement	-£0.3m	-£0.6m
Incremental impact of capital investment decisions	£ p	£ p
Increase in council tax (band D) per annum	-	-

TREASURY MANAGEMENT INDICATORS	2020/21 Original Estimate	2020/21 Revised Estimate
Authorised Limit for external debt -		
Borrowing	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m
Operational Boundary for external debt -		
borrowing	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	20%	20%
Upper limit for total principal sums invested beyond year-end dates	£170.0m	£170.0m

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Report No.  
CSD16105

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE AND RESOURCES  
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:**

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

**Title:** BT ICT contract monitoring report

**Contact Officer:** Vinit Shukle, Assistant Director, IT Services  
020 8313 4992 E-mail: Vinit.Shukle@bromley.gov.uk

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** n/a

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1. Reason for report

This is the BT ICT contract performance report, utilizing the Pan London Framework, covering the period 1<sup>st</sup> September 2019 – 30<sup>th</sup> August 2020 given that the last report came to members in 5<sup>th</sup> September 2019.

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2. **RECOMMENDATION**

The Executive and Resources PDS is requested to note and comment on the information contained in this report on the performance of BT in their delivery of ICT services during the period 1<sup>st</sup> September 2019 – 30<sup>th</sup> August 2020.

The Executive and Resources PDS is requested to note section 7 of this report dealing with the future of the members IT provision.

### Corporate Policy

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

### Financial

1. Cost of proposal: N/A (
  2. Ongoing costs: N/A
  3. Budget head/performance centre: Systems – BT contract budget
  4. Total current budget for this head: £3.74m
  5. Source of funding: Existing revenue budget 2019/20
- 

### Staff

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

### Legal

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

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): systems used by all LBB members, staff and the General public
- 

### 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 BT was awarded the ICT contract in October 2015 at a total contract value of £9.8m. This commenced on 1<sup>st</sup> April 2016 and was split up in to 2 distinct lots.

Lot 1 - End User Computing (desktop / laptops etc)

Lot 3 - Data Centre Services (servers / storage).

3.2 The contract is consumption based therefore it is flexible and as services are reduced the cost decreases, conversely if an element is used more often, the costs would increase.

3.3 During 2017 officers undertook a service review to consider other areas of work within ICT that could be included in the BT contract to help with resilience and provide efficiencies. As a result of this work, further services were added to the BT Contract on 1st November 2017 relating to ICT project staff, ICT development staff and system administrators. The value of this additional service, plus a further 3-year extension totalled the core contract to £21.8m.

3.4 Following services were transferred across to the BT contract

- Transfer of help desk for CareFirst system
- Responsibility of the delivery of Inflight development projects and
- Review of our 3<sup>rd</sup> party contract spend with a view to delivery of further savings

### 4. Service Performance

4.1 Service performance report from BT is attached as Appendix A.

4.2 £ 9.6k service credit provided by BT to LBB as a result of KPI breaches within this period and the breaches are detailed below under respective headings.

4.3 **Lot 1 End user computing:** There were no breaches of Key performance Indicators (KPI) in this reporting period.

4.4 **Lot 1 End user computing - review.** There were no breaches of KPI in this period and we believe that this is an excellent performance.

4.5 **Lot 3 Data Centre Services:** There were few breaches in this reporting period. The breaches were in November 2019, December 2019, March 20, April 20, May 20, June 20, July 20, and August 20.

4.6 **Lot 3 Data Centre Services - review:** The breach in November 19 was due to incorrectly removing an Adobe licence from Citrix. The 2 breaches in December were due to investigation of a user's emails being slow on Citrix. This took long time to identify and address due to waiting for a response from a 3<sup>rd</sup> party system provider. The breaches in March 20 to August 20 were due to a fundamental change in support to staff that were office-based and most of the staff moved to working from home as a National Lockdown was imposed due to COVID-19.

4.7 **Service desk:** There has been some KPI breaches over the reporting period. These breaches were due to high number of calls to the helpdesk following the National lockdown imposed due to COVID-19 and the Windows 10 rollout. Whilst additional resources were bought in to cover this work, BT were unable to recover the KPIs.

4.8 **Transferred Services:** To improve the resilience of the Council IT, as well as integrating IT into a single function and deliver a single service desk. The transfer of additional services as outlined

in 3.4 was completed successfully in November 2017, creating a single IT service. There were 3 KPI failures within the reporting period.

- 4.9 The Failure of KPIs were due to a few long running tickets being closed which resulted in the breaches.
- 4.10 **Ticket volumes:** The service desk received a high volume of tickets with regards to the request of emergency laptops, Citrix Setup to work from home and queries around Windows 10 and unlocking of the user accounts.
- 4.11 The service desk received calls and raised between 2,300-3,400 tickets per month, with the higher percentage being service requests.
- 4.12 **Analysis of Calls:** In March the Service Desk received in excess of 4,000 calls, of which 465 calls were abandoned. Some of the calls that were abandoned were due to users cancelling the calls whilst they were waiting for their calls to be answered by the Service Desk.
- 4.13 The increase in calls was a direct result of the change in working practices due to COVID-19 pandemic.
- 4.14 In consultation with the CEO and the Director of Corporate Services, LBB IT Services paused KPI measurement of BT and requested that BT prioritise and support LBB's change in working practices as well as any emergency requests that were received from Public Health or services that supported any COVID-19 related work. This included setting up group email addresses for the Shielding of Bromley vulnerable residents, purchasing and deploying used laptops to staff that did not have any technology to work from home, whilst re-starting the project of deploying the Windows 10 laptops as a long-term strategy. This facilitated all of Bromley staff to work in an agile manner and/or work from home.
- 4.15 In consultation with the CEO and the Director of Corporate Services, BT were requested to provide a virtual platform for meetings; whilst IT Services were in the process of re-starting the project that included Microsoft Teams. Following this request BT provided WebEx as the virtual meeting platform to the Council in March with no costs to the council until June, where it was envisaged that the Nationwide Lockdown may ease.
- 4.16 **Networking:** The network service is covered under the Lot 1 & 3 KPI's as incidents were generated from end user devices / Server connectivity issues. There is a specific KPI for internet connectivity. The actual internet service provider is via the London Public Service Network, who provide a 200mb resilient solution to the authority. BT are responsible for ensuring that the internet connection is available from and to the LBB network. Following the change in working practice due to COVID-19, the network bandwidth was increased to 1GPs to support all LBB staff working from home.
- 4.17 **E-Mail Summary:** Over the last year we have introduced new technology and processes to enhance our email security and better protect the Council from ever increasing cyber threats.
- 4.18 The levels of e-mail received have increased over the past year to around 1,000,000 per month. The number of Spam messages has increased to around 70% of total emails received. Once again, the biggest drop has been in traditional virus infected e-mail with a minimal amount being received.
- 4.19 Looking at industry trends and pattern, currently Cyber Criminals are putting more effort into ransomware and phishing emails as this is becoming the most profitable avenue. Ransomware is where a machine is compromised and the files on the computer are encrypted. The only way to decrypt the files is to pay a ransom in bitcoins to the creators of the ransomware and hopefully receive a 'key' to unlock your files.



## 5. IT Strategy

5.1 The IT Strategy and Capital Programme for IT Transformation was agreed by the Council on 10<sup>th</sup> December 2018, Report CSD 18178.

5.2 This Program was paused twice in the last year. The first pause was due to the Election and the second pause was due to the COVID-19 pandemic.

5.3 Discovery, design and planning workshops have been completed for most of the projects within the programme, with others well into ordering / build phases. Please see below the status of these projects:

- **Windows 7 to 10 migration** – The majority of the LBB staff have been migrated to the Windows 10 and the project is now winding down with a mop-up exercise outstanding to migrate any staff that were unavailable due to being on maternity leave or shielding or on long-term sick leave.
- **Office365 and OneDrive migration** – The majority of the LBB staff have been migrated to the Office365 and OneDrive and the project is now winding down with a mop-up exercise outstanding to migrate any staff that were unavailable due to being on maternity leave or shielding or on long-term sick leave.
- **Data Centre upgrades** - Supporting platforms for user control and monitoring as well as upgrade of applications have been completed, with the upgrade of the Citrix platform now commencing.
- **Network refresh** – Network orders have been placed, with equipment being built ready for deployment. Due to COVID-19 restrictions, we were unable to upgrade the equipment within all of the LBB sites. This is; however, now commencing.
- **Information management transformation** - Consultancy with all services and upgrade is underway.

5.4 The IT Transformation Programme also included providing users with adequate hardware for them to work more agile. This aligns with the Accommodation Strategy and it may provide a more efficient and productive workforce to the Council.

## 6. COVID-19 Response

6.1 LBB IT was designed to deliver IT for 80% of Office Based staff and 20% of Agile/Home Working staff.

6.2 Following the National lockdown imposed by the Government due to the COVID-19 pandemic, LBB IT and BT were requested to stabilise all IT platforms and support all LBB staff to ensure that their services were operational whilst working practices moved to staff working from home.

6.3 BT were mobilised to procure and deploy 100 emergency used laptops to the LBB staff that did not have any technology to work from home.

6.4 Emergency virtual platform, WebEx, was provided for 3 months at no cost to the Council by BT and the service was later procured in line with LBB procurement procedures.

6.5 LBB IT services staff were seconded to the Shielding group to expedite any IT related issues that maybe encountered during the setup and to ensure smooth running of the service during this critical period.

- 6.6 BT were requested to prioritise any request or issues that were logged by Public Health or the Shielding group.
- 6.7 BT were requested to stabilise all IT platforms and all IT related changes were frozen to ensure minimal issues encountered by LBB users whilst the workforce transitioned from office-based working to remote home working.
- 6.8 BT were requested to restart the IT transformation program in parallel to the support being provided to The Shielding Group and the change in the working practices of the LBB Staff, to ensure that Windows 10 and better technologies were deployed to all LBB staff to further support their efforts in delivering their services in the challenging environment.

**7. Member IT**

- 7.1 Many members have not taken the mobile phone allowance, nor any refreshed IT options provided in 2018.
- 7.2 Following lessons learned on the impact of remote working due to the COVID-19 pandemic and in consultation with the members, a pilot of various options will take place in coming months.
- 7.3 A consultation with the members to review the member requirements and equipment and the option of a pilot will be set up.
- 7.4 A proposal and recommendation will be provided following the consultation and pilot to the members that will ensure, elected members have adequate IT to perform their official duties post May 2022.

**8. POLICY IMPLICATIONS**

**9. FINANCIAL IMPLICATIONS**

- 9.1 The actual spend on the BT contract for 2019/20 was £3.61m compared to a revenue budget of £3.73m.
- 9.2 As at 31 October 2020, no variance has been projected against the 2020/21 revenue budget of £3.96m.

**10. LEGAL IMPLICATIONS**

- 10.1 There is an ongoing requirement under the Council's Contract Procedure Rule 23 to monitor contract performance, costs and user satisfaction and report annually to the Executive.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	BT Performance report.



General

# BT Performance Report

Public, Executive, Resources and Contracts Policy Development and  
Scrutiny Committee November 2020

Author: Ian Withycombe

Issue: v1.1

09/10/2020

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# 1 Introduction

This report has been produced for the Public, Executive, Resources and Contracts Policy Development and Scrutiny Committee to provide an update on the performance of BT delivering the services called off against the Pan-London Framework. The report covers the period from September 2019 to September 2020.

During the period of this report a number of items progressed, over and above the Service Performance that are worth noting:

- Snap general election December 2019 was well supported and with the IT project completing successfully
- Supported the migration of the Anite housing system to the new Orchard housing system
- Supported power works to Bromley's data centre.
- Rollout of Windows 10 machines to circa 1600 users
- Started the migration of users to utilise Office 365 for email, file storage and sharing
- Started the upgrade of Bromley's physical IT infrastructure including upgrades to Core network equipment at all major sites.

The impact of Covid-19 has been dramatic and has significantly changed the working practices of the whole Bromley delivery. We have endeavoured to continue to provide the best service and where we maybe falling short this is being proactively addressed to accommodate the new ways of working.

## 2 Service performance

Each Horizontal Capability or Lot has a set of Key Performance Indicators that are reported on. Failure to meet these targets without an agreed reason, results in a service credit to Bromley.

### 2.1 Key Performance Indicators Lot 1 End User Computing

#### Key Performance Indicators EUC September 2019 to August 2020

These performance indicators measure how BT manage the end user computing estate in Bromley, including user devices and supporting infrastructure. There are currently 6 Key Performance Indicators reported on for Lot 1.

BT have been able to maintain a very consistent level of service to our end users with no KPI failures for Lot 1.

**Table 2.1-a Covers KPI performance from September 2019 to December 2019**

KPI Ref	Description	Target	Sep-19	Oct-19	Nov-19	Dec-19
EUC-KPI-01	P1 Restoration EUC	99%	100%	100%	100%	100%
	P2 Restoration EUC	95%	100%	100%	100%	100%
	P3 Restoration EUC	90%	93%	98%	97%	97%
	P4 Restoration EUC	90%	100%	100%	99.50%	99%
<b>EUC-KPI-02</b>	<b>Critical Application Availability</b>	99.7%	99.86%	99.72%	100.00%	100.00%
EUC-KPI-07	Anti-virus, Firewall, and Malware File Release	95% of the time	100%	100%	100%	100%
EUC-KPI-08	Install, Move, Add or Change (IMAC)	90% of the time	99%	99%	96%	91%
EUC-KPI-10	Image Management	99% of the time	100%	100%	100%	100%
EUC-KPI-12	Asset Management: Hardware and/or Software Inventory Accuracy	95% accuracy	95%	95%	95%	95%

**Table 2.1-b Covers KPI performance from January 2019 to April 2019**

KPI Ref	Description	Target	Jan-20	Feb-20	Mar-20	Apr-20
EUC-KPI-01	P1 Restoration EUC	99%	100%	100%	100%	100%
	P2 Restoration EUC	95%	100%	100%	100%	100%
	P3 Restoration EUC	90%	98%	100%	96%	93%
	P4 Restoration EUC	90%	100%	100%	100%	100%
<b>EUC-KPI-02</b>	<b>Critical Application Availability</b>	99.7%	100%	100%	100%	100%
EUC-KPI-07	Anti-virus, Firewall, and Malware File Release	95% of the time	100%	100%	100%	100%
EUC-KPI-08	Install, Move, Add or Change (IMAC)	90% of the time	97%	98%	97%	98%

EUC-KPI-10	Image Management	99% of the time	100%	100%	100%	100%
EUC-KPI-12	Asset Management: Hardware and/or Software Inventory Accuracy	95% accuracy	95%	95%	95%	95%

**Table 2.1-c Covers KPI performance from January 2020 to August 2020**

KPI Ref	Description	Target	May-20	Jun-20	Jul-20	Aug-20
EUC-KPI-01	P1 Restoration EUC	99%	100%	100%	100%	100%
	P2 Restoration EUC	95%	100%	100%	100%	100%
	P3 Restoration EUC	90%	95%	97%	90%	94%
	P4 Restoration EUC	90%	100%	99%	100%	99%
<b>EUC-KPI-02</b>	<b>Critical Application Availability</b>	99.7%	100.00%	100.00%	100.00%	100.00%
EUC-KPI-07	Anti-virus, Firewall, and Malware File Release	95% of the time	100%	100%	100%	100%
EUC-KPI-08	Install, Move, Add or Change (IMAC)	90% of the time	98%	99%	99%	99%
EUC-KPI-10	Image Management	99% of the time	100%	100%	100%	100%
EUC-KPI-12	Asset Management: Hardware and/or Software Inventory Accuracy	95% accuracy	95%	95%	95%	95%

## 2.2 Key Performance Indicators Lot 3 Data Centre Services

### Key Performance Indicators DCS September 2019 to August 2020

These performance indicators measure how BT manage the infrastructure in the Bromley Data Centre.

There are currently 7 Key Performance Indicators reported on for Lot 3.

There were several failures of the KPIs for Priority 2 and Priority 3 ticket resolution during the period of the report.

The volume of calls in each KPI measured can be very low, and therefore missing only 1 or 2 calls can result in a missed KPI.

There have been significant challenges with managing the Lync telephone system since the change to users working from home due to the Covid-19 restrictions. Part of the IT Transformation programme is replacing Lync with Skype for business (a more modern version). We are also updating the design to take in to account the changed location of the majority of users from a managed high speed internal network to remote unmanaged home broadband

Working is being undertaken with the delivery areas to improve management of calls and prioritisations.

Further detail on each failure

November 19 – 1 missed P2 call from 4 – Adobe reader incorrectly removed from Citrix servers, the reinstallation process took an extended time due to requiring to patch servers without users logged in.

December 19 - A failure on 2 incidents from 19 –The first call related to a user's issue with email access via Citrix. Our standard fix was not successful in this case. So additional troubleshooting and testing was needed to resolve. This took the time to complete over the SLA. The second failure was due to a delay in getting the ticket allocated out to a 3<sup>rd</sup> Party for assistance.

March 20 – Failure for P4 due 1 call from 4 failing. In this case the call was not actioned in sufficient time after the user replied with an update. The failure for P3 was due to 4 calls from 39, in these cases investigation was required by a number of teams which delayed the final fix

April 20 – In this month we saw the significant shift to users working remotely. The datacentre team saw a further increase in calls relating to issues accessing applications remotely 21 calls from 57 call unfortunately failed SLA.

May 20 – P2 failure 1 from 2 incidents failing SLA. An issue with call routing between VPN user and Lync hunt groups was causing an issue for call to connect. Reviewing logs and implementing a fix took an extended amount of time. Issue also reappeared after initial fix put in place. Reoccurring reboots of key servers overnight resolved the issue while Skype for Business was being provisioned.

June 20 – Failure of 1 P2 call from 2 incidents. Is with a new Covid-19 related hunt group where calls were failing to connect in some situations. With all the call agents working at home using different connections methods, the troubleshooting phase required extending monitoring to capture call information. With the change to Skype for business and the rollout of windows 10. Connectivity is now more consistent and similar for all users.

July 20 - Failure of KPI for P2 calls, 1 call from 2 failed, Email for ipad users migrated to Office 365 mail. Issue found with mobileiron server which had failed to restart correctly. Issues only reported by 1 user in first instance so investigation focused on user's device as part of user migration to Window 10. Escalated to P2 after several hours, once identified as a broader issue, investigation focused on the infrastructure issue and resolution was completed quickly but SLA has breached.

Failure of 7 P3 calls, several of the calls required extended investigation, with 3 requiring review by other team. Focus to be placed on ensuring correct teams engaged earlier.

August-20 - Failure on P2 calls 1 call from 4 failed. Issue with inbound encrypted emails, issue appeared resolved, issue returned next day. Need to ensure full validation is done with customer to ensure end to end process is working.

Failure of 7 P3 call from 40 – Similar to previous months a number of tickets have taken additional troubleshooting, however there were calls where improved documentation would have lead to the issues being resolved sooner as additional hand offs to other teams would have been prevented.

**Table 2.2-a Covers KPI performance from September 2019 to December 2019**

KPI Ref	Description	Target	Sep-19	Oct-19	Nov-19	Dec-19
DC-KPI-01	P1 Incident Management	99%	100%	100%	100%	100%
	P2 Incident Management	95%	100%	100%	75%	100%
	P3 Incident Management	90%	92%	91%	94%	89%
	P4 Incident Management	90%	100%	100%	100%	100%
DC-KPI-02	Critical Application Service Availability	99.7% for Business Hours	100%	99.85%	99.99%	100%



DC-KPI-06	Backups	98%	100%	100%	100%	100%
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Table 2.2-b Covers KPI performance from January 2019 to April 2019

KPI Ref	Description	Target	Jan-20	Feb-20	Mar-20	Apr-20
DC-KPI-01	P1 Incident Management	99%	100%	100%	100%	100%
	P2 Incident Management	95%	100%	100%	100%	100%
	P3 Incident Management	90%	100%	94%	83%	64%
	P4 Incident Management	90%	100%	91%	80%	90%
DC-KPI-02	Critical Application Service Availability	99.7% for Business Hours	100%	100%	100%	100%
DC-KPI-06	Backups	98%	100%	100%	100%	100%

Table 2.2-d Covers KPI performance from January 2020 to August 2020

KPI Ref	Description	Target	May-20	Jun-20	Jul-20	Aug-20
DC-KPI-01	P1 Incident Management	99%	100%	100%	100%	100%
	P2 Incident Management	95%	50%	67%	50%	80%
	P3 Incident Management	90%	71%	90%	73%	82%
	P4 Incident Management	90%	100%	100%	100%	100%
DC-KPI-02	Critical Application Service Availability	99.7% for Business Hours	100%	100%	100%	100%
DC-KPI-06	Backups	98%	100%	100%	100%	100%

## 2.3 Key Performance Indicators Service Desk

### Key Performance Indicators Service Desk September 2019 to August 2020

The BT Service Desk is delivered from a BT Shared Service Centre in Chesterfield. The desk is setup to resolve as many calls within the "first point of contact team" as possible without the need to pass the call onto another team and thereby giving a more seamless and better user experience for people contacting the desk.

There are 8 KPI's currently being reported on to measure how effectively the desk is performing. Below is a summary of the performance indicators we have in place for the service desk function:

- Service Request Response; A target of 90% of all requests for service to be acknowledged within 4 hours to ensure calls are handled promptly.
- Service Request Resolution; A target to resolve over 90% of Service Requests within 5 days (this includes dealing with any 3rd party suppliers) to ensure that most calls are fixed within a reasonable time scale. BT are consistently performing around 99% with the lowest figure being 97%.
- Internet available 100% of the time
- Speed to answer; 85% or more calls to be answered within 30 seconds.
- A target of no more than 3% of calls abandoned
- First time Fix; A target of 70% of all calls to be resolved by the service desk without the need to pass to another team. We have consistently over performed on this measured but we are also continuing to move processes to the desk to improve the users experience.
- Number of open Incidents as a percentage of all Incidents; A target to ensure that we aren't holding onto old calls and not closing them.
- Reopened calls; This target of no more than 3% of calls unopened ensures that engineers are closing calls correctly and only a small number are being reopened due to call not being fixed. This target ensures the engineers consider the customers view before closing the call.

The table below is a summary of the Key Performance Indicators in place for the Service Desk for the period covered by this report. The period includes the changes to working practice involved by Covid-19 restrictions, the rollout out of new Windows 10 Laptops to end users and a number of P1 infrastructure event which resulted in a significant increase in the volume of telephone calls. Despite best efforts in several cases these "Flash" events combined increase in how-to call related to the Windows 10 rollout meant that meeting overall monthly telephone call handling KPIs became very hard.

Additional resources have now been added to the Desk to manage the increased call volumes particularly around Windows 10 advice and assistance.

**Table 2.3-a Covers KPI performance from September 2019 to December 2019**

Ref	Description	Target	Sep-19	Oct-19	Nov-19	Dec-19
BES-KPI-01a	Service Request Response	=<4 hours	100%	100%	100%	100%
BES-KPI-01b	Service Request Resolution	=<5 days	98%	99%	99%	99%
BES-KPI-02	IT Service Management System (Service Management)	100.00%	100%	100%	100%	100%
BES-KPI-03	Internet Connectivity		100%	100%	100%	100%
BES-KPI-04	Speed to Answer	=<30 seconds 85%	82%	92%	82%	94%
BES-KPI-05	Call abandoned	<=3%	5%	1%	5%	2%
BES-KPI-07	First Time Fix (FTF)	70.00%	88%	88%	91%	92%
BES-KPI-09	Number of open Incidents as percentage of all Incidents outside SLA	=<7%	1%	1%	1%	1%
BES-KPI-10	Reopened calls	<=5%	1%	1%	1%	1%

Table 2.3-b Covers KPI performance from January 2020 to April 2020

Ref	Description	Target	Jan-20	Feb-20	Mar-20	Apr-20
BES-KPI-01a	Service Request Response	=<4 hours	100%	100%	100%	100%
BES-KPI-01b	Service Request Resolution	=<5 days	99%	100%	99%	98%
BES-KPI-02	IT Service Management System (Service Management)	100.00%	100%	100%	100%	100%
BES-KPI-03	Internet Connectivity		100%	100%	100%	100%
BES-KPI-04	Speed to Answer	=<30 seconds 85%	85%	83%	59%	77%
BES-KPI-05	Call abandoned	<=3%	4%	5%	10%	5%
BES-KPI-07	First Time Fix (FTF)	70.00%	91%	89%	87%	82%
BES-KPI-09	Number of open Incidents as percentage of all Incidents outside SLA	=<7%	1%	1%	2%	1%
BES-KPI-10	Reopened calls	<=5%	1%	1%	2%	2%

Table 2.3-e Covers KPI performance from January 2020 to August 2020

Ref	Description	Target	May-20	Jun-20	Jul-20	Aug-20
BES-KPI-01a	Service Request Response	=<4 hours	100%	100%	100%	100%
BES-KPI-01b	Service Request Resolution	=<5 days	100%	99%	98%	97%
BES-KPI-02	IT Service Management System (Service Management)	100.00%	100%	100%	100%	100%
BES-KPI-03	Internet Connectivity		100%	100%	100%	100%
BES-KPI-04	Speed to Answer	=<30 seconds 85%	85%	89%	73%	47%
BES-KPI-05	Call abandoned	<=3%	3%	3%	10%	18%
BES-KPI-07	First Time Fix (FTF)	70.00%	83%	87%	85%	82%
BES-KPI-09	Number of open Incidents as percentage of all Incidents outside SLA	=<7%	1%	0%	0%	1%
BES-KPI-10	Reopened calls	<=5%	2%	2%	2%	1%

## 2.4 Project Esther

Project Esther was initiated between BT and the Council in early 2017. The services provided have been monitored for performance against agreed SLAs since June 2018. There are 5 KPIs which monitor performance for incident and service request resolution.

Over the reporting period of this report, performance has been good and consistent with only 3 instances of KPI failure.

The 3 failures were due to a number of long running tickets being closed in the month which caused the breaches.

**Table 0.4-a Covers KPI performance from September 2019 to December 2019**

Description	Target	Sep-19	Oct-19	Nov-19	Dec-19
Service Request Resolution	90%	97.20%	96.45%	97.44%	100.00%
Incident Resolution P1	99%	100%	100%	100.00%	100.00%
Incident Resolution P2	95%	100%	100%	100.00%	100.00%
Incident Resolution P3	90%	97.62%	95.24%	100.00%	100.00%
Incident Resolution P4	90%	100%	100%	94.70%	100.00%

**Table 0.4-b Covers KPI performance from January 2020 to April 2020**

Description	Target	Jan-20	Feb-20	Mar-20	Apr-20
Service Request Resolution	90%	100.00%	100.00%	91.35%	100.00%
Incident Resolution P1	99%	100.00%	100.00%	100.00%	100.00%
Incident Resolution P2	95%	100.00%	100.00%	100.00%	100.00%
Incident Resolution P3	90%	93.90%	96.70%	84.75%	87.00%
Incident Resolution P4	90%	100.00%	100.00%	93.33%	78.00%

**Table 0.4-a Covers KPI performance from January 2020 to August 2020**

Description	Target	May-20	Jun-20	Jul-20	Aug-20
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Service Request Resolution	90%	100.00%	100.00%	100.00%	98.00%
Incident Resolution P1	99%	100.00%	100.00%	100.00%	100.00%
Incident Resolution P2	95%	100.00%	100.00%	100.00%	100.00%
Incident Resolution P3	90%	92.00%	96.00%	91.00%	90.00%
Incident Resolution P4	90%	100.00%	100.00%	100.00%	100.00%

## 3 Ticket & Telephone Volumes/Overview

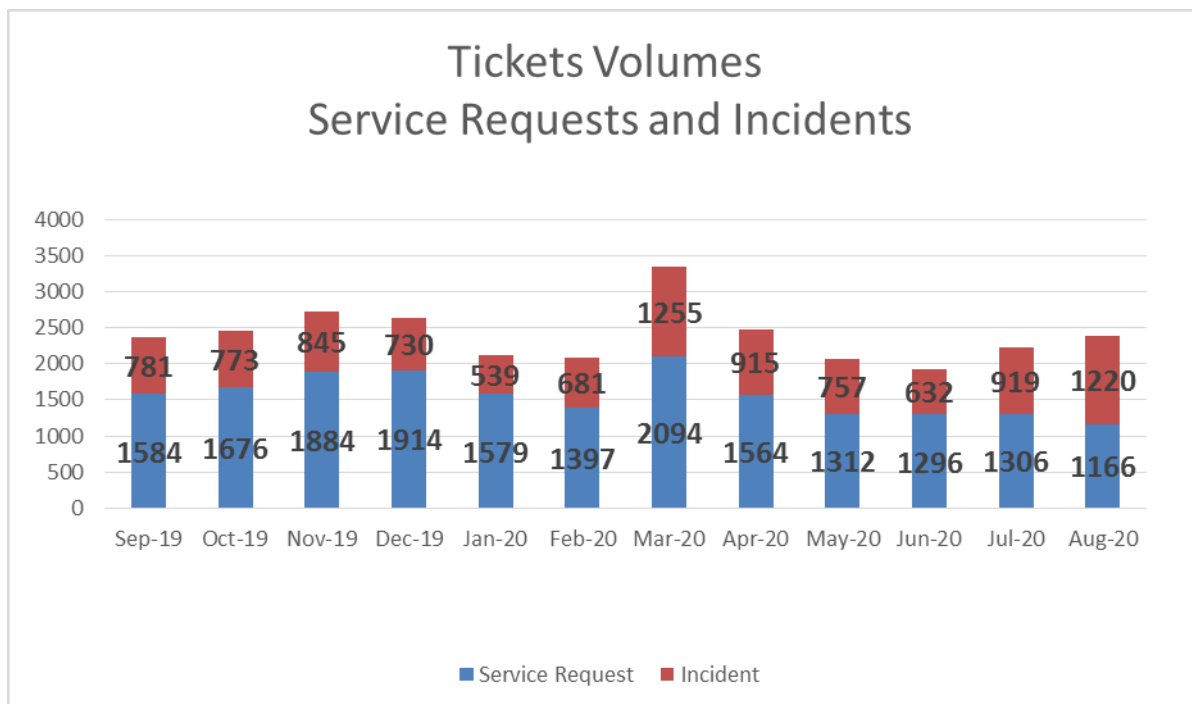
### 3.1 Ticket Volumes/Overview

Each new call to the Bromley Help Desk creates a record or ticket. These tickets can provide good evidence of volumes and types of calls being raised by Bromley Council users. Many of the KPI are based on our performance in resolving these tickets. The graph below shows the volume of calls logged by the Service Desk and actioned by teams and the proportion of calls that are faults.

**Faults** relate to calls/e-mails to the Service Desk reporting a failure in a system. These are managed as Priority 1 to 4 faults, 1 being a complete system failure with a 4 hour target to fix.

**Service Requests** are contacts to the Service Desk where the user is asking for something to be done, for instance: New User, change of permissions or a new PC would all be Service Requests.

Figure 3-1

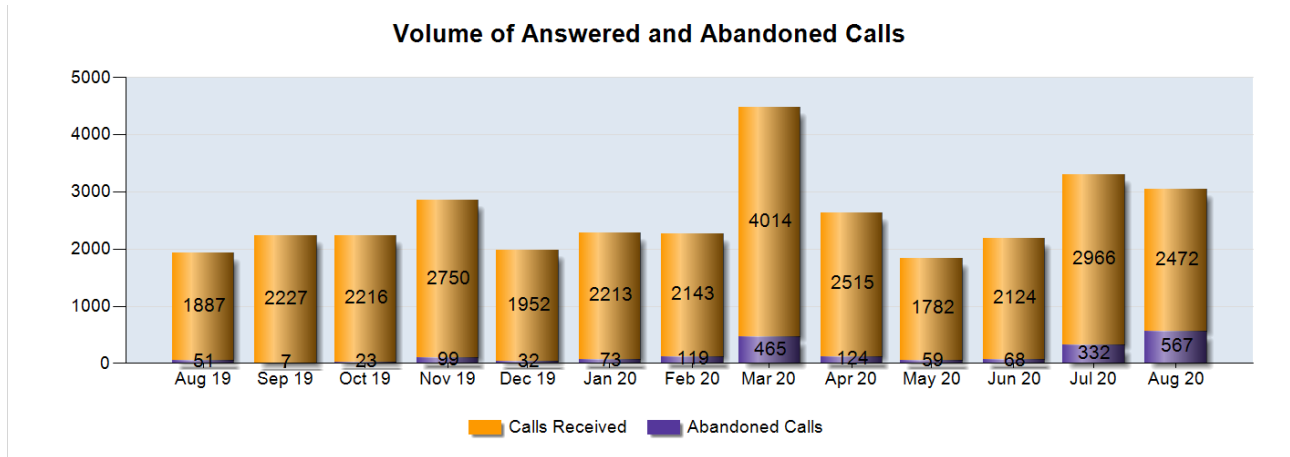


The above figures represent the number of tickets either incidents or service requests in each month. Although the total number of tickets being closed is similar, we have seen an increase of incident tickets being raised. Some of this raises has been identified as being due to the change technology being used by staff. Calls around how tos and training have increased. Additional staff have been bought in to assist with this increase.

### 3.2 Telephone Overview

As requested in previous reports the following shows more detail around the telephone call handling for the BT Bromley Help Desk. The last year with the change in working practice we have seen an increase in telephone call volume. Particularly when a major incident happens as we no longer have the benefit of word of mouth to share knowledge of issues being raised.

### 3.2.1 Inbound calls to abandon calls.



The abandoned call level (calls where the user hangs up before talking to an agent), has been higher in the second half of the year. March was particularly high due to the significant increase in call volumes. July and August also saw an increase and has been link back to the rollout of new devices and software and with users working remotely.

## 4 IT Transformation

Over the reporting period, BT have been undertaking Bromley's IT transformation. This includes:

- Windows 10 Laptop Rollout
- Migration of Email to Office 365
- Upgrade of Lync 2010 to Skype for Business (Bromley telephone system)
- Network refresh programme
- Core Windows infrastructure upgrades and server consolidation.

This is an ambitious programme of works with the aim to give Bromley users the best possible IT environment to ensure they can support Bromley residents efficiently and agilely. Working in partnership with Bromley we have been able to issue out circa 1600 laptops over 13 weeks. This has been achieved despite of the Covid-19 pandemic restrictions and the change in delivery methods to ensure full Covid secure practices where put in place.







17/10/2020

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Report No.

London Borough of Bromley

PART ONE - PUBLIC

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

**Date:** Wednesday 18 November 2020

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

**Title:** COST OF AGENCY WORKERS

**Contact Officer:** Emma Downie, Head of HR Business, Systems & Reward  
E-mail: emma.downie@bromley.gov.uk

**Chief Officer:** Charles Obazuaye, Director of HR & Customer Services  
Email: charles.obazuaye@bromley.gov.uk

**Ward:** All Wards

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1. Reason for report

1.1 The Chairman of the ER&C PDS requested a report for information on the use and cost of agency workers across the Council and the ten highest paid agency workers. This information is being provided for Members taking into account our duty of care for affected individuals and the requirements of the DPA/GDPR Regulations 2018.

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2. **RECOMMENDATION(S)**

2.1 The Executive, Resources & Contracts PDS committee are invited to:

- (i) Note and comment on the contents of the report;
- (ii) Refer any queries back to the appropriate Chief Officer for comment and action

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Summarised in Report
- 

### Corporate Policy

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

### Financial

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

### Personnel

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

### Legal

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

### Procurement

1. Summary of Procurement Implications: Not Applicable
- 

### Customer Impact

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

### Ward Councillor Views

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

### 3. COMMENTARY

- 3.1 This report summarises the costs of agency workers across the Council. Whilst it is appropriate that budgetary spend is monitored it is equally important to consider this not in isolation but in a climate of national recruitment shortages and to recognise the steps that have already been taken to reduce the Council's reliance on agency workers.
- 3.2 There will always be a requirement for the use of agency workers and in particular across our social care functions where statutory provision applies however the recruitment of permanent staff remains a key aim of the Department's Recruitment and Retention strategy.

#### BROMLEY CONTEXT

- 3.3 Adecco have been the Council's Managed Service Provider (MSP) for the provision of agency workers since 2013 originally via the ESPO Mstar framework. The current MStar2 contract with Adecco expires on 21<sup>st</sup> April 2021.
- 3.4 From April 2021, the Council will be moving to a neutral vendor arrangement with Matrix SCM Ltd via the ESPO MStar3 Framework.
- 3.5 The detail and reasons for the change to Matrix SCM Ltd are set out in the report to Executive, Resources and Contracts PDS on 1<sup>st</sup> July 2020.
- 3.6 We currently have 179 active agency assignments of which 45% are in qualified Social Care posts across Children and Adult's Services.
- 3.7 As the Council progresses with its Transformation agenda there will be a need to ensure staffing structures remain sufficiently flexible to support business need and service requirements. The continued use of agency staff in the short term may therefore need to be considered in certain instances as structures realign. In addition, the volatility of the Social Care recruitment market means that agency workers will continue to need to be procured to ensure that the Council meets its statutory responsibilities. However, the perm to agency ratio is currently an average of 84% permanent to 16% agency across qualified Social Care roles.
- 3.8 The agency contract is instrumental in managing the agency recruitment staffing needs of the Council. The contract helps to fill critical posts urgently and the cap on rates, via the London Councils' Memorandum of Understanding, is attempting to stabilise the social care market although this continues to be problematic due to the high levels of demand and insufficient levels of supply.
- 3.9 Agency workers are funded directly from individual department's staffing budgets, with the bulk of the total spend relating to direct payment of workers. Table 1 below gives details of the overall spend over the past three years, which can be seen to be an average of just over £13m.

**Table 1**

	<b>Total Excl VAT</b>
2017/18	13.9m
2018/19	14.1m
2019/20	11.1m
<b>Grand Total</b>	<b>39.1m</b>

- 3.10 During 19/20, the median spend on agency workers across the London Boroughs was £22.1m with Bromley showing the 5<sup>th</sup> lowest spend.

- 3.11 It is anticipated that the level of spend for 2020/21 could be in the region of £12.5m although demand does fluctuate from year to year.
- 3.12 Details of the top ten agency earners can be found in part 2 but members should note that 6 out of 10 of these are in Social Care, consistent with the spread with agency workers across the Council.
- 3.13 Recruiting to roles on a permanent basis is a priority in order to create a stable workforce particularly across the Children's and Adult's service functions. Over the previous 12 months, there have been 39 agency to perm appointments. Whilst it is always preferable that candidates apply to Bromley directly this is a way of increasing candidates. As a result of the buoyant job market for Children's Social Workers, job seekers often do not wish to spend the time applying for roles directly and prefer to be represented/submitted via an agency. A fee is only paid to the agency only once the employee starts in post.
- 3.14 The Recruitment and Retention Board was established in January 2017, chaired by the Director of HR & Customer Services. A work plan has been established to address current issues of staffing and consider initiatives to attract staff to Bromley. As well as recruitment and retention initiatives the board looks at workforce development issues to ensure staff receive the best training and development and have opportunities to progress in different roles across the service. Targets have also been set for the recruitment of qualified permanent staff.
- 3.15 The introduction and use of LinkedIn to aid permanent recruitment, which was introduced in September 2020, allows for a more pro-active approach to recruitment as well as advertising roles to a wider audience. The performance of this will be monitored but it's too early to report on at this stage.
- 3.16 Our Exit Survey platform and our new "On Boarder" survey will hopefully provide better data/information which will enable us to understand the drivers for staff turnover and help us to identify measures to reduce/mitigate the loss of staff. We are also looking at a number of other initiatives to help retain staff and these have been formulated into an action plan monitored by the Recruitment and retention Board.
- 3.17 The spend on agency workers is monitored and proportionate in a climate of national shortage. Much work continues to be undertaken by the Council to reduce the reliance and ultimate spend on agency staff in the future.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 The use of agency workers, mainly as a stop gap pending permanent recruitment of qualified/experienced staff, in children's and adult's services is key to the work of the department and the Council's ambition for children and young people in the borough. The Recruitment and Retention board, chaired by the Director of HR & Customer Services, continues to monitor the balance between perm and agency qualified staff which stands at approximately 84% permanent compared to 16% agency.

#### **5. POLICY IMPLICATIONS**

- 5.1 As the Council continues with its Transforming Bromley agenda, the need for flexibility in staffing resources will continue to be a key driver.
- 5.2 The Covid-19 crisis has further shown the need for flexibility to help with additional and fluctuating workloads.
- 5.3 It is hoped that the reliance of agency staff for both Children's and Adult's Social Care will diminish over time as the workforce becomes more stabilised. The Council's Apprenticeship

Scheme is also anticipated to reduce the need to engage agency workers through Adecco particularly for Administrative type roles where these are deemed necessary to fill.

## 6. FINANCIAL IMPLICATIONS

- 6.1 The main financial considerations are contained with the body of the report and the part 2 addendum to this report.
- 6.2 The cost of agency staff is funded from services' employee revenue budgets.

## 7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from the report mainly because the Council, irrespective of how agency workers are procured, is not the employer of agency staff. However in some landmark employment law cases individual agency staff have successfully argued employment status due to their working relationship with the end user client.
- 7.2 The Agency Workers' Regulations 2010 (AWR) impose significant duties and obligations on hirers (end users) of agency staff as well as the employment agencies. In a nutshell, the aim of the AWR is to ensure that agency workers receive equal treatment in respect of some aspects of employment. The regulations were effective from 1 October 2011.
- 7.3 There are two main rights available to agency staff, namely
  - a) Day one rights giving agency staff the right to communal facilities e.g. canteen, car parking facilities, etc. and the right to vacancy information;
  - b) Week 12 rights i.e. the right to the same basic pay and terms and conditions of service as directly employed staff.
- 7.4 Consequently hirers turn to recruitment agencies and in particular Neural Vendor or Managed Service providers to provide the solution to work within the AWR, as an alternative to dealing directly with employment agencies – thus minimising all the risks associated with hiring agency staff.
- 7.5 This arrangement complements the current Special Recruitment Measures agreed by Chief Officers to ensure that employment opportunities are ring fenced to redundant/displaced staff first before agency staff, in line with the Council's legal obligation to minimise compulsorily redundancies and will also mitigate the employment risks associated with engagement of non-standardised workers.

## 8. LEGAL IMPLICATIONS

- 8.1 There are no specific legal implications arising from the report.

<b>Non-Applicable Sections:</b>	<b>Procurement Implications</b>
Background Documents: (Access via Contact Officer)	[Title of document and date]

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