

## TO MEMBERS OF THE COUNCIL

Notice is hereby given that a virtual meeting of the Council of the London Borough of Bromley is to be held on Monday 7 December 2020 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

**PLEASE NOTE:** This is a 'virtual meeting' and members of the press and public can see and hear the meeting 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.

### Prayers

### A G E N D A

- 1 Apologies for absence
- 2 Declarations of Interest
- 3 To confirm the Minutes of the meeting of the Council held on 12th October 2020 (Pages 3 - 32)
- 4 Questions (Pages 33 - 44)

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 – by 23<sup>rd</sup> November 2020.

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 1<sup>st</sup> December 2020.**

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

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

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

- 5 To consider any statements that may be made by the Leader of the Council, Portfolio Holders or Chairmen of Committees.
- 6 Council Tax Support/Reduction Scheme 2021/22 (Pages 45 - 102)
- 7 Housing Finances (Pages 103 - 124)
- 8 Treasury Management - Quarter 2 Performance 2020/21 and Mid Year Review (Pages 125 - 150)

- 9 Review of Financial Regulations (Pages 151 - 322)
- 10 Local Pension Board - Annual Report 2020 (Pages 323 - 336)
- 11 To consider Motions of which notice has been given.
- 12 The Mayor's announcements and communications.

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*Ao Adetosoye*

**Ade Adetosoye OBE**  
**Chief Executive**

**BROMLEY CIVIC CENTRE**  
**BROMLEY BR1 3UH**  
**Friday 27 November 2020**  
**Vol.57 No.4**

## LONDON BOROUGH OF BROMLEY

### MINUTES

of the proceedings of the virtual Meeting of the  
Council of the Borough  
held at 7.00 pm on 12 October 2020

#### Present:

**The Worshipful the Mayor  
Councillor Hannah Gray**

**The Deputy Mayor  
Councillor Stephen Wells**

#### Councillors

Marina Ahmad	Simon Fawthrop	Tony Owen
Gareth Allatt	Peter Fortune	Angela Page
Vanessa Allen	Kira Gabbert	Chris Pierce
Graham Arthur	Will Harmer	Neil Reddin FCCA
Kathy Bance MBE	Christine Harris	Will Rowlands
Yvonne Bear	Colin Hitchins	Michael Rutherford
Julian Benington	Samaris Huntington-	Richard Scoates
Nicholas Bennett MA J.P.	Thresher	Suraj Sharma
Kim Botting FRSA	William Huntington-	Colin Smith
Mike Botting	Thresher	Diane Smith
Katy Boughey	Simon Jeal	Gary Stevens
Mark Brock	David Jefferys	Melanie Stevens
Kevin Brooks	Charles Joel	Harry Stranger
David Cartwright QFSM	Josh King	Kieran Terry
Mary Cooke	Kate Lymer	Michael Tickner
Aisha Cuthbert	Christopher Marlow	Pauline Tunnicliffe
Peter Dean	Robert Mcilveen	Michael Turner
Ian Dunn	Russell Mellor	Angela Wilkins
Nicky Dykes	Alexa Michael	
Judi Ellis	Peter Morgan	
Robert Evans	Keith Onslow	

The meeting was opened with prayers

In the Chair  
The Mayor  
Councillor Hannah Gray

**211 Apologies for absence**

There were no apologies for absence – all Members were present. Councillors Robert Evans and Will Rowlands sent apologies for their late arrival.

**212 Declarations of Interest**

Councillors Katy Boughey, Kevin Brooks, Kira Gabbert, Christine Harris, Colin Hitchins, Peter Morgan, Suraj Sharma and Melanie Stevens declared interests in relation to the motion (minute 220) as landlords or tenants.

**213 To confirm the Minutes of the meeting of the Council held on 20th July 2020**

RESOLVED that the minutes of the meeting of the Council held on 20<sup>th</sup> July 2020 be confirmed as a correct record.

**214 Questions**

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

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

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

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

A statement was made by the Leader of the Council on the Covid-19 situation. The borough was doing well, with rates of infection low compared to many other boroughs but there was no room for complacency. The borough was well-placed for a further lockdown if the Government imposed one – shielded residents had been identified, there were four and a half thousand volunteers ready to serve, seventy-one members of staff were volunteering to assist with track and trace and £500 grants had been issued for people needing to isolate. Due to the hard work and lobbying of Members and officers there were three testing centres in the borough at Crystal Palace, the Cray Valley and Norman Park. Seventy thousand residents could be contacted direct by email, and further communications were planned through local newspapers, residents associations and community groups, including hard-to-reach groups. Notices and stickers had been provided around all schools to raise awareness of social distancing and additional street marshals were encouraging social distancing in high streets. The environmental health team



had been busy visiting restaurants, pubs and other licensed premises, and one license had been suspended. The Leader would be writing shortly with further details - he urged all Members to pass the message on to keep everyone safe.

The Leader responded to questions from Councillors Michael, Bennett and Fawthrop. He considered that there was a case for treating parts of London differently where there were particular clusters of the disease, but it was also difficult to treat areas in isolation where borders were permeable and public health had to remain foremost. Asked about the lack of QR codes at local restaurants, and lack of enforcement of against people congregating outside after pubs and restaurants closed at 10pm, the Leader stated that Cllr Lymer could possibly assist with the QR codes issue, and he agreed that all premises closing at the same time did not assist with dispersal. In response to a question about whether students were included in Bromley's figures, the Leader suggested discussing this with the Director of Public Health. He also confirmed that reports marked as confidential should not be passed on.

The Mayor thanked everyone who had worked so hard to support the community in fighting the virus.

**216 Treasury Management - Annual Report 2019 - 20**  
Report CSD20095

A motion to note the Treasury Management Annual Report for 2019/20 and approve the actual prudential indicators within the report was moved by Councillor Graham Arthur, seconded by Cllr Colin Smith and **CARRIED**.

**217 Licensing Act 2003 - Statement of Licensing Policy for 2021 to 2026**  
Report CSD20099

A motion to note the responses to consultation and adopt the revised Statement of Licensing Policy under the Licensing Act 2003 including the reinstatement of a flow chart as recommended by General Purposes and Licensing Committee, to have effect on 7<sup>th</sup> January 2021, was moved by Councillor Pauline Tunnicliffe, seconded by Councillor Stephen Wells and **CARRIED**.

**218 Local Pension Board - Appointment of Board Member**  
Report CSD20097

A motion to appoint Brayan Bernal-Gil as an Employer Representative to the Local Pension Board for the balance of the four-year term of office ending on 30<sup>th</sup> June 2023 was moved by Councillor Pauline Tunnicliffe, seconded by Councillor Stephen Wells and **CARRIED**.

**219**        **Revised Code of Conduct**  
Report CSD20099

A motion to approve the revised Code of Conduct as recommended by the Standards Committee was moved by Councillor Will Harmer, seconded by Councillor Vanessa Allen and **CARRIED**.

**220**        **To consider Motions of which notice has been given.**

The following motion was proposed by Cllr Josh King and seconded by Cllr Kathy Bance MBE -

“The continuing effects of Covid-19 health crisis have disproportionately impacted those most vulnerable in society - those on benefits and those on zero hours contracts, many of whom rent from private landlords and whose loss of income and additional financial pressures puts them at risk of eviction.

This Council calls on the government to reinstate the evictions ban which came to an end on 21st September and implement the promised ban on section 21 evictions “no fault evictions”.

The following Members voted in favour of the motion -

Councillors Marina Ahmad, Vanessa Allen, Kathy Bance, Kevin Brooks, Ian Dunn, Simon Jeal, Josh King and Angela Wilkins. (8)

The following Members voted against the motion -

Councillors Gareth Allatt, Graham Arthur, Nicholas Bennett, Kim Botting, Mark Brock, David Cartwright, Mary Cooke, Aisha Cuthbert, Peter Dean, Judi Ellis, Robert Evans, Simon Fawthrop, Peter Fortune, Kira Gabbert, Will Harmer, Christine Harris, Colin Hitchins, Samaris Huntington-Thresher, William Huntington-Thresher, David Jefferys, Charles Joel, Kate Lymer, Robert Mcilveen, Russell Mellor, Alexa Michael, Keith Onslow, Tony Owen, Angela Page, Chris Pierce, Neil Reddin, Will Rowlands, Michael Rutherford, Richard Scoates, Suraj Sharma, Colin Smith, Diane Smith, Gary Stevens, Melanie Stevens, Kieran Terry, Michael Tickner, Pauline Tunnicliffe and Michael Turner. (42)

The following Members abstained –

Councillors Hannah Gray, Harry Stranger and Stephen Wells. (3)

The following Members did not record a vote (in some cases due to technical issues) –

Councillors Yvonne Bear, Julian Benington, Mike Botting, Katy Boughey, Nicky Dykes, Christopher Marlow and Peter Morgan. (7)

The motion was **LOST**.

**221 The Mayor's announcements and communications.**

The Mayor highlighted the following events and developments -

- A virtual Christmas jazz evening for Thursday 17<sup>th</sup> December - further details will be sent out by the office when all the arrangements have been finalised.
- A prize draw with Givergy with a Spitfire flight experience for the winner. Tickets were £10 and there would be a free ticket for the first Member to sell ten tickets.
- The first edition of the Mayor of Bromley's Newsletter had been published – there had been lots of positive feedback and the Mayor welcomed any comments or suggestions.
- The Mayor had been recording videos and these had received over five thousand views.
- The Mayor had a monthly column in "Life in .... Orpington" magazine, sent out via my social media.
- The website was being updated, and could be used to request a visit or a phone call from the Mayor

The Mayor encouraged members to sign up for the newsletter and keep in touch over social media -

[www.facebook.com/mayorofbromley/](https://www.facebook.com/mayorofbromley/) (@mayorofbromley)

[www.twitter.com/MayorofBromley0](https://www.twitter.com/MayorofBromley0) (@MayorofBromley)

[www.instagram.com/mayorofbromley/](https://www.instagram.com/mayorofbromley/) (@mayorofbromley)

The Meeting ended at 9.02 pm

Mayor

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**COUNCIL MEETING**

**12<sup>th</sup> October 2020**

**QUESTIONS FROM MEMBERS OF THE PUBLIC FOR WRITTEN REPLY**

**1. From David Marshall to the Portfolio Holder for Environment and Community Services**

How many applications has Bromley Council made for funding from the Department of Transport for sustainable travel? Please list these applications and share what response has been received to each of those applications, stating which have been granted funds and what was the reason for refusal for those not granted.

**Reply:**

The majority of the funding received for sustainable travel projects over recent years has been received from Transport for London. However, some funding was made available this summer directly from DfT - the maximum amount was relatively small at £100k and this was successfully bid for. The schemes this funding is being utilised for are a pedestrian refuge in Beckenham, an improvement to a pedestrian crossing and segregated cycle route in Crystal Palace.

**2. From David Marshall to the Portfolio Holder for Environment and Community Services**

Monitoring of air quality in Bromley, particularly PM2.5 has been unreliable. At times when our neighbours in Croydon and Lewisham reported high levels in mid-August, Bromley's reporting is absent. What action is being taken to correct this issue?

**Reply:**

There have been teething problems with the PM2.5 monitor installed this year, and both Kings College and the engineers who service the site have addressed outstanding issues.

**3. From Chris Phillips, Chairman, Friends of Croydon Road Recreation Ground, to the Portfolio Holder for Environment and Community Services**

With reference to the Croydon Road bandstand, and the reply to full Council on 20th July, how is work progressing to secure a Conservation Architect for the works?

**Reply:**

Whilst progress on the project has been regrettably slower than anticipated, due to a number of competing projects and associated delays, it is expected that, following agreement of the procurement route, that tendering will take place later this year, when market conditions will hopefully enable contractors to properly assess the project.

**4. From Chloe-Jane Ross to the Portfolio Holder for Public Protection and Enforcement**

I witnessed a menacing and threatening catalytic convertor theft recently. Such thefts have risen significantly in the last couple of years. How many licensed scrap dealers are there in the borough and how many have been inspected by Bromley Council in the last 24 months?

**Reply:**

Bromley has 7 Scrap Metal Dealers sites within the borough and all have been inspected in the last 12months.

**5. From Chloe-Jane Ross to the Portfolio Holder for Renewal, Recreation and Housing**

What provisions will the Council be making to ensure existing users of the Beckenham Public Halls retain access on favourable terms when the building lease is disposed of? In particular safeguarding access to groups that regularly hire the halls in terms of affordability and accessible timetabling?

**Reply:**

The marketing of the site for a suitable operator will include provision of community use, which by the nature means on favourable terms that are accessible for the local community.

**6. From Stuart Benefield to the Portfolio Holder for Environment and Community Services**

What is the strategy to deal with the massive increase in traffic in Bromley, and how will this work alongside adjacent boroughs? Subjectively, I have noticed a huge increase in Bromley but there is also an objective increase throughout outer London - (<https://www.theguardian.com/environment/2020/sep/15/road-congestion-levels-in-outer-london-higher-than-before-lockdown>)

**Reply:**

Due to reduced capacity on buses at present, for social distancing reasons, there are unfortunately likely to be an increased number of cars using our streets, depending on the level of homeworking. However, according to some measures, it is pleasing to see that traffic levels have fallen through September to a level more similar to that seen at the same time in previous years.

Although Bromley lost its LIP (Local Implementation Plan) funding budget for 2020/21, as did all other London boroughs, Bromley has managed to secure some funding for temporary measures to help people travel by foot and by bicycle, plus creating additional space around some busy bus stops. Bromley will continue to work with all key stakeholders in order to maximise the effectiveness of schemes. Bromley also continues to lobby for further funding to help deliver the ambitious targets set out in Bromley's LIP.

**7. From Stuart Benefield to the Portfolio Holder for Environment and Community Services**

How are the new schemes for cyclists/pedestrians, introduced following external funding, being monitored? How will their success be fed back to the original scheme funders such as TfL?

**Reply:**

Monitoring will be done in these ways –

- Usage of the route; this will be through observation or traffic count where necessary to see how the routes are being used. This is not necessarily in comparison to existing counts because some of the routes are newly introduced routes. There is existing usage data for some routes, such as for cyclists using Bromley Road.
- Safety; this will be monitored using the before and after collision records at the location. Again, this will be specific to cyclists and pedestrian collisions.
- Accessibility; although this cannot be measured, it will be monitored by observation on site to see if it is easier for cyclists and pedestrians to use the route.
- Social Distancing schemes in High Streets and other high footfall locations will be monitored by observation and by resident/visitor comments.

Routine meetings with TfL are undertaken, where scheme progress is monitored.

**8. From Julie Ireland to the Portfolio Holder for Environment and Community Services**

Please tell us what progress has been made on the successful bids to TfL for funding for the “variety of measures around schools across the borough” (as you reported in July), and the “temporary cycle routes in and around Shortlands”.

**Reply:**

Five of six temporary school streets are now operational and a number of footway widening schemes around schools have also been installed. The sixth school street will be operational in a couple of weeks’ time. Temporary zebra crossings are also being installed at three locations over the next few weeks, subject to safety assessments being completed. The Department has also introduced social distancing signage around 114 schools across the Borough. A number of schools are also having part time 20mph signage installed during October and November.

In Shortlands, the new cycle routes are subject to ongoing consultation regarding some details of the design, with works on site having now started. The routes should be fully operational before Christmas.

**9. From Julie Ireland to the Portfolio Holder for Environment and Community Services**

In January 2019 I asked a question at the Council Meeting about the dangerously narrow pavements that lead to Unicorn School and Langley Schools, plus highlighted the campaign for a weatherproof path across Harvington playing fields. Please would he tell us what contact has been made and what plans he has for easing the dangerous congestion on these routes, which makes social distancing impossible and road safety perilous.

**Reply:**

The Council's School Travel Planners have regular contact with Borough schools, including Langley Schools and Unicorn Primary. The issue of the footway width in South Eden Park Road and of a weatherproof path across the Harvington playing fields has not featured in the schools' Travel Plans.

**10. From Sam Webber to the Portfolio Holder for Environment and Community Services**

Congestion close to the schools on Tylney Road and Nightingale Lane and the risk to pedestrian safety now seems worse than pre-lockdown. What has happened to the promised pedestrian crossing and what other measures are planned to enable social distancing?

**Reply:**

A report came to Environment PDS Committee in March this year recommending a Zebra crossing for Homesdale Road, to assist pedestrians including children travelling to the several nearby schools. This was approved to be installed in 2020/21, funded from TfL's grant funding for walking schemes. Unfortunately, due to TfL requiring a bailout, all TfL funding for 2020/21 schemes and grants were cancelled in year and the project was unable to proceed.

Bromley put bids to TfL in June to introduce this zebra crossing as a temporary, emergency measure. This bid was not initially supported by TfL. However, TfL have in the last month agreed to fund a zebra crossing for this location and orders are being placed for the works to proceed as soon as possible.

**11. From Sam Webber to the Portfolio Holder for Environment and Community Services**

How many school streets are currently in place in the borough and how many more are planned? What is the timescale for those schemes?

**Reply:**

Five of six temporary school streets are now operational and a number of footway widening schemes around schools have also been installed. The sixth school street will be operational in a couple of weeks' time.



**12. From Suraj Gandecha to the Portfolio Holder for Environment and Community Services**

The introduction of the Low Traffic Neighbourhood in Crystal Palace by Croydon Council has caused chaos to local residents, a classic case of a good idea carried out badly without enough consultation. What steps have Bromley Council made to work with Croydon Council to improve the scheme and to inform local residents of those steps?

**Reply:**

Bromley has received much correspondence from local residents negatively impacted by the scheme that Croydon has introduced across the borough boundary, which has indeed created traffic chaos both on the main roads and in residential streets in this area. Bromley has asked Croydon to remove the road closures that have led to this situation, but Croydon have not agreed to do so. Issues across Borough Boundaries need to be referred to TfL and the Mayor for resolution. The matter has been taken up with TfL and the GLA, but as yet they have not asked Croydon to remove the offending closures.

Bromley has responded to residents to keep them informed of our efforts to have this damaging Low Traffic Neighbourhood reversed. Bromley has also sought to keep the press informed.

**13. From Suraj Gandecha to the Leader of the Council**

In August 2020 emails from different Bromley residents were sent to 58 Bromley Councillors. The email addresses of 3 councillors were invalid. Less than half of the councillors have replied to those emails (up to 28 Sept). Does the Leader of the Council feel this is an acceptable rate of response, and if not what is considered to be an acceptable rate?

**Reply:**

I would need to know what emails you are referring to prior to offering an opinion.

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**COUNCIL MEETING**

**12<sup>th</sup> October 2020**

**QUESTIONS FROM MEMBERS OF COUNCIL FOR ORAL REPLY**

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

Please provide details of the legal action against Croydon Council's implementation of a Low Traffic Neighbourhood in Crystal Palace which you promised in early August. Are you looking at options for securing an injunction and / or judicial review of Croydon's actions?

**Reply:**

I shall take it as given that she is referring to my message of 12<sup>th</sup> August sent to local residents in the Crystal Palace area and subsequently reported widely in the press that I would like every affected Bromley Council taxpayer to know that you enjoy the Council's one hundred percent undiluted support in your campaign to have Croydon's actions reversed. However well-intended their objectives might have been they have neither been thought-through properly or consulted upon and that simply isn't acceptable. I can confirm that Bromley has today initiated the first tentative legal steps to try and have the barriers removed by order if common sense is not deployed and their street paraphernalia removed swiftly as we would clearly prefer.

Against that back-drop, prior to and since that time, Bromley Council requested Labour-controlled Croydon to desist from completing their scheme immediately upon discovery of their unadvised intentions on 27<sup>th</sup> July, only to be ignored. Then again, but formally this time, in line with good legal practice, on the 12<sup>th</sup> August, following Croydon Council's continued refusal to consider doing so, Bromley Council then wrote to Mayor Khan's team at Transport for London (TfL) requesting that they use their reserve powers to instruct Croydon to comply with the relevant Traffic Act, the Road Traffic Regulation Act 1984, section 121 B. TfL's response was not to do so, but instead propose a meeting between Croydon, Bromley and TfL to discuss the situation and any possible way forward and this discussion took place on 24<sup>th</sup> September. The outcome of the meeting was that Bromley again requested the immediate removal of the obstructions, Croydon declined again but instead spoke loosely of employing a technology based solution early in the New Year with no defined time-line being offered for implementation. As a result, Bromley then formally requested Mayor Khan's team at the GLA to scrutinise Mayor Khan's team at TfL over their decision not to instruct Labour-controlled Croydon Council to remove their barriers, which have continued to this day to cause so much upset, traffic congestion, wasted travel time and considerably reduced air quality across the neighbourhood on both sides of the borough boundary since their installation. The GLA's response, from Deputy Mayor Heidi Alexander, received as recently as last Wednesday morning, was to propose no further action at this time but instead support further discussions at the end of the month which by coincidence or otherwise would coincide with the expiration of the three month judicial review limitation period.

In answer to the question, yes, having now exhausted all reasonable alternative means in line with good legal practice Bromley has engaged Counsel to advise on and take legal options to reverse the situation. That advice will be known within days. Councillors are very clear, on this side of the chamber, that Bromley residents deserve far better than the

shoddy treatment, inconvenience and stress being imposed upon them by Croydon Council and remain determined to do whatever we can to bring that suffering to an end.

**Supplementary Question:**

I concur entirely that the way this scheme has been implemented by Croydon has been appalling and the impact on our residents is completely unacceptable. However, I am not clear whether this legal action will be an injunction or a judicial review?

**Reply:**

I did say that we are in discussion with Counsel and that advice should be known in the next couple of days. We will share that with Cllr Wilkins as soon as that advice is received.

**Additional Supplementary Question from Cllr Kieran Terry:**

I noticed on BBC news in August that Cllr Stuart King (Labour) suggested that Bromley council had been consulted about these changes prior to implementation, whereas a subsequent News Shopper article printed on 10<sup>th</sup> September said that Croydon's Highway Team (and this is a quote from Croydon) should have reached out to their counterparts in Bromley and I regret that this has not taken place. There are clearly two different versions of the same story from the same person here. Can you confirm whether you have been consulted on this and whether either of the Crystal Palace ward councillors have been spoken to?

**Reply:**

I can only speak for myself and Bromley Council and any uncertainty at the outset that Bromley Council might have been consulted has long since been dispelled; that has been accepted by both Croydon colleagues and Bromley. They didn't consult; should have done, and I thin Croydon do acknowledge that now.

**Additional Supplementary Question from Cllr David Cartwright:**

Is he aware that Lewisham Council have done exactly the same thing and introduced a similar scheme in Lee Green which is seriously affecting the Bromley boundary there, causing a lot of upset. Could we do the same thing against Labour-controlled Lewisham Council please?

**Reply:**

That particular problem I have read about, but it has not been drawn to my attention. Were it to have been I would have played an active part in it but I can inform colleagues, and clearly I cannot vouch for its accuracy or otherwise, but there is a report as recently as this afternoon on the News Shopper website that the Lee Green scheme is being looked at by Lewisham with a view to reversing it. Which if so would be very welcome news and hopefully Lewisham and Croydon colleagues can come to some consensus.

**Additional Supplementary Question from Cllr Peter Fortune:**

As the GLA candidate I have been receiving quite a deal of correspondence on this matter from upset residents. Would the Leader consider having one final attempt at getting the Mayor of London to take responsibility for this scheme? Perhaps write to him and express how deeply frustrated the residents are. The Mayor of London has got the power to remove this and he should. I appreciate that this is about what is right for the residents and it is not a party political issue, so perhaps he can extend an offer to the Labour ward members to co-sign that letter with you to demonstrate their solidarity with their residents.

**Reply:**

If Cllr Ahmad and Cllr Wilkins wish to co-sign a letter with me asking that those barriers be removed and life be returned to normal for the residents of their ward I would be absolutely delighted to send that offer to them.

**Additional Supplementary Question from Cllr Marina Ahmad**

The whole issue of Low Traffic Neighbourhood (LTN) schemes is being promoted by Government and I think that is something that should be acknowledged. I know that residents in my own ward have suffered quite severely around this and I hope we can come to a sensible conclusion around this. It is, and it must be acknowledged, that this is Government policy.

**Reply:**

That is not absolutely true. It is true that the Government made money available for the implementation of some of these schemes but it most emphatically is not compulsory or statute that boroughs have to introduce them. We would all agree that cleaner air, reduced traffic, increased cycling and walking and, indeed, in normal times, increased use of public transport is an unmitigated good thing, but where you put these LTNs as we have seen across the country, not just in London, just slapping them in without research, thought and planning is not something that is compulsory and incumbent on any council, and I think, with respect that this is where Croydon colleagues might have got a little bit ahead of themselves and why residents are suffering as badly as they are today. You do raise the point that the initiative is not solely a TfL thing, Her Majesty's Government did make some money available for it, that is true.

**2. From Cllr Kathy Bance MBE to the Portfolio Holder for Renewal, Recreation and Housing**

When can we expect to see the first of the modular housing units to be installed and in use?

**Reply:**

The Council was granted planning permission for the first site in Brindley Way in my ward in July, and scheduled to be on site this month, perhaps early November, with the development completing with tenants in by May 2021. A further two applications have been submitted for planning consideration in July and I think decisions are going to be made in November. A further group of sites is also now subject to feasibility studies at the moment.

**Supplementary Question:**

Do you know how many adapted units will be included in this first build?

**Reply:**

I will circulate a response. I do know that all the schemes are completely compliant with all the legislation around that area.

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

Following the recent decision not to relocate Beckenham Library to Beckenham Public Halls, what are the Council's plans to address the backlog in maintenance of the Beckenham library building?

**Reply:**

As with all Council owned buildings the existing maintenance resource provision does ensure that the buildings meets statutory compliance standards and is safe to both the public and staff who utilise the building. The Council will shortly survey all of its operational holdings with a view to understanding which properties and individual pieces of infrastructure should be prioritised. This will include Beckenham Library as well as the Public Halls.

**Supplementary Question:**

Will the Portfolio Holder commit to maintain the Library in the existing building on Beckenham Road?

**Reply:**

I cannot make a commitment for ever, but for the foreseeable future it is staying exactly where it is.

**4. From Cllr Ian Dunn to the Portfolio Holder for Adult Care and Health**

What changes to Domiciliary Care Services have required to be made as a result of COVID?

**Reply:**

The key changes required of domiciliary care providers in response to Covid-19 have centred on their management of infection control to protect their staff and the residents they support.

Measures have included but not exclusively -

- ensuring that domiciliary care staff who have Covid or Covid symptoms are isolating in line with government guidance;
- steps to limit the number of different people from a domiciliary care agency visiting a particular resident or steps to enable staff to perform the duties of other team members/partner agencies when visiting to avoid multiple visits to a particular individual;
- ensuring that staff who need to attend work for the purposes of being tested (or potentially in the future, vaccinated) are able to do so;
- steps to limit the use of public transport by members of staff.

**Supplementary Question:**

What do you think are the main lessons from the last six months that we have learned that can be transferred in the coming months to deal with Covid?

**Reply:**

I think that the Council has learned quite a lot from the support it has already provided with our domiciliary care agencies. We have ensured that there has been a sufficient workforce, by supporting them through infection control training, there has been a five percent uplift to their budgets to ensure that they are able to access PPE. We have also had a new infection control fund that has been allocated by the Government. We are looking at how we will implement the guidelines that they have put on the fund; eighty percent of that funding is ring-fenced to care homes, domiciliary care providers and extra care housing and support. The other twenty percent is a discretionary fund which the Council is working through the options, potentially giving more funds to domiciliary care providers. Also, giving extra funds to care homes that are able to take Covid-positive patients back from hospital which is obviously very important. We are also looking at some small grants to support the day-care providers where we know there is a potential

for people to access some form of day-care facilities to support carers and provide respite.

**5. From Cllr Kevin Brooks to the Portfolio Holder for Children, Education & Families**

Will the Portfolio Holder provide details of which Academies or other providers were invited to apply for the Kentwood Site and explain why Harris appears to be the sole favoured provider?

**Reply:**

No Academy Trusts were invited to apply to open a free school on the Kentwood site.

**Supplementary Question:**

We are aware that Harris are doing a feasibility project on the site. As a result, we, as local councillors, undertook a survey which, while it showed support for a school, came out with far less support for Harris, with people coming out with phrases such as they feel that there is already a monopoly - Harris dominate already. If you say that at the moment there has been no such invitation, how can you assure me what you will do in the future to look at a site here for schooling in 2030? What will you do to provide a far more open tender so that local residents feel that they have a choice of schools to send their children to?

**Reply:**

I will do everything in my power – which is absolutely nothing. I'm sure that Cllr Brooks is familiar with the process for academy schools being approved. The Harris Federation bid successfully to central government as part of wave twelve of the Department for Education's free-school programme. It is the Department for Education that approves these free schools; once the schools are approved they will look for land which is dedicated for education use on which they will apply for planning permission. That is the process that we have had for quite some years now, so it is not a case of the local authority opening up anything for tender. I would be happy to send through the process so that Cllr Brooks can re-familiarise himself with it.

**Additional Supplementary Question from Cllr Simon Jeal:**

Would the Portfolio Holder agree that one of the disadvantages of the free school and academy system is that the local authority has very little ability to control which schools are granted approvals and therefore has little power to give parents choice in terms of which academies are provided for in the local area.

**Reply:**

The question of choice was the driving issue around the introduction of academy schools when it was brought in under Andrew Adonis in the Tony Blair government. Since then those options for choice have expanded and changed and it does provide some level of choice for parents. I think, and we have experienced some of this recently around some of the schools that have been granted planning permission in Bromley, that sometimes it does feel that the local authority should have more control around the planning. We can control a bit of that because when we do our local plan we can designate land or certain parts of land to be open for educational use. That is the process – a school is approved and then they go out and look for some of this designated land on which to build.

### **Additional Supplementary Question from Cllr Simon Fawthrop**

Does the Portfolio Holder find it a bit rich that the Labour party are complaining about lack of choice when they oppose selective education; they would rather have everything controlled by the borough and have no choice at all about providers for parents.

#### **Reply:**

What is important is that there are some great schools in this borough – the majority of them are good or outstanding. This is a great place to go to school and we are grateful, especially at this time, for the extraordinary work of teachers and staff in education settings right across the borough for everything they have done to continue to provide these excellent educational opportunities in Bromley.

(At this point, with the agreement of members, the Mayor extended question time.)

### **6. From Cllr Vanessa Allen to the Portfolio Holder for Resources, Commissioning and Contract Management**

What is the current difference between this Council's expenditure on COVID related work and the funding for such provided by central government? How is the Council going to fund this difference and which services do you envisage being cut as a direct consequence?

#### **Reply:**

Latest estimates indicate potential costs/loss of income of £52.1m. After allowing for some of these income losses shared by Government and the GLA this sum reduces by £7.6m to £44.5m.

There is specific grant funding of £31.7m available to meet these costs and income losses resulting in a net cost to be met by the Council of £12.8m. Any estimate needs to be treated with caution due to the ongoing uncertainties which we are facing.

The Council will continue to spend wisely public money and continue with robust cost control which will reduce and minimise the funding gap, in comparison to many other local authorities facing more serious financial difficulties. So we will continue to protect key services as much as possible by meeting the funding gap through obtaining further Government funding, through lobbying and where absolutely necessary we will utilise remaining monies in the Council's 2020/21 Central Contingency Sum. We will continue to monitor the position closely and an updated position, with further details, will be reported to Leader and Executive in November.

#### **Supplementary Question:**

Can the Portfolio Holder be any more specific about the areas that he may be considering cutting?

#### **Reply:**

There are not areas that we are considering cutting at the moment because we are still trying to seek efficiencies and just doing things better but not cutting as such. We will be doing things differently as we go forward because every council will be adopting new methods of operation. We will make sure that we maintain frontline services of the highest quality.



**Additional Supplementary Question from Cllr Simon Fawthrop:**

Will the Portfolio Holder join me in congratulating Mr Turner and Mr Hogan and Bromley Council staff for the way that they have been dealing with grants? The fact that we are now upheld as the national standard and used for national training for the way that we have been dealing with grants during the Covid crisis.

**Reply:**

I am more than happy to join you. It is an irony that we are held up as an example of how to do things. You will recall that I was nagged about the fact that we were behind some other boroughs in rolling out the financial assistance, but Mr Turner, Mr Hogan and I were absolutely convinced that we would do it properly and thoroughly. Now we have got to a situation where we have only seven potential issues that we are looking at out of three and a half thousand grants. Other Councils have got hundreds that they are trying to rein back in and it is an irony that those Councils were complemented in Parliament for rolling out their money before us. The message has to be fools rush in.

**7. From Cllr Simon Jeal to the Portfolio Holder for Renewal, Recreation & Housing**

What plans is the Council making to support rough sleepers in the borough over the upcoming winter period and ensure they are provided with shelter, particularly in the event the Bromley Homeless Shelter is unable to run as normal due to the risk of Coronavirus?

**Reply:**

The Council has already done a significant amount to support rough sleepers. Since March an additional 70 households (who were rough sleeping or at risk of rough sleeping) have been provided with emergency accommodation and are being supported to move on to more settled homes. The Homelessness Code of Guidance has been updated to reflect the impact of the coronavirus pandemic and this has broadened how local authorities assess priority need for accommodation and has increased those to whom the Council will owe a statutory duty.

Throughout the pandemic we have maintained our full emergency service with officers contactable 24 hours a day, 365 days a year to provide emergency support and assistance. We have successfully applied for and been awarded grant funding to support rough sleepers and will be able to access additional support services and private rented accommodation for those affected by the Covid pandemic.

Our Housing Options service is working proactively to support those in need of assistance. Our dedicated Rough Sleeper and Complex Needs Navigator is working jointly with a number of organisations, including Thamesreach, the Police Safer Neighbourhood Team, local churches and foodbanks in order to identify anyone new to the streets or who may be at risk of rough sleeping so that we can engage with them as early as possible. We are mindful that we could see increased numbers of approaches and we have already begun discussions with a number of providers so that we are in a position to access additional accommodation at short notice should we need to.

**Supplementary Question:**

Given the steps that are being taken to prepare for a potential increase, does this include conversations between Bromley's housing team and the Bromley Homeless Advice Shelter to understand the experiences and support that is being provided and the needs of those who are presenting as rough sleepers?

**Reply:**

I am sure it does. We are engaging with a lot of bodies as well as them and we are managing extremely well.

**8. From Cllr Angela Wilkins to the Leader of the Council**

Are you content to accept the recommendation from Executive, Resources and Contracts PDS Committee that the decision of the Urgency Committee taken on 6 May that a review of its COVID governance arrangements take place in June 2020 be ignored, and that this review be postponed until January 2021?

**Reply:**

I am extremely content for the Executive to be scrutinised in whatever way scrutiny chairmen, in particular the Executive, Resources and Contracts PDS chairman, wish to scrutinise the Executive. It is clearly not for me to dictate to anyone how the Executive is scrutinised; quite the reverse, it is for the wider membership to dictate to the Executive. I am very happy with whatever recommendation is made by Executive, Resources and Contracts PDS or the Urgency Committee or by anyone else.

**Supplementary Question:**

It was the Urgency Committee's decision that was overridden by a scrutiny committee. The net result is that there is very little scrutiny of the Executive because the Executive is not meeting. Will you reconsider your answer; the key point being that the Executive is not meeting because Executive, Resources and Contracts PDS Committee overrode the Urgency Committee.

**Reply:**

It is not true; the Executive Committee is continuing to meet – it is meeting electronically. You do not have to physically sit in a room to agree items, particularly where recommendations have already been scrutinised by at least one PDS Committee if not two. This is probably the fourth time we have had this conversation that the Executive is not scrutinised – it is, but virtually from a distance rather than sitting online together doing it visually at the same time.

**Additional Supplementary Question from Cllr Simon Fawthrop:**

In respect of Executive, Resources and Contracts PDS Committee, would the Leader accept that this was not ignored but was deferred and the review will actually take place in January next year and that part of that review includes looking not just at members but looking at the implications for officers as well and the impact that it will have on them?

**Reply:**

Yes, that was very much part of the conversation. First of all, it was raised at the meeting and agreed to defer a review until January and the second part was that one of the benefits of doing remote scrutiny was the amount of work and officer time it would save. I believe that is borne out in the written answers this evening as well.

**Additional Supplementary Question from Cllr Ian Dunn:**

You referred to virtual meetings of the Executive. Could you tell members where the minutes of these meetings are published?

**Reply:**

They are published in the Leader's decisions.

**Additional Supplementary Question from Cllr Vanessa Allen:**

No one is suggesting that you need to meet in person, but if you are meeting as per normal why not have it in public as per normal as with other committees?

**Reply:**

As Cllr Dunn and Cllr Wilkins have, I am sure, explained, it was raised at the meeting. The answer given was to save officer time whilst ensuring that scrutiny is still maintained. Scrutiny is still undertaken; it is just done differently.

**9. From Cllr Kieran Terry to the Portfolio Holder for Environment and Community Services**

Please outline Bromley's recycling performance on a monthly basis for the period from May 2020 to the most recent month for which data is available. Please provide comparisons with for last year and comment on the overall impact of the council's collection changes since implementation last September.

**Reply:**

The unaudited recycling rate in May was 54.4% which was 7% above May 2019. In June, it was 51.6% which was 3.7% higher than June 2019. In July it went up to 53.9% which is 3.4% higher than 2019. August was 50.1% which is 5.3% higher than 2019. Unfortunately that has not continued and September was 47.7% which is 1.7% lower than 2019. Hopefully, things will go back up and continue to improve. The indications are that the change to recycling in 2019 are linked to this improvement in terms of improved reliability of collections and various other campaigns in previous years to enhance our recycling rate.

**Supplementary Question:**

Can I start by welcoming what is good news for the borough and thanking all those officers and residents involved in achieving these results. As part of our push to increase recycling, the Council recently launched a pilot recycling service for flats above shops. Is the Portfolio Holder able to provide an update in relation to the results of this so far please?

**Reply:**

The participation rate of the new scheme in Penge is currently running at 27.5%. The participation rate in the trial in Petts Wood is currently running at 71.6%, which is excellent. We have seen a 64% increase in participation in Penge since the start of the trial and 169% increase in Petts Wood since the trial started, so I do not expect these figures to be the final figures but this does seem to be a scheme that is getting more and more popular and increasing our recycling rates. I can provide more details by email.

**Additional Supplementary Question from Cllr Alexa Michael:**

How does Bromley's recycling rate compare with other London boroughs?

**Reply:**

As these are unaudited results we do not actually have the 2020 results to compare with other boroughs. For 2019, I believe we were third in London, which means that we have more work to do to be number one in London.

**10. From Cllr Kathy Bance MBE to the Portfolio Holder for Environment and Community Services**

Traffic bollards were due to be installed on a parade at Croydon Road, Penge over three years ago. They have not been installed to date despite my progressing regularly. This is a health and safety issue, with cars and vans mounting the pavement daily on a busy concourse. Do you have an ETA of when the installation will take place?

**Reply:**

Initially this scheme included the installation of a tree, some cycle stands, a bench and some bollards to prevent over-running of the footway by vehicles. The scheme was initially delayed once detailed investigation revealed that the presence of underground utilities would prevent a tree being planted. Installation of the changed design was then delayed by lockdown.

I am glad to report that the funding from last year is still available and as soon as the current emergency active travel projects are completed, works will commence to install the scheme. I cannot give you an installation date at present, but have asked officers to undertake this overdue work as soon as possible.

**Supplementary Question:**

This is a health and safety issue – pedestrians have to wait for the vehicles to make their move on the pavement before they can move. We are happy to go ahead without the tree and whatever scheme you can do to make this safe is acceptable by us.

(At this point the time allowed for questions expired, so the remaining questions received written answers.)

**11. From Cllr Josh King to the Portfolio Holder for Resources, Commissioning and Contract Management**

Given the introduction of the rule of six and the further restrictions announced by the government at the end of September, how is the Council proposing to improve the operation of virtual Council meetings, particularly improved participation by members of the public? And what investigations have been carried out to look at the root cause of reliability issues.

**Reply:**

Webex, like all similar systems, is heavily reliant on the individual participant's local Wi-Fi and broadband including the impact of other devices being used at the time.

We have successfully held over forty virtual meetings, including three full Councils, two major Licensing hearings and numerous Plans Sub-Committees with members of the public actively involved, speaking for and against applications.

**12. From Cllr Ian Dunn to the Portfolio Holder for Environment & Community Services**

The Funding Submission paper which came to the Environment & Community Services PDS in June, spoke about projects which can be implemented in weeks, not months. Can the Portfolio Holder provide dates when the projects where our bids were successful will be fully operational?

**Reply:**

All town centres across the Borough had appropriate footway widening and social distancing signage installed in June and July, as high streets reopened. Work is ongoing to adapt the social distancing measures in town centres, as necessary.

Five of six temporary school streets are now operational and a number of footway widening schemes around schools have also been installed. The sixth school street will be operational in a couple of weeks' time. Temporary zebra crossings are also being installed at three locations over the next few weeks, subject to safety assessments being completed. The Department has also introduced social distancing signage around 114 schools across the Borough. A number of schools are also having part-time 20mph signage installed over coming weeks.

A new refuge has been installed in Southend Road, and cycle routes in Shortlands and Crystal Palace are subject to ongoing consultation regarding some details of the design, with works on site having now started. The routes should be fully operational before Christmas.

**13. From Cllr Kevin Brooks to the Portfolio Holder for Children, Education & Families**

What action will the Portfolio Holder undertake to guarantee that the current provision and especially the Adult Education provision is retained on the Kentwood site and at its current level?’

**Reply:**

The Council's position in discussing the feasibility of the scheme with the Department for Education is that all services currently on-site continue to be delivered from the site.

**14. From Cllr Simon Jeal to the Portfolio Holder for Public Protection and Enforcement**

Could the Portfolio Holder please advise whether, as has been seen in other parts of the country, Bromley has seen an increase in reports/cases of domestic abuse and violence during the recent lockdown?

**Reply:**

When the figures for domestic violence are compared to the same period last year (March to August) the number of offences has decreased overall by 2%

When the figures for violence against the person are compared to the same period last year (March to August) the number of offences has decreased overall by 19%.

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**COUNCIL MEETING**

**12<sup>th</sup> October 2020**

**QUESTIONS FROM MEMBERS OF COUNCIL FOR WRITTEN REPLY**

**1. From Cllr Kathy Bance MBE to the Portfolio Holder for Renewal, Recreation and Housing**

Can the Portfolio Holder say how many additional units of accommodation have been introduced which are adapted for residents with serious mobility issues in the past two years?

**Reply:**

Since 2016 all new permitted units are required to meet M4(2) standard to accessible and adaptable dwellings and 10% must meet the M4(3) standard for wheelchair accessible units.

Adaptations were historically listed in a non-reportable format on the IT system. We have recently transitioned to a new IT system which will enable adaptation to be recorded in a reportable field going forward.

**2. From Cllr Kathy Bance MBE to the Portfolio Holder for Renewal, Recreation and Housing:**

Following the work of Rob Vale's team recently, does Bromley Council now have a register of private landlords? If so, when will you be able to share the outcome of the work done and the cost of that work?

**Reply:**

The outcome and finances of this project was reported back to the Public Protection and Enforcement Policy Development and Scrutiny Committee on the 26<sup>th</sup> June 2019 Report ES19039.

There was no scope within the project to develop a database of all private landlords.

**3. From Cllr Ian Dunn to the Portfolio Holder for Adult Care and Health**

Please provide details of any additional payments made to any of our contractors in respect of additional costs they have incurred in respect of COVID.

**Reply:**

For the duration of the first wave of COVID the Council put in place the following support arrangements for adult social care and support providers

- Payment on receipt of invoice. Invoice reconciliation or correction can take place over a longer period.
- Alternative payment mechanisms or frequency (such as moving to monthly payments where this is not already in place; or interim payments or advance payments).

- Block payments to providers, based on the past three months of invoicing (or other suitable mechanism), where otherwise payment would have been based on actual volumes (occupancy, hours, etc.) and invoice payments would normally have been reconciled to evidenced delivery.
- Where a provider is at risk, due to the short term liabilities arising from the COVID -19 period, continued payment (either based on current payment mechanisms or moving to block payments as appropriate) where there has been a reduction or cessation in service related to the Public Health situation (for example, learning disability day centres and transport providers).
- Additional payments (for example, lump sum or increased rates) to take into account evidenced additional costs related to the Public Health situation. For example, additional infection control costs or use of higher cost agency staff.
- Suspension, as appropriate, of performance related or KPI mechanisms or penalties within a contract, as well as flexibility in varying current specification requirements where required.
- 5% uplift made on top of the 2020/21 annual uplift agreed with providers for April, May and June fees for residents placed by the Council totalling c.£0.8m. Providers should also have received an uplift payment for any other residents placed by other councils who are living in care homes in Bromley.
- Free emergency PPE totalling c.£350k
- Distribution of the government's Infection Control Grant allocation for Bromley of c.£2.2m to all care homes in the borough and to contracted supported housing and extra care housing providers, with a further £2.4m to be distributed in the coming months.
- Providing a 6 month rent waiver to day centres totalling £36k

#### **4. From Cllr Angela Wilkins to the Portfolio Holder for Resources, Commissioning and Contract Management**

Please provide a breakdown of the average cost of conducting a physical PDS Committee meeting and that of conducting the same meeting online.

#### **Reply:**

I am pleased to say that we have a full programme of PDS meetings again.

There will be different costs associated with different meetings. Virtual meetings are more resource intensive in terms of staff. It requires two Democratic Services officers to support and manage the meeting including managing the live stream and we usually have two or three members of the IT team supporting , one supporting the actual meeting and the others providing real time helpline support if members or officers have difficulties joining the meeting.

Both Democratic Services and IT are small teams and still have to undertake their usual roles during the working day. Virtual meetings have doubled the workload on evening meetings for the Democratic Services Team and substantiality extended the working day for IT at a time



when they also have to support a home based workforce and are delivering on the IT transformation programme. Therefore we are not just looking at financial cost we are looking mainly at the welfare impact on staff.

## **5. From Cllr Simon Jeal to the Portfolio Holder for Adult Care and Health**

With recent research suggesting that nationally, as few as 18% of people developing COVID19 symptoms are self-isolating, what actions are the Council's public health team taking to ensure that all Bromley residents understand and are following government guidelines?

### **Reply:**

Public Health team together with other Council departments have been engaged in numerous prevention and communication activities related to the management of Covid -19 pandemic. Below is the summary of these activities including those with general public.

#### **Businesses**

- Contact maintained with businesses by phone, email and letter to provide support and advice on safe return to business operations.
- Joint visits with police by licensing officers to target non-compliance of social distancing in licensed premises.
- Markings and reminders about social distancing in the high street.
- Posters for pubs and restaurants to display distributed directly and through the BIDS :
  - Basic prevention messages, including NHS Test and Trace
  - 'We are collecting your contact details.'
- Advice given and posters handed out to market traders –
  - Basic prevention messages, including NHS Test and Trace
  - Please don't handle the goods – just ask for help.
- Leaflet sent and handed out face-to-face
- Further work to interpret new government guidelines and update of leaflet.

#### **Schools**

- Continual messaging to Head Teachers through Education Matters as guidance changes.
- Letter to independent schools re infection control.
- Public Health Q&A sessions prior to start of the autumn term for Primary School and Secondary School Heads.
- Web Material signposting guidance for parents and carers.
- Covid-19 mailbox - individual questions answered by Public Health.
- School nurses offer individual help and guidance.
- Ongoing support and guidance by Education and Public Health as required.

#### **Care Homes**

- Ongoing Public Health advice on prevention in care homes/LD settings.
- Testing Programme in care homes – guidance in partnership with CCG.
- Ongoing PPE support and training for 'donning and doffing.'
- Questions to Covid-19 mailbox answered by Public Health.
- Visiting guide sent to homes, with information for residents online.

## **Travellers**

- Public Health Nurses using their relationships to deliver prevention messages, including NHS Test and Trace.
- Prevention advice shared through Star Lane site manager/Newsletter.
- Identifying trusted community leaders across all sites to help as advocates for prevention and NHS Test and Trace.
- Contact through GPs
- Bid for mobile testing unit if required.

## **Faith Groups and community leaders**

- Analysis undertaken to investigate, compile/update stakeholders.
- Work undertaken through Community Links to share basic prevention resources and advice, including NHS Test and Trace.
- Meeting set up for Charles Obazuaye and Ade Adetosoye to listen and build trust in the communities and share messages.
- Web material around test and trace – link to languages.

## **Homeless/HMOs**

- Work underway with Housing to identify the best methods of communication to homeless/identify stakeholders.
- Contact made with Foodbank, Bromley Shelter, Latch, Living Well and Hostels.
- Public Health nurses offer advice to landlords.

## **Young People**

- Exploring link with the Youth Service and Bromley Youth Council
- Analysing Mosaic data to find out how best to reach a younger audience.
- Schools competition to engage younger audiences.

## **General Public**

Stay Safe campaign is providing basic prevention advice supported by infographics using usual channels such as:

- website
- high street advertising sites
- businesses/BIDS
- local community groups
- partner channels
- news releases
- newsletters and
- social media.
- Stepped up social media re prevention and secondary messages including wearing of face coverings, contact tracing in pubs and restaurants – ‘If they don’t know, don’t go’ and how to spot a scam.
- Updated graphics – it has not gone away. Reinforced prevention: Hands, Face, Space.
- Download and use NHS App.

**6. From Cllr Kieran Terry to the Portfolio Holder for Environment and Community Services**

What actions have been taken to allow our local High Streets to provide a Covid-safe environment for customers so they feel safe to return to them? Please also provide a summary of actions taken to support social distancing outside shops.

**Reply:**

Thousands of social distancing signs and floor-stickers were installed in 33 shopping parades and town centres across the Borough by July. In normally busy shopping areas the signs were supplemented with barriers to allow additional footway space, both for pedestrian movement and to help accommodate suitable shops being able to utilise space outside their premises to trade, without obstructing pedestrians. This was achieved in the main town centres with support and guidance from the BIDS.

The barriers are reviewed each week and some have been relocated or removed. As the pandemic is unfortunately continuing, the Council and the BIDS are intending to install some more aesthetically pleasing planters in some locations to replace the slightly unattractive barriers initially used.

Since September, the Council has also deployed a small team of Covid-advisors, wearing high-vis jackets, to add new “avoid-lockdown” stickers in shopping areas and to also speak with shoppers to offer advice and reassurance in respect to the Council’s response to Covid-19.

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## COUNCIL MEETING

7<sup>th</sup> December 2020

### QUESTIONS FROM MEMBERS OF THE PUBLIC FOR WRITTEN REPLY

**1. From Dermot Mckibbin to the Portfolio Holder for Renewal, Recreation and Housing**

*According to the Sunday times magazine of 15/11/2020 a fire destroyed the low-rise building at Richmond House on 9 September 2019 in approximately 11 minutes. The building lacked adequate internal compartmentation which was believed to be due to the deregulation of building inspection.*

What assurances can the Council give about the quality of building control inspections in Bromley in residential properties?

**2. From Dermot Mckibbin to the Portfolio Holder for Public Protection and Enforcement**

Please supply details of when leading councillors met with the Borough Commander of the London Fire Brigade in the last 12 months to discuss fire safety issues in residential properties in the Borough and please supply details of the Council's strategy to deal with improving fire safety standards in residential properties in the borough?

**3. From Richard Gibbons to the Portfolio Holder for Environment and Community Services**

*Re. £11.8m Highway Investment, approved by Council 12 December 2016*  
<https://cde.bromley.gov.uk/documents/s50044404/Enc.%205%20for%20Capital%20Programme.pdf>

Would Portfolio Holder kindly confirm how much has been spent on footway maintenance to date; how much remains to be invested; and provide a list of footways and rights of way (footpaths, bridleways, byways) that have benefitted from investment, and if any budgeted/scheduled maintenance remains outstanding?

**4. From Richard Gibbons to the Portfolio Holder for Environment and Community Services**

*Re. Rights of Way Improvement Plan (revised), 1 November 2007*  
[https://www.bromley.gov.uk/download/downloads/id/1715/rights\\_of\\_way\\_improvement\\_plan.pdf](https://www.bromley.gov.uk/download/downloads/id/1715/rights_of_way_improvement_plan.pdf)

Would Portfolio Holder kindly provide an update and current status for each recommended actions listed in Table 8.1 (pages 45-54); amounts expended; and actions that have and will be taken to inform residents of 1 January 2026 cut-off date for recording rights of way on definitive map(s)?

**5. From Richard Seabrook to the Portfolio Holder for Environment and Community Services**

Is a private developer adopting the upper part of the unmade section of The Avenue in Beckenham? If so, what will this adoption involve and at what cost to the Council and residents?

**6. From Richard Seabrook to the Portfolio Holder for Children, Education and Families**

How does the Council ensure the needs of children with particular dietary requirements (for example due to religious considerations) are respected in the provision of free school meals?

**7. From Emma Martin, Chair, Bromley Brighter Beginnings, to the Portfolio Holder for Resources, Commissioning and Contract Management**

Could you please confirm the exact amount that Bromley Council has been allocated from the Government's Covid 19 Winter Grant, which departments will be receiving a portion of the funds and how much money they will each receive?

**8. From Emma Martin, Chair, Bromley Brighter Beginnings, to the Portfolio Holder for Children, Education and Families**

Can the Council please confirm that Bromley's portion of the Covid 19 Winter Grant will be used to ensure every child registered for free school meals in the London Borough of Bromley will receive a voucher to cover the value of those meals during the Christmas holidays?

**9. From Patricia Morgan to the Portfolio Holder for Children, Education and Families**

Were the Covid-19 Defra grants given to Bromley meant to provide welfare relief solely to Children in Social Care or more broadly to people struggling to afford food and other essentials due to Covid-19?

**10. From Patricia Morgan to the Portfolio Holder for Children, Education and Families**

How many children in Bromley received any direct support from the Covid-19 Defra grants?

**11. From Will Conway to the Portfolio Holder for Children, Education and Families**

*CYP PDS Committee, 10 November 2020: Bromley Council was awarded £279,772.15 in Defra grants “to support people who are struggling to afford food and other essentials due to Covid-19. When asked what the Council had used the Defra grants for, they stated that the funds went to Children in Social Care. I am concerned that this money may have been spent on things that it was already the Council’s duty to provide and not the extra needs occasioned by the pandemic which the grant was intended to address.*

How many children in Bromley are currently recognised as “Children in Social Care”?

**12. From Clare Owen to the Portfolio Holder for Children, Education and Families**

Does the Council know how many families in Bromley are receiving direct support from Bromley Brighter Beginnings, Bromley Relief, Bromley Food Bank and Bromley Homeless Shelter Advice Service?

**13. From Lauren Brown to the Portfolio Holder for Children, Education and Families**

In what ways are Bromley Council exercising their Safeguarding Duties towards Black, Asian and Minority Ethnic Children, particularly the duty to promote emotional wellbeing, confidence and a positive identity during this time?

**14. From Verity Susman to the Portfolio Holder for Children, Education and Families**

How many of the cohort of children in Bromley in receipt of free school meals at the time the Covid-19 Defra grant was provided, received support funded by the Covid-19 Defra grant?

**15. From Verity Susman to the Portfolio Holder for Children, Education and Families**

What amount (if any) of the Covid-19 Defra grant was spent on statutory services?

**16. From Sally Bywater to the to the Portfolio Holder for Children, Education and Families**

Would the Council not agree that it would have been more appropriate to issue multiple press releases through its social media platforms promoting help for vulnerable families and children all year round, rather than just the one on 25th October and why were there 5 posts on Halloween safety on the Council Facebook page and only two (same day) for the emergency number for family support?

**17. From Sally Bywater to the to the Portfolio Holder for Children, Education and Families**

By which communication means is the Council proposing to directly contact all families in the borough who are entitled to free school meals, to provide them with food vouchers over the Christmas holidays, by which date this will be achieved and how much it will cost the Council?

**18. From Alisa Igoe to the Portfolio Holder for Children, Education and Families**

*Reference: Portfolio Holder's written answer to a public question at Children, Education and Families PDS Committee meeting on 10 November 2020.*

The Portfolio Holder stated: "5,896 pupils eligible for a free school meal ... Spring 2020 Census" and "updated data not available until Autumn Census". This is a substantial increase on figures for 2019 which were approximately 4,500. What was the exact 2019 figure please and on which date will updated data be published?

**19. From Alisa Igoe to the Portfolio Holder for Children, Education and Families**

*Reference: Department of Education statement 16 November: £170m Covid Winter Grant Scheme "Local authorities have local ties and knowledge, making them best placed to identify and help those children and families most in need"*

Would you kindly confirm Bromley Council will, as the statement says, "identify" and approach families directly, to provide Christmas holiday food vouchers, rather than requiring families eligible for free school meals to call the MASH telephone line, as happened over October half term?

**20. From Edward Bywater to the Portfolio Holder for Children, Education and Families**

How did the Covid-19 Defra funds of £100,000 for extra carers differentiate from the Covid-19 Defra funds for £119,000 that went for assistance and shielding support?

**21. From Edward Bywater to the Portfolio Holder for Children, Education and Families**

Will Council list the £18,000 worth of equipment for children it purchased with the Covid-19 Defra grants?

**22. From Mrs Anne Clark to the Portfolio Holder for Children, Education and Families**

Could you tell me exactly how many families in Bromley directly received a service or food vouchers from the Covid-19 Defra grant? Hopefully this will include the Christmas holidays.



**23. From Mrs Anne Clarke to the Portfolio Holder for Children, Education and Families**

Would the Council explain details of the £ 30,000 Defra grant spent on "staffing and training?"

**24. From James Hamilton to the Portfolio Holder for Children, Education and Families**

At the Children, Education and Families PDS Committee, it was stated that Bromley Council had been awarded £279,000 in DEFRA funding. Was any of this used to pay for services the Council had already committed to spend within Children's Services before 23 March 2020, and was any of this spend on statutory services?

**25. From James Hamilton to the Portfolio Holder for Children, Education and Families**

How many people in Bromley directly received a service or a food voucher funded by the Covid-19 DEFRA grant?

**26. From Hanna Walton to the Portfolio Holder for Children, Education and Families**

How many children in Bromley who currently qualify for Free School Meals receive funding from the Covid-19 Defra grants?

**27. From Helen Alsworth to the Portfolio Holder for Children, Education and Families**

Has the take up of free school meals in Bromley increased during 2020? Can the Council estimate the increase and break it down by schools?

**28. From Helen Alsworth to the Portfolio Holder for Children, Education and Families**

The Government has stated an intention to tackle the issue of child food poverty, and I want to ask the Council if Bromley Council intends to develop a strategy to meet this need locally?

**29. From Maxim Rowlands to the Portfolio Holder for Children, Education and Families**

Does the Council know how many Bromley schools currently run food banks for their families?

**30. From Laura Vogel to the Portfolio Holder for Children, Education and Families**

*Children, Education and Families PDS Committee Minutes from 10 November, (19) Portfolio Holder's Update:*

*"Those parents in need of extra support were encouraged to call the MASH (Multi Agency Safeguarding Hub) helpline so their call could be screened to ensure they received the correct support. The Portfolio Holder explained that individuals often rung for one thing when actually, in conversation with a qualified social worker, the reason was discovered to be different. For example, someone could ring the number asking for advice but actually trying to report abuse, domestic violence or mental health concerns."*

Does the Council consider it appropriate that Bromley only publicised the MASH safeguarding telephone number as the appropriate channel for parents to approach the Council for food provisions during the October half term and how many Bromley staff were manning the line at any one time?

**31. From Laura Vogel to the Portfolio Holder for Children, Education and Families**

Would the Council not have considered it more appropriate to issue a dedicated telephone number (as other Councils did) for families requesting food vouchers for the October half term, rather than only providing the MASH safeguarding number, which may have made families hesitate if they simply wanted to request vouchers to which they were entitled, yet thought they would be talking to a social worker?

**32. From Liz Thomas to the Portfolio Holder for Children, Education and Families**

*Bromley Council was awarded £279,772.15 in DEFRA grants to 'support people who are struggling to afford food and other essentials due to Covid-19. When asked what the Council had used the DEFRA grant for, they stated that the funds went to children in social care. The funds were allocated on the basis of population, weighted by the English index of Multiple Deprivation. <https://www.gov.uk/government/publications/coronavirus-covid-19-local-authority-emergency-assistance-grant-for-food-and-essential-supplies>*

What is Bromley's English Index of Multiple deprivation and was this entire group covered in the disbursement of the Covid-19 DWFEA grants?

**COUNCIL MEETING**

**7<sup>th</sup> December 2020**

**QUESTIONS FROM MEMBERS OF THE COUNCIL FOR ORAL REPLY**

**1. From Cllr Nicholas Bennett to the Leader of the Council**

What is the debt and any interest paid by council taxpayers in Bromley compared with neighbouring boroughs?

**2. From Cllr Angela Wilkins to the Leader of the Council**

Many London Boroughs have spent close to £1m on contact tracing. Apparently Bromley's expenditure on this work is extremely low because existing staff have been diverted to it. This is a tribute to our staff, but what work isn't being done as a consequence and what is the financial "opportunity cost" of this to the Council?

**3. From Cllr Ian Dunn to the Leader of the Council**

In the past three months two papers, for the Redevelopment of Chislehurst Library and the Energy Services Contract were initially published as Part 2 (Confidential) only, in spite of substantial public interest in both of these papers. It was only after significant pressure from Councillors and members of the public that Part 1 (Public) versions were published, containing the vast majority of information in the original papers.

Why were these Part 1 (Public) papers not published with the original meeting agendas?

**4. From Cllr Simon Jeal to the Portfolio Holder for Renewal, Recreation and Housing:**

Could the Portfolio Holder please explain on what basis the eligibility criteria for applications to the Bromley Welfare Fund were set and when they were last renewed?

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

One of my recent caseworks concerned an elderly couple who are now homeless because they refused to be relocated from Penge to Gravesend. Can the Council's policy be amended to ensure elderly local residents are not moved away from their support networks to remote locations?

**6. From Cllr Josh King to the Portfolio Holder for Environment & Community Services**

Given the Government's announcement that the purchase of new petrol and diesel cars will be banned from 2030 what is the Council doing to accelerate the provision of publicly accessible charging points for electric vehicles?

**7. From Cllr Kevin Brooks to the Portfolio Holder for Environment & Community Services**

Would the Portfolio Holder please outline the Council's strategy on leaf clearance? Are there multiple clearances or is the policy to wait until all leaves have fallen?

**8. From Cllr Simon Fawthrop to the Portfolio Holder for Environment & Community Services**

Has the Portfolio Holder read the report in the Economics and Human Biology Journal which demonstrates that cycles lanes are on the whole poor value for money, and that if spending increased at the same rate for the next 10 years there would only be a 1% increase in commuter cycling.

**9. From Cllr Nicholas Bennett to the Leader of the Council**

What consultation did Transport for London and neighbouring local authorities undertake with the Council regarding the closure of streets and the narrowing of roads during the summer of 2020?

**10. From Cllr Angela Wilkins to the Leader of the Council**

Is this Council going to be one of those trialling mass testing?

**11. From Cllr Ian Dunn to the Portfolio Holder for Environment & Community Services**

Information provided at the November meeting of the Environment & Community Services PDS Committee showed no downward movement in the number of people killed or seriously injured on Bromley's roads over the last three years. What will the Portfolio Holder do to get this number moving firmly downwards in the coming years?

**12. From Cllr Simon Jeal to the Portfolio Holder for Environment & Community Services**

Following the Government's announcement of an additional £175 million for councils to provide walking and cycling infrastructure, how does Bromley Council plan to consult local communities, as required as part of the conditions for schemes, and when will this consultation process begin?

**13. From Cllr Kathy Bance MBE to the Leader of the Council**

The Metropolitan Police are taking bold steps to recruit more black police officers and ensure that institutional racism is wiped out in the police force.

Can you advise if Bromley Council are undertaking any work or additional training to ensure that the diversity of our communities are reflected?

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

Will the Portfolio Holder endorse the End our Cladding Campaign organised by Inside Housing and The Sunday Times?

<https://www.insidehousing.co.uk/news/news/end-our-cladding-scandal-campaign-relaunches-with-10-step-plan-to-tackle-mounting-crisis-68020>

**15. From Cllr Kevin Brooks to the Portfolio Holder for Adult Care and Health**

Over the last few years and accelerated under Covid, the number of respite centres in Bromley has dramatically decreased. While praise must go to Bromley Well, they have been overwhelmed and therefore their support is limited. What are the Council doing to improve respite for the large number of Bromley Carers?

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**COUNCIL MEETING**

**7<sup>th</sup> December 2020**

**QUESTIONS FROM MEMBERS OF THE COUNCIL FOR WRITTEN REPLY**

**1. From Cllr Nicholas Bennett MA JP to the Leader of the Council**

Following the announcement of plans for H M The Queen's Platinum Jubilee in 2022 whether he will consider modest grants to local groups who organise events to celebrate the occasion?

**2. From Cllr Nicholas Bennett MA JP to the Portfolio Holder for Renewal Recreation and Housing**

Pursuant to my question at the Renewal, Recreation and Housing PDS Committee on November 9<sup>th</sup> what is the position regarding the construction of housing on the Station Road Car Park in West Wickham?

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

Please provide a breakdown of the Council's use of Agency Staff, showing person days and net cost, by month from April 2019 to as recently as figures are available, broken down by Adult Social Care, Children's Social Care, other EHCS, ECS and other. Please also show the number of employees in FTE with the same breakdown.

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

Please provide the total number of Planning Applications received for 2019 and 2020 (to date) broken down by ward, showing the number of normal Planning Applications, the number relating to Permitted Development and the number related to tree work.

**5. From Cllr Kathy Bance MBE to the Portfolio Holder for Renewal, Recreation & Housing**

What is Bromley Council doing to ensure that all Grade 1 and Grade 2 listed buildings in the borough are properly maintained?

**6. From Cllr Kathy Bance MBE to the Portfolio Holder for Environment and Community Services**

A resident submitted photos of Bromley trees that had not been adequately maintained. Can you confirm that all our trees have been inspected during this year despite Covid?



Report No.  
CSD20124

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Monday 7 December 2020

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

**Title:** COUNCIL TAX SUPPORT/REDUCTION SCHEME 2021/22

**Contact Officer:** Graham Walton, Democratic Services Manager  
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

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

**Ward:** All

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1. Reason for report

- 1.1 Following pre-decision scrutiny at Executive, Resources and Contracts PDS Committee on 18<sup>th</sup> November 2020, the Leader recommends that Council approves the Council Tax Support/Reduction Scheme 2021/22 as set out in the attached report. The report includes the results of the public consultation exercise. The scheme needs to be adopted by full Council by 31<sup>st</sup> January prior to the financial year it relates to.

---

2. **RECOMMENDATION**

**The Council Tax Support/Reduction Scheme 2021/22 be approved.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: 4,017 households with children and 1,337 working-age disabled claimants.
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Estimated Cost: £146m with 25% liability
  2. Ongoing costs: Recurring Cost:
  3. Budget head/performance centre: Benefits and Admin
  4. Total current budget for this head: £5.940m
  5. Source of funding: Government funding (although not separately identified in the grant notification.)
- 

## Personnel

1. Number of staff (current and additional): 7 + Liberata staff
  2. If from existing staff resources, number of staff hours: Once the scheme is adopted the work will fall onto Liberata which has been taken into account in the costings provided.
- 

## Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Not Applicable: full council decisions are not subject to call-in
- 

## Procurement

1. Summary of Procurement Implications: Not applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 15,053 (the current number of households in receipt of Council Tax Support/Reduction at 20 October 2020.0
- 

## 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>	Personnel/Procurement
Background Documents: (Access via Contact Officer)	None

**Decision Maker:** LEADER OF THE COUNCIL

**Date:** 25 November 2020

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

**Title:** COUNCIL TAX SUPPORT \REDUCTION SCHEME 2021/22

**Contact Officer:** Jayne Carpenter, Revenues and Benefits Manager  
Tel: 020 8461 7996 E-mail: Jayne.Carpenter@bromley.gov.uk

**Chief Officer:** Peter Turner, Director of Finance

**Ward:** (All Wards);

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1. Reason for report

To advise Members of the result of the public consultation exercise and seek approval for the scheme to be forward to Full Council.

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2. **RECOMMENDATION(S)**

**Members are asked to:**

- 2.1 consider the updated Impact Assessment at Appendix 1.
- 2.2 consider the responses to the public consultation exercise at Appendix 2 & 3.
- 2.3 consider that the Council Tax Support\Reduction scheme for 2021/22 retains the calculation of entitlement for working-age claimants on 75% of the households Council Tax liability. Thereby the maximum assistance provided to a claimant of working-age is 75% of his/her Council Tax liability.
- 2.4 Subject to the outcome of 2.1 to 2.3 above recommend to Council the Council Tax Support\Reduction scheme for 2021/22.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: 4017 households with children and 1337 working-age disabled claimants.
- 

### Corporate Policy

1. Policy Status: New Policy
  2. BBB Priority: Not Applicable
- 

### Financial

1. Cost of proposal: Estimated annual cost of the scheme with 25% liability is £146 m
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: Benefits and Admin
  4. Total current budget for this head: £5.940m
  5. Source of funding: Government funding (although not separately identified in the grant notification).
- 

### Personnel

1. Number of staff (current and additional): 7 + Liberata staff
  2. If from existing staff resources, number of staff hours: once the scheme is adopted the work will fall onto Liberata which has been taken into account in the costings provided
- 

### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
- 

### Procurement

1. Summary of Procurement Implications: Not applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 15,053 (the current number of all households in receipt of Council Tax Support\Reduction at 20 October 2020)
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable

### **3. COMMENTARY**

#### **3.1 Introduction**

In the financial year 2013/14, working-age claimants were liable to pay a minimum of 8.5% of their Council Tax liability. For the financial years 2014/15 and 2015/16 working-age claimants were liable for a minimum of 19% of their Council Tax liability, before this increased to 25% in 2016/17.

At the meeting held on 1st July 2020 the Executive, Resources and Contracts PDS considered the options available and supported the Portfolio Holder's recommendation that a public consultation exercise should be undertaken for the Authority's 2021/22 scheme being based on the current scheme ( i.e. a minimum liability of 25% for working-age)

Members are asked to note the content of the updated Impact Assessment when considering the third recommendation contained in this report. The updated Impact Assessment based on the re-adoption of a scheme retaining the minimum contribution for a working-age household's at 25% of the Council Tax liability can be found at Appendix 1.

It should be noted that the scheme needs to be adopted at Full Council by the 31st January prior to the financial year it relates to.

#### **3.2 Consultation**

At the meeting held on 1<sup>st</sup> July 2020, the Executive, Resources and Contracts PDS supported the Portfolio Holder's recommendation that a public consultation exercise be undertaken with the CTS\R continuing to be based on 75% of the households Council Tax Liability. The consultation exercise commenced on the 10 August and closed on the 4 October 2020. 246 responses were received. The GLA response is attached as Appendix 2.

Responses to the questions contained in the consultation exercise are attached as Appendix 3

To summarise the main findings were:

- In respect of financial year 2021/22, 79% of respondents confirmed their preference to keep the minimum contribution at 25%. The responses were weighted in favor of maintaining this level of support irrespective of whether the respondent was in receipt of CTS\R
- Of those indicating that the current level of assistance should not be maintained, 69% said the scheme should be more generous and 31% less.
- 92% of respondents said that there should be a hardship fund, with 60% agreeing that it should remain at the current level (£100k)

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

4.1 There are currently 1337 disabled, working-age claimants and 4017 working-age households with children affected by the policy. This excludes pensioner claimants whose entitlement continues to be based on 100% of their Council Tax liability.

4.2 The impact on vulnerable adults and children is mitigated by building into the scheme disregards and additional assistance contained in the Housing Benefit scheme. In addition, a hardship fund is available to those faced with exceptional circumstances.

### 4.3 Summary of Equality Impact Assessment (EIA)

The EIA recognises that the requirement of working-age claimants to contribute a minimum of 25% towards their Council Tax liability disproportionately impacts upon several of the protected characteristic groups. Lone parents (who are predominately women) and the disabled are both over represented in the Council Tax Support\Reduction caseload. Mitigation of the impact is supplied by the retention of the safeguards included in the Housing Benefit scheme for these client groups, for example the disregard of certain income types for the disabled and childcare costs. Further mitigation is supplied by the Hardship Fund from which assistance can be granted for those facing exceptional circumstances.

4.3 A copy of the Equality Impact Assessment can be found at Appendix 1.

## 5. POLICY IMPLICATIONS

5.1 A copy of the 2020/21 scheme can be accessed by the following web link:

[Local Council Tax Reduction Scheme 2020/21](#)

This scheme will be revised in light of any changes agreed by Members, required by legislative change and/or resultant of the annual uprating of the benefit system

The Authority's scheme needs to be adopted on an annual basis following a public consultation exercise.

## 6 FINANCIAL IMPLICATIONS

6.1 The below table shows the projected expenditure of the scheme based on working-age claimants having their entitlement based on 75% of the households Council Tax liability: -

<b>Minimum Working Age CTS\R Liability</b>	<b>25%</b>
	<b>£'000</b>
LBB estimated annual CTS\R expenditure costs (79.14%)	11,566
GLA estimated costs (20.86%)	3,036
Total estimated annual costs for CTS\R	<b><u>14,602</u></b>

The sums included in the above table are based on the Council Tax levels for 2020/21 and the number of households in receipt of CTS\R at the 29 May 2020 and included a 20% increase in working-age caseload arising from the impact of Covid-19.

6.2 In addition to the amounts contained in the above table, there will be a Discretionary fund of £100k per annum.

6.3 The above proposal reflects no changes to the existing scheme for 2021/22. However, it should be noted that the Covid19 Hardship Fund allocation from Government represented 9% of band "D" Council Tax liability (effectively reducing the individual household contribution from 25% to less than 16%) in 2020/21.

## 7. LEGAL IMPLICATIONS

- 7.1 Full legal implications were set out in the report considered by members of the Executive on the 2 August 2019. Members should have regards to these and the Equality Impact assessment undertaken. However, in summary Section 33 (1) (e) of the Welfare Reform act 2012 abolished the national Council Tax Benefit scheme. Section 10 (1) of that Act introduced a new Section 13A (2) into the Local Government Finance Act 1992 which obliged each local authority to make its own scheme for those it considered to be in financial need.
- 7.2 Schedule 1A of the 1992 Act sets out the procedural steps required to make a revised scheme. These include the obligation to consider whether or not to change a scheme for any financial year. Where changes are made there is a statutory obligation to publish a draft scheme and to consult with such persons as we deem to have an interest. This will include both individuals who receive benefit and those who don't. Any new scheme must be adopted by 31<sup>st</sup> January in the financial year preceding that in which it is to apply. Bromley has undertaken the required consultation exercise.
- 7.3 Members must have regard to the consultation exercise, but they are not obliged to follow the majority view. However, introducing new proposals or disregarding consultation views which point to a strong preference without clear reasoning will create risk of challenge. Members also have to consider the impact of the scheme and any changes on individuals with protected characteristics in line with public sector equality duty and Equality Impact assessment which identifies appropriate mitigation measures which is appended to this report.

<b>Non-Applicable Sections:</b>	<b>Personnel and Procurement</b>
Background Documents: (Access via Contact Officer)	

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# **Impact Assessment for Council Tax Support**

## **London Borough of Bromley**

### **Part 1: Description of policy change and its relevance to equality**

**Category of trigger for Impact Assessment:** Re-adoption of existing policy

#### **Background**

Council Tax Benefit (CTB) was abolished on the 01 April 2013. The Local Government Act replaced CTB for working age claimants with a scheme to be designed by the local authority – Council Tax Support (CTS). Funding was no longer demand led, but based on an estimate of Borough caseloads, with an initial overall budget 10% lower than that of CTB. Residents meeting the state pension credit age being eligible for a separate national scheme to "leave them no worse off than they are now".

#### **Reason for review**

Bromley adopted a 2 year scheme in January 2013 for the financial years 2013/14 and 2014/15. The scheme was based on a minimum liability of 8.5% for 2013/14 and 19% for 2014/15. This scheme was retained for 2015/16 before revision to a 25% minimum contribution for 2016/17. It remained at this level for 2017/18, 2018/19, 2019/20 and 2020/21 it is proposed that the minimum contribution remains at 25% for 2021/22

CTS is a local scheme to assist those who are on a low income to meet their Council Tax liability. Individuals apply for CTS and if their income is below a certain level, which takes account of their circumstances, they are eligible for a reduction on their Council Tax bill.

The "generosity" of the scheme has a direct impact on the Authority's finances. Therefore, the cost of the scheme will influence service provision in other areas, reserves and/or the Council Tax level.

#### **Consultation on the scheme for 2021/22**

Views on the retention of the proposed scheme will be sought from the Greater London Authority and a sample of Bromley households. Those households include current CTS claimants as well as those meeting their Council Tax liability from their own means.

## Part 2: Collection of Evidence — what do we know?

### Description of data used

In order to assess the impact of this policy change, Bromley has used information from a variety of different sources including:

- Data collected from records from the Council Tax and Housing Benefit systems;
- Census 2011 data;
- Bromley's Budget Strategy & other financial information about the service
- Office for National Statistics (NOMIS)
- Bromley Joint Strategic Needs Assessment 2017

### Financial Information and Impact

The impact of this proposed scheme will affect all working-age claimants from the 1/4/20. For the financial year 2021/22 it is proposed that the maximum amount of assistance available to working-age claimants under the CTS scheme will be unchanged. Calculations have been supplied based on a minimum liability of 25% using the current years (20/21) Council Tax levels.

**Table 1 - Financial Impact of Introduction of Local Scheme**

	<b>2020/21 Liability</b>	<b>2020/21 Maximum assistance Pensionable Age</b>	<b>2020/21 Maximum assistance under proposed CTS (75%)</b>	<b>2020/21 Minimum weekly amount to pay (25%)</b>
<b>Band A - Full Charge</b>	£1,064.56	£1,064.56	£798.42	£5.10
<b>Band A - with 25% discount</b>	£798.42	£798.42	£598.81	£3.83
<b>Band B - Full Charge</b>	£ 1,241.99	£ 1,241.99	£931.42	£5.95

<b>Band B - with 25% discount</b>	£931.49	£931.49	£698.62	£4.47
<b>Band C -Full Charge</b>	£ 1,419.41	£ 1,419.41	£1,064.56	£6.80
<b>Band C - with 25% discount</b>	£1064.56	£1064.56	£798.42	£5.10
<b>Band D - Full Charge</b>	£ 1,596.84	£ 1,596.84	£1,197.63	£7.65
<b>Band D - with 25% discount</b>	£1197.63	£1197.63	£898.22	£5.74
<b>Band E - Full Charge</b>	£ 1,951.69	£ 1,951.69	£1,463.76	£9.36
<b>Band E - with 25% discount</b>	£1463.76	£1463.76	£1,097.83	£7.02
<b>Band F- Full Charge</b>	£ 2,306.55	£ 2,306.55	£1,729.91	£11.06
<b>Band F - with 25% discount</b>	£1729.91	£1729.91	£1,297.43	£8.29
<b>Band G - Full Charge</b>	£2,661.40	£2,661.40	£1,996.05	£12.76
<b>Band G - with 25% discount</b>	£1,996.05	£1,996.05	£1,497.04	£9.57
<b>Band H - Full Charge</b>	£3,193.68	£3,193.68	£2,395.26	£15.31
<b>Band H - with 25% discount</b>	£2,395.26	£2,395.26	£1,796.44	£11.48

## **Breakdown of current claimants**

In order to understand how the proposed changes will impact on different protected groups Bromley has examined data, where available, based on the benefit caseload on 20 October 2020. Data is available on the following: age, gender and disability which are noted in Table 2. There is very limited data available on the ethnic breakdown of current claimants as the appropriate section is seldom completed on the application form.

**Table 2 - Breakdown of Current claimants Council Tax Support**

Type	Total	Female	Male	Disabled	Disabled female	Disabled male	DLA/PIP Income
<b>Working age - Passported (equalisation definition)</b>							
Single no child dependant	2611	1371	1240	777	409	368	1641
Single with child dependant	1294	1255	39	137	127	10	574
Couple no child dependant	229	90	139	73	27	46	197
Couple with child dependant	234	124	110	44	16	28	181
<b>Working age - Non Passported</b>							
Single no child dependant	1961	1067	894	186	109	77	330
Single with child dependant	2212	2105	107	58	53	5	267
Couple no child dependant	711	295	416	52	19	33	118
Couple with child dependant	277	122	155	10	5	5	56
<b>Total Working age</b>	<b>9529</b>	<b>6429</b>	<b>3100</b>	<b>1337</b>	<b>765</b>	<b>572</b>	<b>3364</b>
Pensioner- Passported	3610	2414	1196	1100	782	318	708
Pensioner- Non Passported	1914	1083	831	416	251	165	274
<b>Total Pensioner</b>	<b>5524</b>	<b>3497</b>	<b>2027</b>	<b>1516</b>	<b>1033</b>	<b>483</b>	<b>982</b>
<b>Overall Total</b>	<b>15053</b>	<b>9926</b>	<b>5127</b>	<b>2853</b>	<b>1798</b>	<b>1055</b>	<b>4346</b>

The table below provides some additional evidence by protected characteristic that has been used to complete this EIA.

Protected Characteristic	Evidence																																																																	
Age	<p>Please see table 2 for detailed breakdown</p> <p>9529 (63.30%) of current claimants are under Pension Credit age and will be affected by the Authority's Council Tax Support policy. <i>Data based on September 2020 caseload. Caseload numbers may fluctuate on a daily basis.</i></p> <p>The data demonstrates that 3506 (36.79%) of current working-age claimants are single parent families with child dependents</p>																																																																	
Disability	<p style="text-align: center;"><b>Bromley's population</b></p> <p>The following table shows the number and percentage of residents aged 16-64 who were deemed economic inactive during the period April 2019 to March 2020. You will note that the percentage of economic inactivity in Bromley is lower; however, a higher proportion is a result of long-term sickness.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Bromley (level)</th> <th style="text-align: center;">Bromley (%)</th> <th style="text-align: center;">London (%)</th> <th style="text-align: center;">Great Britain (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5" style="text-align: center;"><b>Economic inactivity (Apr 2019 -Mar 2020)</b></td> </tr> <tr> <td colspan="5" style="text-align: center;"><b>All people</b></td> </tr> <tr> <td style="text-align: center;"><b>Total</b></td> <td style="text-align: center;">41,900</td> <td style="text-align: center;">20</td> <td style="text-align: center;">21.1</td> <td style="text-align: center;">20.9</td> </tr> <tr> <td style="text-align: center;"><b>Student</b></td> <td style="text-align: center;">13,000</td> <td style="text-align: center;">31.1</td> <td style="text-align: center;">32.4</td> <td style="text-align: center;">26.8</td> </tr> <tr> <td style="text-align: center;"><b>looking after family/home</b></td> <td style="text-align: center;">11,300</td> <td style="text-align: center;">26.9</td> <td style="text-align: center;">27.3</td> <td style="text-align: center;">22.5</td> </tr> <tr> <td style="text-align: center;"><b>temporary sick</b></td> <td style="text-align: center;">!</td> <td style="text-align: center;">!</td> <td style="text-align: center;">1.7</td> <td style="text-align: center;">1.9</td> </tr> <tr> <td style="text-align: center;"><b>long-term sick</b></td> <td style="text-align: center;">5,400</td> <td style="text-align: center;">12.9</td> <td style="text-align: center;">18.5</td> <td style="text-align: center;">23.8</td> </tr> <tr> <td style="text-align: center;"><b>discouraged</b></td> <td style="text-align: center;">!</td> <td style="text-align: center;">!</td> <td style="text-align: center;">0.3</td> <td style="text-align: center;">0.4</td> </tr> <tr> <td style="text-align: center;"><b>retired</b></td> <td style="text-align: center;">6,800</td> <td style="text-align: center;">16.2</td> <td style="text-align: center;">6.4</td> <td style="text-align: center;">12.9</td> </tr> <tr> <td style="text-align: center;"><b>other</b></td> <td style="text-align: center;">5,400</td> <td style="text-align: center;">12.9</td> <td style="text-align: center;">13.5</td> <td style="text-align: center;">11.7</td> </tr> <tr> <td style="text-align: center;"><b>wants a job</b></td> <td style="text-align: center;">7,400</td> <td style="text-align: center;">17.7</td> <td style="text-align: center;">20.3</td> <td style="text-align: center;">20.8</td> </tr> <tr> <td style="text-align: center;"><b>does not want a job</b></td> <td style="text-align: center;">34,500</td> <td style="text-align: center;">82.3</td> <td style="text-align: center;">79.7</td> <td style="text-align: center;">79.2</td> </tr> </tbody> </table> <p>Source: ONS annual population survey  ! Estimate is not available since sample size is disclosive (<a href="#">see definitions</a>)  Notes: numbers are for those aged 16-64.  % is a proportion of those economically inactive, except total, which is a proportion of those aged 16-64</p> <p style="text-align: center;"><b>Breakdown of current claimants</b></p> <p>Please see table 2 for detailed breakdown of information on our current claimants</p> <ul style="list-style-type: none"> <li>• 1337 (14%) of current claimants below pension credit age have declared a disability</li> <li>• 3364 (35.3%) are receiving DLA/PIP</li> </ul>		Bromley (level)	Bromley (%)	London (%)	Great Britain (%)	<b>Economic inactivity (Apr 2019 -Mar 2020)</b>					<b>All people</b>					<b>Total</b>	41,900	20	21.1	20.9	<b>Student</b>	13,000	31.1	32.4	26.8	<b>looking after family/home</b>	11,300	26.9	27.3	22.5	<b>temporary sick</b>	!	!	1.7	1.9	<b>long-term sick</b>	5,400	12.9	18.5	23.8	<b>discouraged</b>	!	!	0.3	0.4	<b>retired</b>	6,800	16.2	6.4	12.9	<b>other</b>	5,400	12.9	13.5	11.7	<b>wants a job</b>	7,400	17.7	20.3	20.8	<b>does not want a job</b>	34,500	82.3	79.7	79.2
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Sex	<p style="text-align: center;"><b>Bromley population</b></p> <p>According to nomis official labour market stats Bromley's population (2019) is 51.65% female and 48.35% male</p> <p style="text-align: center;"><b>Breakdown of current claimants</b></p> <p>Please see table 2 for detailed breakdown of information on our current claimants</p> <p style="text-align: center;">68.57% of current claimants under pensionable age are female</p> <p style="text-align: center;">Indicates that women are over represented amongst our CTS claimants</p>
Gender reassignment	The Council does not anticipate this policy will have a particular equality impact on this protected group.
Pregnancy & Maternity	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
Race	<p style="text-align: center;"><b>Bromley population - Current claimants</b></p> <p>As advised earlier, there is very limited data available on the ethnic breakdown of the current claimants as only a few complete the non-mandatory section of the form.</p> <p style="text-align: center;"><b>Borough wide information</b></p> <p>The 2017 GLA population projection estimates show that 19% of its population is made up of black and minority (BME) groups. This percentage does not include Gypsy Travellers, Bromley has a large settled Gypsy Traveller community living in "brick and mortar" concentrated chiefly in the Crays.</p>
Religion & Belief	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
Civil Partnerships & Marriage	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
Sexual Orientation	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.

### Part 3 - Analyse of evidence and description of the impact

Characteristic	Actual or likely impacts (negative/positive/no impact) and justification	Actions to be taken to mitigate potential negative impacts (include name of lead and estimated date of completion)
Age	<p>Neutral impact for pension age claimants as the Government has stipulated this group must have their claims assessed as they are now.</p> <p>Given the large number of CTS claimants that are single parent families with dependent children increases in the minimum contribution</p>	<p>It is proposed a hardship fund be retained for those faced with exceptional circumstances. It is further planned to retain all aspects of the current CTS scheme that provides assistance by way of disregards of income and increased</p>

	would have a negative impact on levels of child poverty. It is not possible to evaluate the scale of this impact.	The Council will monitor the impact on this Client group through monitoring of communications, complaints, appeals, request for discretionary awards  <b>Responsible Officer(s)</b> Welfare Reform Manager & Revenues & Benefits Manager — Monitoring to be ongoing
Disability	Any increased level of 'contribution' will have a negative impact on current and future disabled CTS claimants as working age claimants would have to pay more towards their council tax bill.	The proposed Council Tax Support scheme allows for the complete disregard of certain income types such as Disability Living Allowance/PIP and the award of Disability premiums in the benefit calculation. These will be retained to mitigate the impact on those who are disabled. The planned continuation of the hardship scheme for those faced with exceptional circumstances will further alleviate any impact on the disabled.  <b>Responsible Officer(s)</b> Welfare Reform Manager & Revenues & Benefits Manager — Monitoring to be ongoing
Sex	<p>Females are disproportionately represented amongst current CTS claimants.</p> <p>Any reduction in the level of assistance given would have a negative impact on current and future working age CTS claimants (regardless of gender) as claimants would have to contribute more towards their council tax bill then they have had previously.</p> <p>Although any change in the scheme would be applied universally (i.e. men and women would face the same reduction in CTS) our evidence makes clear that a greater proportion of current CTS claimants are women and therefore as a protected group women would feel the impact of any change in greater numbers.</p>	<p>Monitoring of the impact on women who claim Council Tax Support will continue. In order to mitigate impact it is proposed that the scheme retains the income disregards and allowances that are predominately received by females for example allowances in respect of child care costs. The planned continuation of the hardship scheme will provide a further safeguard for those faced with exceptional circumstances.</p> <p><b>Responsible Officer(s)</b> Revenues &amp; Benefits Manager — Monitoring to be ongoing</p>

Gender reassignment	No specific impact identified other than all claimants will have to contribute more towards their council tax bill	
Pregnancy & Maternity	No specific impact identified other than all claimants will have to contribute more towards their council tax bill	
Race	Any reduction in the level of assistance provided would have a negative impact on current and future CTS claimants (regardless of race) as some claimants will have to contribute more towards their council tax bill than they have had previously. There is very limited evidence available to quantify if there will be a differential impact on the different ethnicities.	In order to mitigate any adverse impact is proposed that a hardship fund is retained for those faced with exceptional circumstances.  <b>Responsible Officer(s)</b> Revenues & Benefits Manager — Monitoring to be ongoing.
	There is evidence to indicate that BME communities are more likely to be unemployed or in lower paid employment and, therefore, possibly more reliant on CTS. However, there is insufficient evidence on current claimants to demonstrate this is in fact the case in Bromley.	
Religion & Belief	No specific impact identified other than all claimants will have to contribute more towards their council tax bill	
Civil Partnerships & Marriage	No specific impact identified other than all claimants will have to contribute more towards their council tax bill	
Sexual Orientation	No specific impact identified other than all claimants will have to contribute more towards their council tax bill	

### Part 5 — Completion and authorisation

<b>Officer completing assessment</b>	Jayne Carpenter, Revenues & Benefits Manager
<b>EIA completed</b>	19/10/20
<b>Officer responsible for monitoring impact</b>	Jayne Carpenter
<b>Date EIA is scheduled to be reviewed</b>	July 2021





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**GREATER LONDON AUTHORITY  
RESOURCES GROUP FINANCE**

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London SE1 2AA  
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Claudine Douglas-Brown  
Assistant Director, Exchequer Services  
Finance Service, Chief Executive's Department  
London Borough of Bromley  
Civic Centre  
Stockwell Close  
Bromley  
BR1 3UH

**Our ref:** CTS  
**Your ref:**  
**Date:** 14 October 2020

Dear Claudine

**LONDON BOROUGH OF BROMLEY: COUNCIL TAX SUPPORT SCHEME  
2021-22**

Thank you for your email of 2 October informing the GLA about the Council's formal consultation on proposals for the draft council tax support (CTS) scheme for 2021-22. This letter sets out the GLA's formal response to the consultation.

**Introduction**

The GLA recognises that the determination of council tax support schemes under the provisions of the Local Government Finance Act 2012 are a local matter for each London borough. Individual schemes need to be developed which have regard to specific local circumstances, both in respect of the potential impact of any scheme on working age claimants (particularly vulnerable groups) and, more generally, the financial impact on the council and local council tax payers – and therefore the final policies adopted may, for legitimate reasons, differ across the capital's 33 billing authorities.

This fact notwithstanding, the GLA also shares in the risks and potential shortfalls arising from the impact of council tax benefit localisation in proportion to its share of the council tax in each London billing authority. It is therefore important that we are engaged in the scheme development process and have an understanding of both the factors which have been taken into account by boroughs in framing their proposals, as well as the data and underlying assumptions used to determine any forecast shortfalls which will inform the final scheme design.

**Framing Proposals**

As part of the introduction of council tax support in 2013-14, the Government set out its expectation that, in developing their scheme proposals, billing authorities should ensure that:

- Pensioners see no change in their current level of awards whether they are existing or new claimants;
- They consider extending support or protection to other vulnerable groups; and

- Local schemes should support work incentives and, in particular, avoid disincentives to move into work.

The GLA concurs with those general broad principles and would encourage all billing authorities in London to have regard to them in framing their schemes.

### **Proposed Options for 2021-22 Scheme**

Under Bromley's existing scheme, the maximum level of council tax support available to working age claimants is 75 per cent of their council tax liability, after any other discounts or exemptions. The Council is consulting on maintaining this level of support, whilst continuing to uprate benefit levels in line with changes to Housing Benefit, including the level of non-dependant deductions.

#### *Minimum Contribution*

The council's consultation seeks views on whether the minimum working-age contribution for 2021-22 should remain at 25 per cent of claimants' council tax liability. We note the council's preference to maintain the current minimum contribution level and the consultation does not propose an alternative.

The diversity of council tax support schemes developed in London since 2013-14 means there is now a wide range of minimum contribution rates, varying from no minimum contribution to 30 per cent. In addition to Bromley, six other London boroughs have contribution rates of 25 per cent and a further four London boroughs currently require a minimum contribution level of over 25 per cent. The GLA notes therefore that Bromley is within the third of boroughs that require a minimum contribution of at least 25 per cent.

The GLA recognises that local authorities have faced difficult choices on CTS schemes, as overall funding from central government has reduced and funding for CTS is no longer identifiable within the settlement. The consultation states that if the minimum contribution rate was reduced, this would have to be funded by either one or a combination of the following options: a council tax increase, use of reserves, reducing council services. Therefore, notwithstanding the comments elsewhere in this response, the GLA is content for the council to maintain its minimum contribution rate at the current level.

#### *Hardship Fund*

The consultation also seeks views on the council's hardship fund, which provides assistance to residents who are experiencing exceptional financial hardship and are unable to pay their council tax. The GLA welcomes the assurance that the Council will continue to make a discretionary hardship fund available and notes its level appears appropriate. We would encourage the Council to take a proactive approach to informing those council tax support claimants facing difficulties paying council tax bills about the help available.

### **Financial Implications of the Proposed 2021-22 Scheme**

It would be helpful for the GLA's planning purposes if the Council could provide the GLA with a forecast total cost for the proposed scheme in 2021-22, based on the forecast 2020-21 caseload—ideally apportioning all elements between the GLA and the council having regard to 2020-21 council tax shares. This would also allow the GLA to calculate its share of the cost of the scheme proposed by the Council.

### **Technical Reforms to Council Tax**

The GLA considers that in formulating its council tax support scheme each billing authority should consider the impact of the additional revenue it may be possible to raise through powers introduced in the Local Government Finance Act 2012 and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

The GLA understands that Bromley no longer provides any discounts for properties undergoing major repairs (former class A), unoccupied and substantially unfurnished (former class C) or second homes. The Council also decided last year to increase the empty homes premium up to the maximum thresholds currently allowed by the 2018 Act.

However, it is not clear from the Council's website whether the Council plans to increase the empty homes premium further, by implementing a 300% premium for homes empty for over 10 years from April 2021. Any additional revenues from maximising this flexibility could be used to support the council tax reduction scheme.

We would encourage the Council to inform us as soon as possible if any changes are proposed to its discount and premium policies, in order to assist us in assessing the potential impact on the Mayor's funding and tax base for 2021-22 and future years.

### **Council Tax Protocol**

In recent years the issue of council tax collection practices has become more high profile. The GLA, of course, recognises the importance of ensuring council tax arrears are collected wherever possible. However, in some instances poor collection practices can worsen debt problems for vulnerable residents.

Citizens Advice, in partnership with the Local Government Association, has developed a council tax protocol<sup>1</sup>, which outlines a number of practical steps for early intervention to support people struggling with payments. In summary, the Protocol asks that councils:

- work with enforcement and advice agencies to help people pay their council tax bills while accessing debt advice;
- ensure all communication with residents about council tax is clear;
- use the Standard Financial Statement when calculating repayment plans;
- offer flexible payment arrangements to residents;
- do not use enforcement agents where a resident receives council tax support;
- publish their policy on residents in vulnerable circumstances

In London, eight boroughs have now signed up to the protocol and the GLA would encourage all boroughs to consider adopting the protocol.

### **Providing Information on Schemes**

Whilst we recognise that the detailed rules on council tax support schemes are inevitably complex, the GLA would encourage all boroughs to make every effort to set out information on their schemes as clearly as possible. Information that may help potential claimants could include an online calculator, to identify whether potential claimants are likely to be entitled to support, as well as 'Frequently Asked Questions' and a summary document outlining concise details of the scheme. In addition, for existing claimants, we would encourage boroughs to consider how the process for reporting changes in circumstances can be made as straightforward as possible.

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<sup>1</sup><https://www.citizensadvice.org.uk/Global/CitizensAdvice/campaigns/Council%20Tax/Citizens%20Advice%20Council%20Tax%20Protocol%202017.pdf>

### **Setting the Council Tax Base for 2021-22 and Assumptions in Relation to Collection Rates**

The council will be required to set a council tax base for 2021-22 taking into account the potential impact of the discounts the Council may introduce in respect of council tax support and any potential changes the Council may implement regarding the changes to the treatment of second and empty homes.

The Council will need to make a judgement as to the forecast collection rates from those claimants and council taxpayers affected by any changes to council tax support, taking into account the experience over the last eight years of the council tax support arrangements.

The GLA would encourage the council to provide it with an indicative council tax base forecast as soon as options are presented to members for approval, in order that it can assess the potential implications for the Mayor's budget for police, fire and other services for 2021-22. This should ideally be accompanied by supporting calculations disclosing any assumptions around collection rates and discounts granted having regard to the final council tax support scheme design.

### **Collection Fund and Precept Payments**

By 23 January 2021 the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2020-21, which will reflect the cumulative impact of the localisation of council tax support since it was introduced in 2013-14. The GLA would encourage the council to provide it with this information as soon as it is available.

I would like to thank you again for consulting the GLA on your proposed council tax support options for 2021-22.

Yours sincerely



**Mark Johnson**  
GLA Group Finance

London Borough of Bromley  
Council Tax Reduction – Consultation Report

13<sup>th</sup> October 2020

## 1. Details of Recommendations

The Council is asked to agree the

- 1.1 To note the proposed Council Tax Reduction Scheme for Bromley residents is to come into effect from 1st April 2021.
- 1.2 To note the outcome of the consultation exercise undertaken with regard to the proposed scheme.
- 1.3 To note the findings on equalities and other impacts arising from the proposed Scheme.
- 1.4 To approve the local Council Tax Reduction Scheme for Bromley at Full Council on 7<sup>th</sup> December 2020. A consultation exercise was undertaken to seek resident's views as to whether to continue to grant Council Tax Reduction for working-age claimants at a maximum of 75% of Council Tax liability.

## 2. Report Summary

The Welfare Reform Act 2012 abolished the previous system of Council Tax Benefit with effect from 31<sup>st</sup> March 2013. Its replacement, Localised Support for Council Tax, was introduced from 1<sup>st</sup> April 2013 through Council Tax Reduction.

Bromley formally approved a scheme limiting increases to 8.5% of Council Tax liability for 2013/14, rising to 19% in 2014/15 and 25% for 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21.

This report is to approve the new scheme, this will be required to be formally approved at full council on 7<sup>th</sup> December 2020 for the next financial year commencing 1<sup>st</sup> April 2021.

The proposal is to retain the scheme rules from 2020/21 for the financial year 2021/22 and continue to grant Council Tax Reduction under the scheme to a maximum of 75% of Council Tax liability.

This reports sets out:

The background to the design of a local scheme of Council Tax Reduction for 2020/21 for the London Borough of Bromley and details of the interaction with legislation and guidance supplied by the Department of Communities and Local Government (DCLG).

Details the proposed scheme of Council Tax Reduction for Bromley, recognising that the matter is one which will need to be approved by full Council.

Details of the consultation exercise undertaken on the proposed Council Tax Reduction Scheme during a period from 10<sup>th</sup> August 2020 until 4<sup>th</sup> October 2020.



The financial implications of the proposed scheme for Council Tax Reduction for the residents of Bromley and risks associated with the design of a local scheme.

### **3. Reason for Decision and Options Considered**

The Welfare Reform Act 2012 abolished the existing system of Council Tax Benefit with effect from 31<sup>st</sup> March 2013. Its replacement, Localised Support for Council Tax was introduced from 1<sup>st</sup> April 2013 and was contained within the Local Government Finance Act which received Royal Assent on 31<sup>st</sup> October 2012

There are a number of key differences between the two schemes of assistance with Council tax liabilities. These include the fact that responsibility has changed from the Department of Work and Pensions (DWP) to the Department for Communities and Local Government (DCLG).

In addition the funding regime changed from being demand-led Annual Managed Expenditure (AME).

While Bromley was able to design its own scheme to support working age applicants, the Government desire to protect those of state pension credit age resulted in centrally provided legislation covering those in this group.

These Prescribed Regulations introduced a Statutory Scheme, similar to the previous Council Tax Benefit scheme, for those of pensionable age and also maintain previous provisions with regard to limiting entitlement to those classed as Persons from Abroad and deal with minor administrative issues. These provisions are replicated for 2021/22 subject to any legislative amendments that may be imposed by Central Government.

Once a local Council Tax Reduction scheme has been made by the Council, it cannot be revised for at least one financial year. A Billing Authority must however *consider* whether to revise or replace its scheme with another one on an annual basis.

Any revision to a scheme must be made by the Council by the 31 January 2021 immediately preceding the financial year in which it is to take effect and will require consultation arrangements to be applied. Additionally, consideration must be given to providing transitional protection where the support is to be reduced or removed.

### **3. Key Implications**

The proposed Council Tax Reduction scheme for Bromley for 2020/21 has been established with due regard to the Council's statutory obligations, consultation responses and in order to attempt to distribute the reduced funding available amongst those claimants most in need of financial assistance, while still achieving the necessary financial savings to meet the funding deficit.

Bromley again proposes to follow the DCLG Prescribed Scheme for those who have reached pensionable age, ensuring that they are protected from the effects of the funding reduction and continue to receive assistance with their Council Tax liability as now.

It is intended that the working age scheme will continue to be based on the rules introduced for 2013/14. This largely mirrored the previous Council Tax Benefit scheme with the exception of protecting the level of support relevant classes of individual's receive. This adjustment was required in order to pass on the reduction in funding received.

The outline principles for the Bromley working age Council Tax Reduction (CTR) scheme for 2021/22 are:

- All working age customers will have to make some payment towards their council tax as the maximum help under the Council Tax Reduction scheme available for residents of London Borough of Bromley will be limited to 75% of the charge.
- The scheme will be reviewed annually.
- Non-dependant deductions will be aligned with any increase supplied by DCLG in the Prescribed Requirement Regulations updates and will be in line with the pensioner claims.
- Applicable amounts will be up-rated or frozen in line with Housing Benefits for working age claimants.

The scheme will also be adapted to meet any further legislative requirements imposed by DCLG and consideration will be given as to how to determine income from benefits established under the Welfare Reform Act 2012.

#### **Other requirements**

A number of other scheme principles introduced in 2013/14 will be carried forward to 2021/22;

- New customers will be required to complete an application form for all new claims from 1 April 2021, existing awards under the 2020/21 scheme will continue in payment, where entitlement remains.
- The scheme allows for a review period. The period will be agreed and failure by the customer to provide details requested may mean their entitlement to CTS is ended.

- Any award or adjustment will be confirmed in the council tax bill but the bill itself will not be formal notification and a separate notification of entitlement will be supplied.
- Where awarded the notification letter will also:
  - a) inform the applicant that there is a duty to notify the authority of the relevant change in circumstances
  - b) explain the possible consequences (including prosecution) of failing to comply with that duty; and
  - c) set out the circumstances in which a change of circumstances might affect entitlement
- Any “overpayments” of CTR will be reclaimed by recovery through the council tax billing process
- Where an applicant is aggrieved about a decision regarding entitlement they may appeal under Section 16 of the Local Government Finance Act 1992.
- A person may only appeal to the Valuation Tribunal where:
  - a) They are notified in writing by the authority that it believes the grievance is not well founded, but they are still aggrieved;
  - b) They are notified in writing that steps have been taken to deal with the grievance, but they are still aggrieved; or
  - c) The period of two months, beginning with the date of service of their notice being ended, has elapsed and they have not received notification under paragraph a) or b) above.

### **Level of Entitlement**

Bromley made a decision, for the 2020/21 scheme, to pass on a maximum of 25% of the cost (resulting in a maximum entitlement, for working age claimants, of 75% of their liability).

The proposal for 2021/22 is to continue with this level of support and limit working age recipients to 75% of their council tax liability.

## **4. Financial Details**

### **Financial Impact On The Budget (Mandatory)**

#### **Costs of 2021/22 Scheme**

Specific central government grant levels for Council Tax Reduction now form part of the overall Revenue Support Grant and are not therefore distinguishable.

## 5. Equalities, Human Rights and Community Cohesion

### Equality Impact Assessment

The Council has to give due regard to its Equalities Duties, in particular with respect to general duties arising pursuant to the Equality Act 2010, section 149. Having due regard to the need to advance equality involves, in particular, to the need to remove or minimize disadvantages suffered by persons who share a relevant characteristic that are connected to that characteristic.

The Council's tax system is programmed to identify all Council Tax Reduction accounts. The Council keeps under review the impact of the revised Council Tax Reduction Scheme and has found no evidence to indicate that any equalities protected groups have been disproportionately affected by the operation of the scheme.

Specific regard has also been paid to the guidance provided by DCLG which will also provide mitigation to minimise disadvantage to those most likely to experience disadvantage.

The previous Equalities Analysis has been updated to reflect the options proposed in the consultation exercise. This can be found as enclosure 1 to the Executive Report entitled "Council Tax Support/Reduction scheme 2020/21". For information, the document is on the Council's website via the URL link below:

[www.bromley.gov.uk/CouncilTaxSupport](http://www.bromley.gov.uk/CouncilTaxSupport)

### Incentivising Work

It is again intended that Bromley will incentivise work by continuing the disregards of weekly income currently offered which are dependent upon the applicant's status:

- Lone parent £25 per week
- Disabled individual or carer £20 per week
- Single person £5 per week and Couple £10 per week

Where the applicant pays child care costs in order to achieve employment an additional weekly disregard of up to £175 (for 1 child) or £300 (for 2 or more children) from earnings will apply subject to the circumstances of the applicant and age of the child.

Where the applicant works in excess of 30 hours per week a further disregard of at least £17.10 will apply.

Customers who have been out of work, and receiving an appropriate benefit for 26 weeks, will receive an Extended Payment of Council Tax Reduction, at the same rate as they received when out of work, for the first 4 weeks of their new employment.

### Child Poverty

It is intended that Child Benefit and Guardian's Allowance will be disregarded as income types during the means tested assessment of Council Tax Reduction.

Access to relevant dependants allowances and family premiums within the applicable amount calculation will continue where applicants have responsibility for children and have been continuously in receipt of CTR since prior to 1<sup>st</sup> April 2016.

#### Armed Forces

Income derived from war widow's/widower's pensions, war disablement pensions or Guaranteed Income Payments from the Armed Forces/Reserve Forces Compensation Fund will be fully disregarded during the means tested assessment of Council Tax Reduction, whether for working or pensionable age applicants.

#### Disabled Applicants

Income derived from Disability Living Allowance or its replacement (Personal Independence Payments) and Attendance Allowance will be fully disregarded but receipt of such benefits will allow access to premiums within the applicable amount calculation.

There will be no non-dependant deduction taken as a result of the claimant or partner receiving Disability Living Allowance (care component), Attendance Allowance, the daily living component of PIP or where the claimant or partner is registered blind.

## **6. Consultation**

A public consultation exercise was undertaken for the 20/21 Council Tax Reduction Scheme during a period from 10<sup>th</sup> August 2020 until 4<sup>th</sup> October 2020.

The survey was available through a variety of channels:

- A link was available on the Bromley website
- A paper copy was issued to 1,000 households comprising of a mix of CTR recipients and non CTR recipients (1,000 households not in receipt of CTR, 500 recipients of working age and 500 recipients of pensionable age)
- A paper flyer enclosed with all Council Tax Bills issued during this period advising of the link on the website.

In total there were 246 responses received, 61 being via the website and the majority 185 received by post.

Supplementary questions were asked, for monitoring purposes, to determine whether respondents were currently in receipt of Council Tax Reduction or were completing the consultation on behalf of a representative body.

Of those who chose to respond to these questions, 59% stated that they were not currently in receipt of CTR.

The consultation exercise was based on 6 simple questions to residents of the Borough, 3 of which required specific responses with the remaining 2 being less direct and allowing a degree of free text response.

Of those that were specific, they sought responses in respect of:

**Q1: Whether it was agreeable to maintain the level of assistance at 75%**

**Q2: If LBB were to increase the level of support, how should this be funded?**

**Q3: Whether there should be a hardship fund available and whether the sum of £100,000 was reasonable.**

Standard Equality and Diversity questions were also asked but it was made clear that providing this information was voluntary.

**7. Outcomes.**

Details of the full consultation question and analysis responses, both overall and broken down, are detailed below.

**Question 1**

**Q1 The current maximum level of support for working-age claimants is 75% of the household’s Council Tax liability after any discounts or exemptions have been applied. This would require working age claimants to pay a minimum of 25% of their liability.**

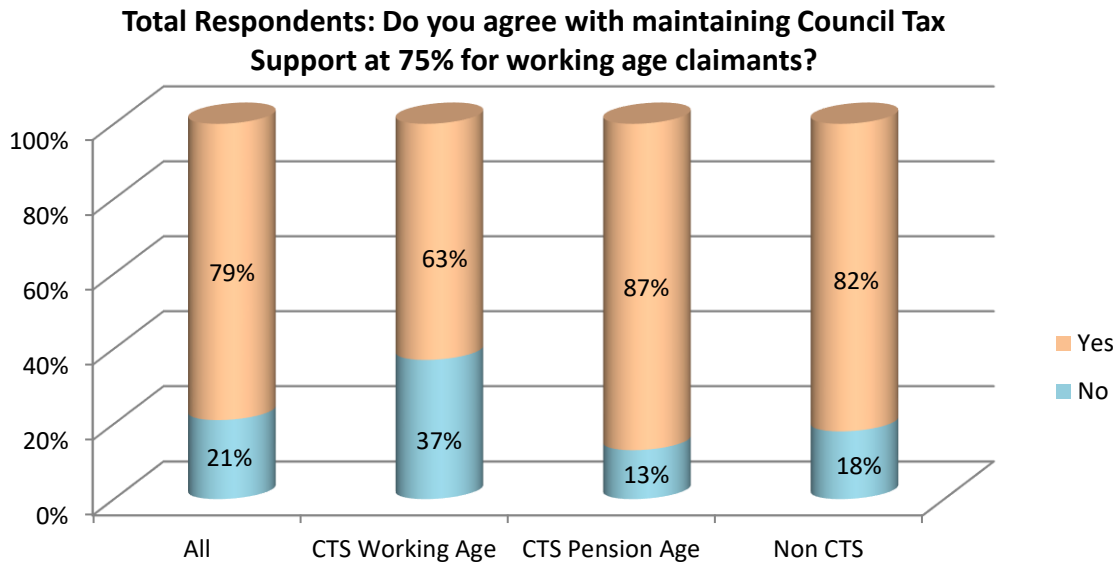
	Yes	No
<b>Please confirm whether you:</b>		
<b>a. Agree with maintaining the assistance at 75%</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>b. If NO do you think Council Tax Support claimants should;</b>		
<b>Pay more Council Tax e.g. receive less support</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Pay less Council Tax e.g. receive more support to</b>	<input type="checkbox"/>	<input type="checkbox"/>

**If you disagree with maintaining assistance for working-age claimants at 75%, please state why:**

.....

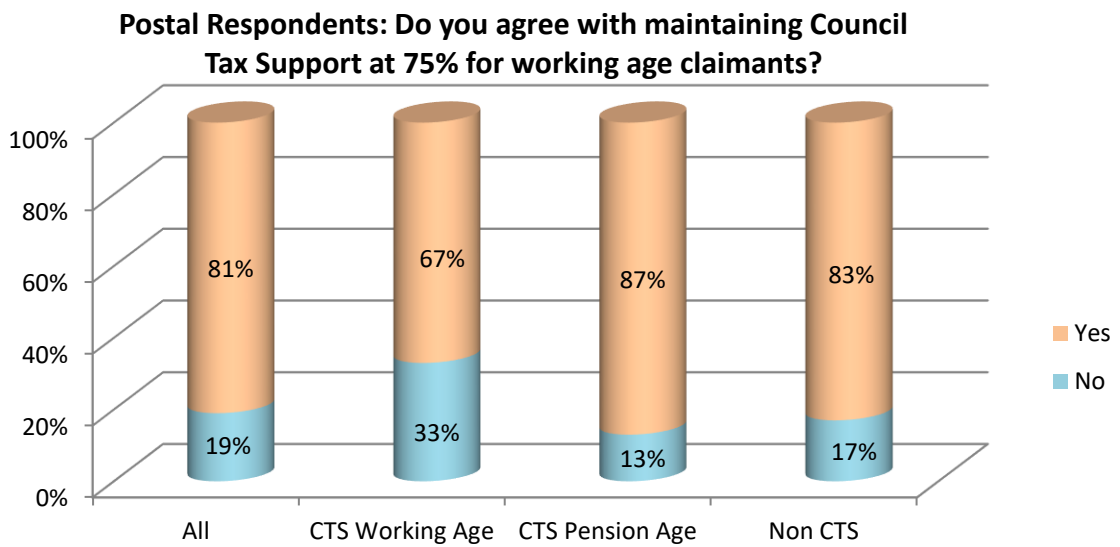
**Overall response.**

Of those who responded the *overall* outcome was that they wished to keep the scheme the same with 79% confirming this to be their preference. This was a higher percentage when this question was asked last year as in 2020/21 it was 68%. The responses were weighted in favour of keeping support at this level irrespective of whether the respondent was in receipt of Council Tax Reduction or not.



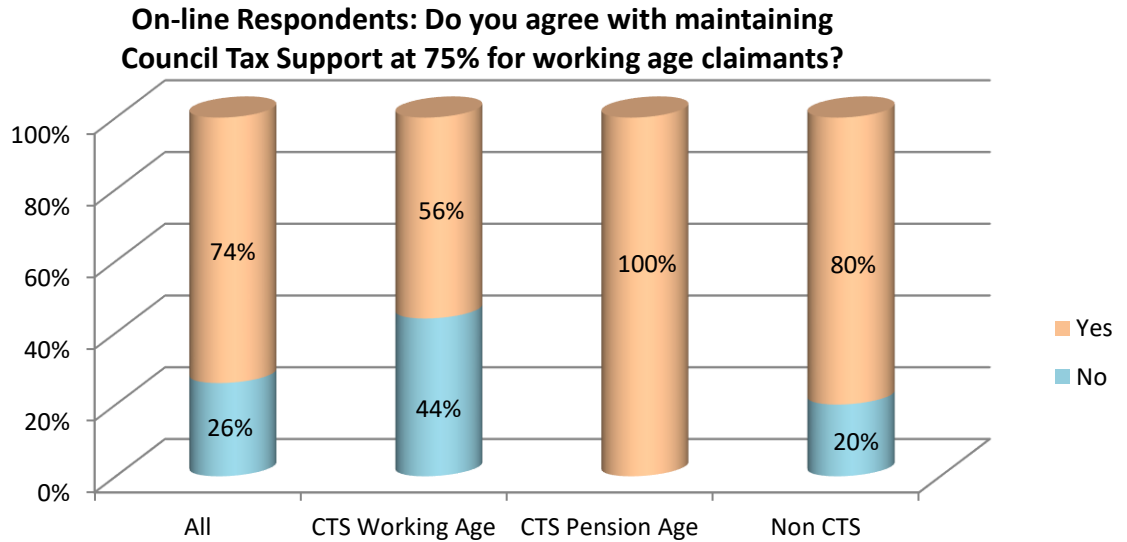
**Analysis of Respondents by Survey Type.**

Of the postal responses received, overall 81% were in favour of retaining the level of support at a maximum of 75%. Again the result was irrespective of whether they were in receipt of Council Tax Reduction or not.





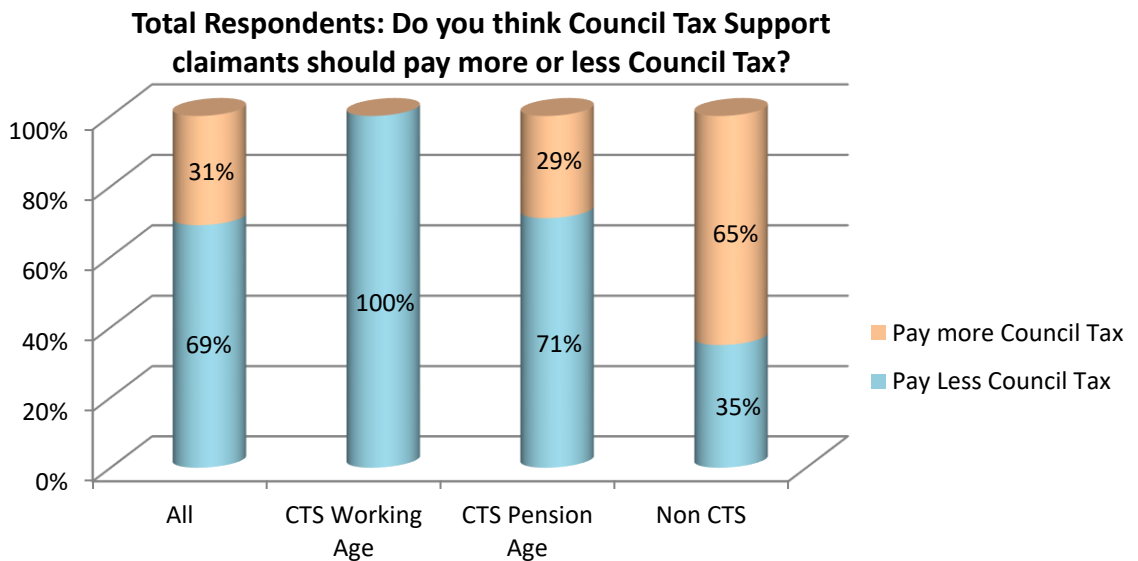
For on-line responses received, overall 74% were in favour of retaining the level of support at a maximum of 75%. However for Council Tax Support working age there were 56% for retaining the level of support however this accounted for only 9 replies. But, 80% for non-Council Tax Support claimants were in favour of retaining the same level of support. Finally, for Council Tax Support pension age there were 100% for retaining the level of support however this accounted for only 1 reply.



**Question 1b.**

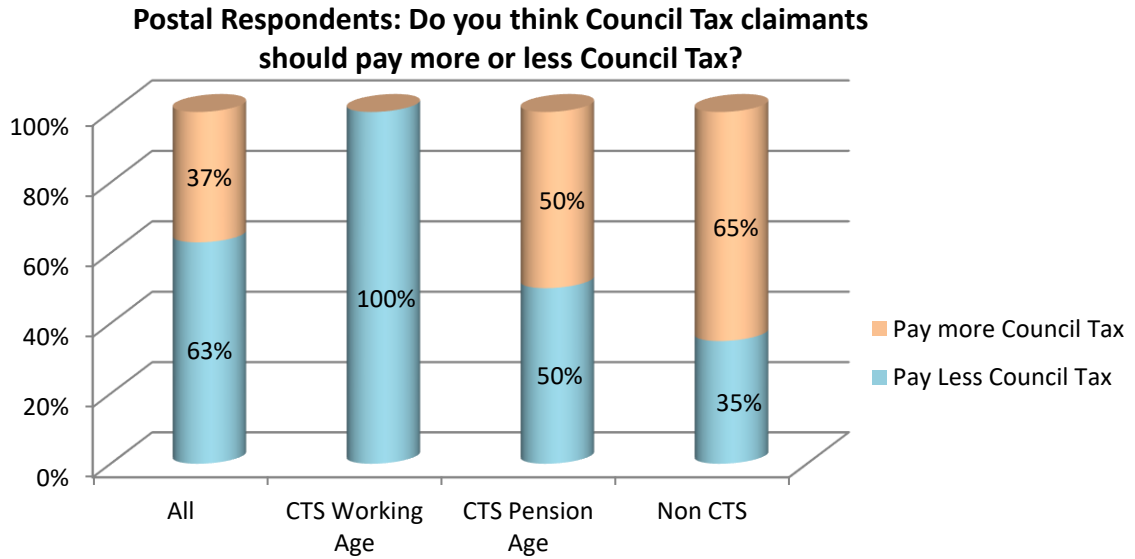
**Overall response.**

Of those who responded to state that they believe assistance should not be maintained at 75%, the *overall* outcome at 69% wished to increase the level of support thereby decreasing the levels of Council Tax which recipients would need to pay.

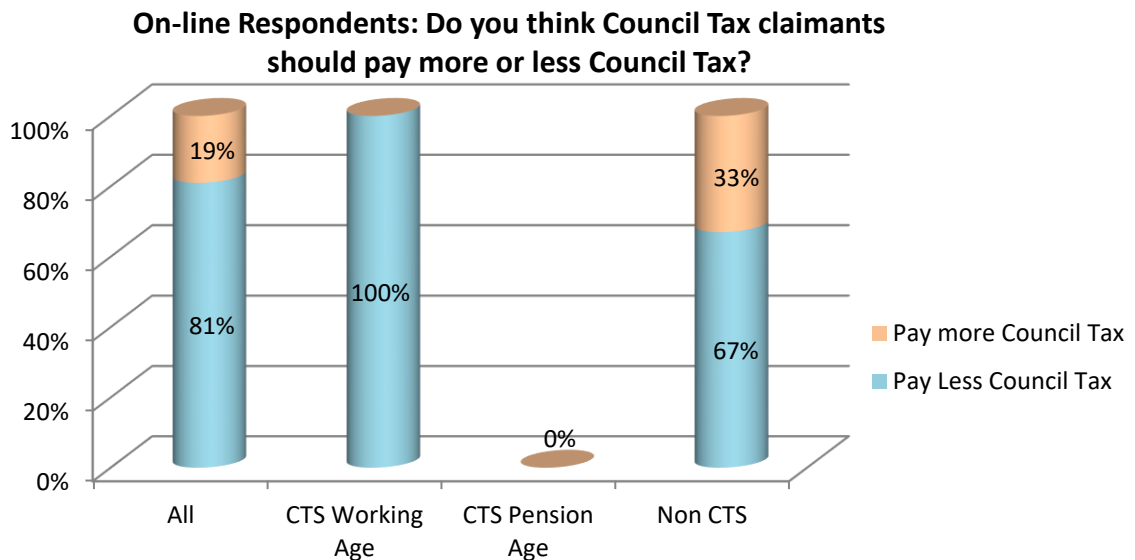


### Analysis of Respondents by Survey Type.

Of the postal responses received, overall 63% were in favour of Council Tax Reduction claimants receiving more support and paying less Council Tax, and this was supported by the majority of respondents not currently in receipt of support.



Of the on-line responses received, overall 81% were in favour of Council Tax Reduction claimants receiving more support and paying less Council Tax, and this was also supported by the majority of respondents not currently in receipt of support.



**Question 2.**

**Q2 If you think that Council should increase the level of assistance for working-age people from 75%, how do you think this should be funded? In particular, should the Council increase Council Tax or cut other Council services or use the Council reserves, or all three?**

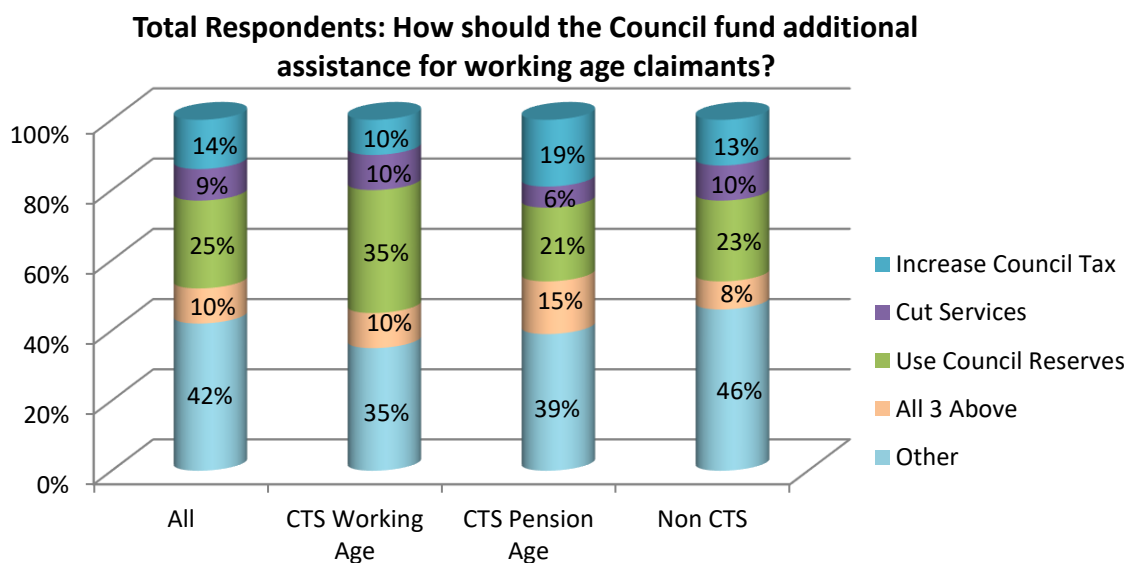
Please choose any of these that apply:

- a. Increase Council Tax
- b. Cut services
- c. Use Council reserves
- d. All three above
- e. Other

If you think services should be cut or have another suggestion, please write your answer here: .....

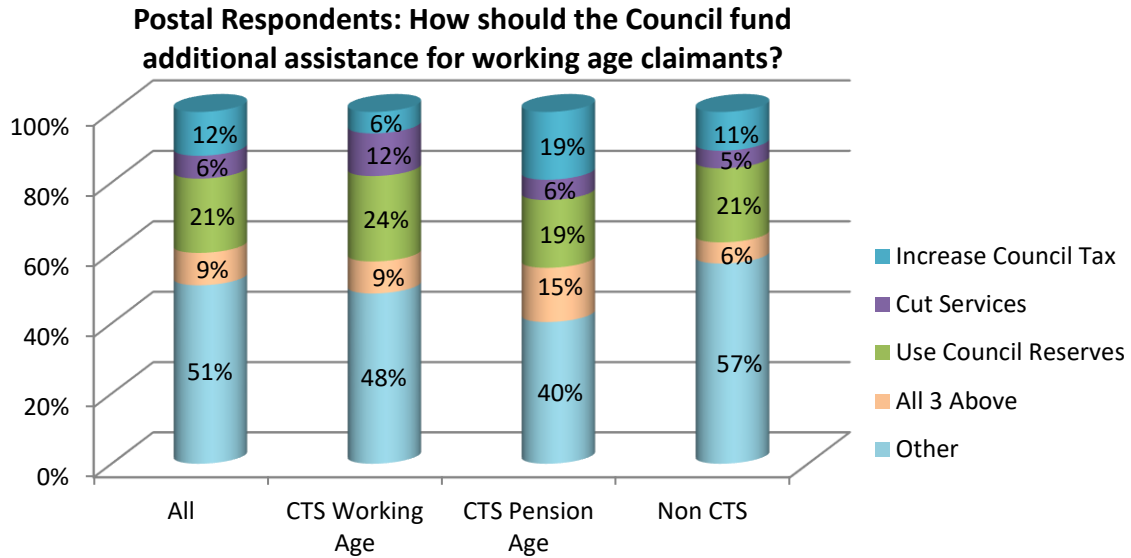
**Overall response**

The overall response to this question was that the Council should use other funds to fund any additional contribution to the Council Tax Reduction scheme with 42% stating this to be their preference. The next highest preference at 25% was to use Council Reserves to fund any additional contribution to the Council Tax Reduction scheme.

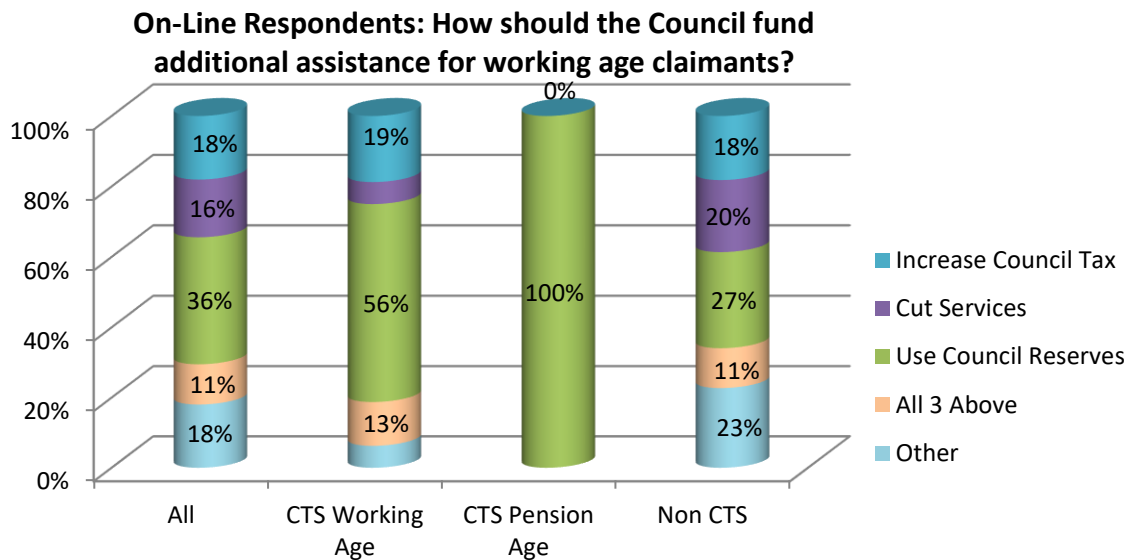


### Analysis of Respondents by Survey Type.

Of those who completed the postal survey, using other funds to fund any additional contribution to the Council Tax Reduction scheme with 51% stating this to be their preference. The next highest preference at 21% was to use Council Reserves to fund any additional contribution to the Council Tax Reduction scheme.



Of those who completed the on-line survey 36% confirmed to use its reserves as well as other options to fund any additional contribution to the Council Tax Reduction scheme to be their preferred option with the highest percentage of respondents choosing Council reserves being those of pension age who are currently in receipt of Council Tax Reduction.



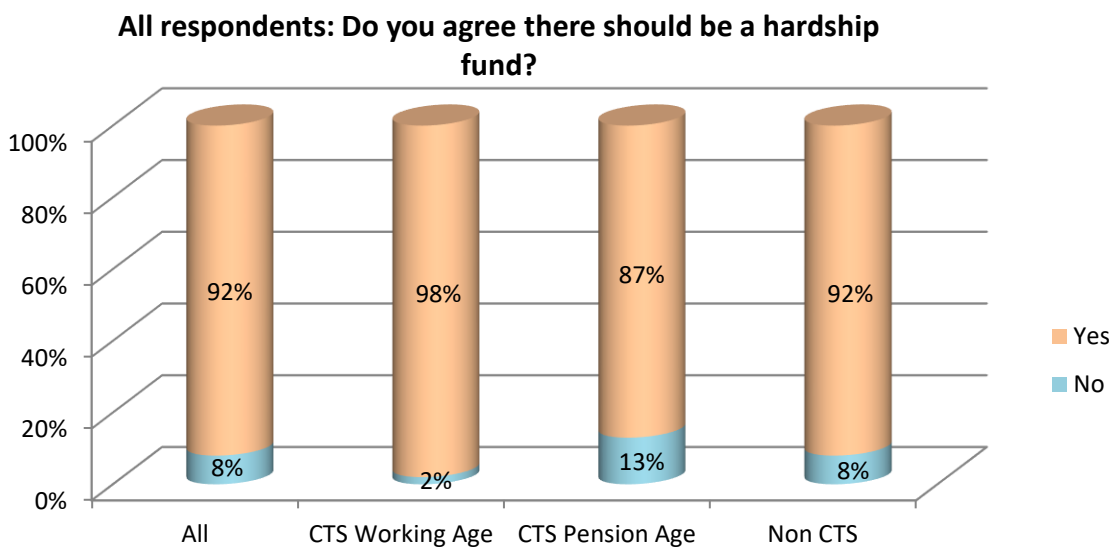
**Question 3.**

**Q3 The Council has a hardship fund of £100,000 to protect the most vulnerable. This is to provide extra help to residents who are experiencing exceptional financial hardship and are unable to pay their Council Tax.**

	Yes	No
a. Do you agree that there should be a hardship fund?	<input type="checkbox"/>	<input type="checkbox"/>
b. Do you agree the level of funding at £100,000 is correct?	<input type="checkbox"/>	<input type="checkbox"/>
If you disagree please write your answer here: .....		

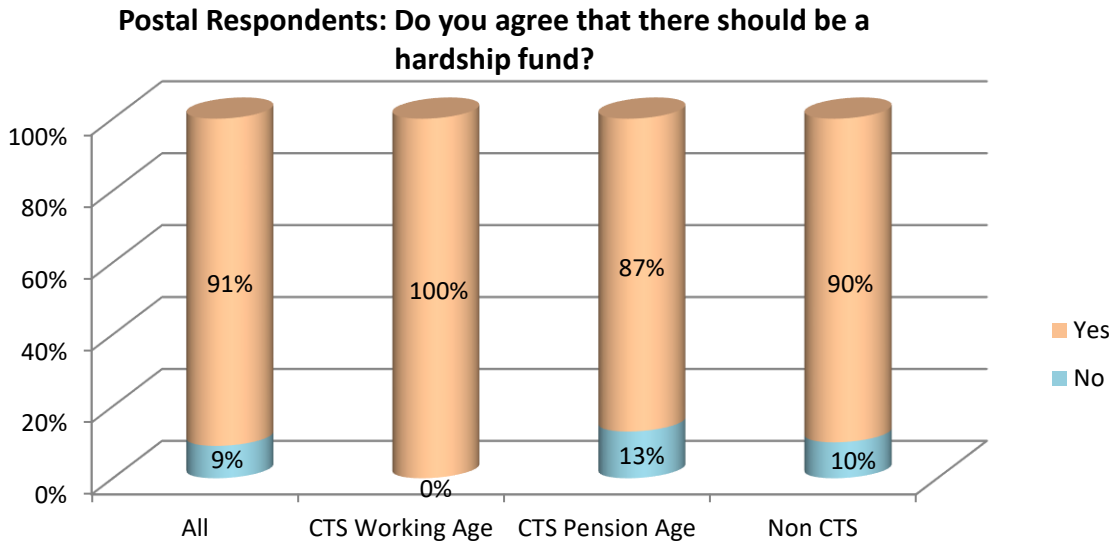
**Overall response – part a.**

The overall response to part (a) of this question was that, yes, the Council should have a hardship fund with 92% agreeing with this statement.

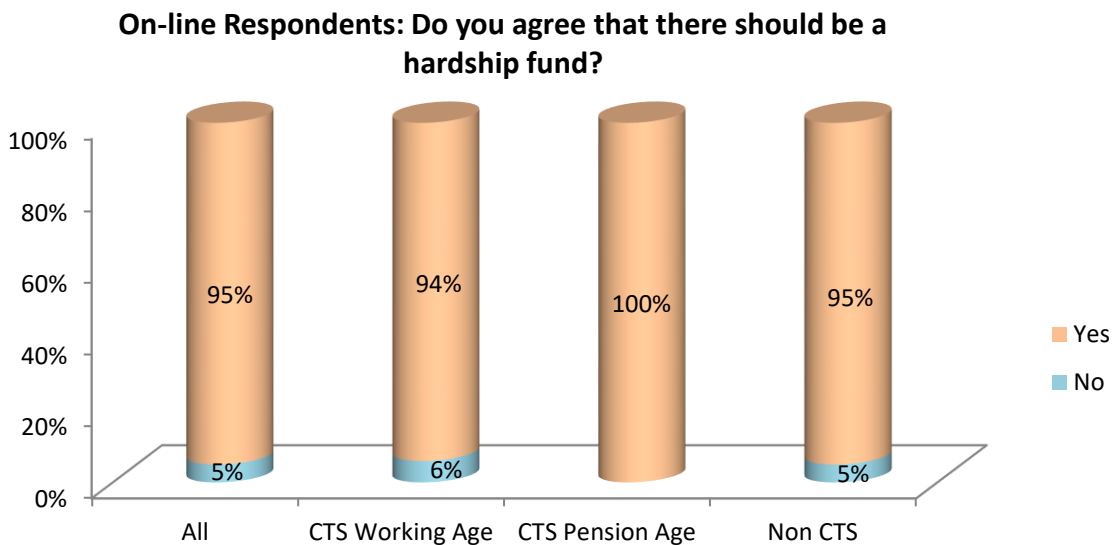


### Analysis of Respondents by Survey Type.

Of those who completed the postal survey 91% confirmed that there should be a hardship fund with a 100% of those in receipt of CTS who were working age agreeing with this statement.



Of those who completed the on-line survey 95% confirmed that there should be a hardship fund with a continued high support at 100% of those at pension age in receipt of CTR agreeing with this statement.



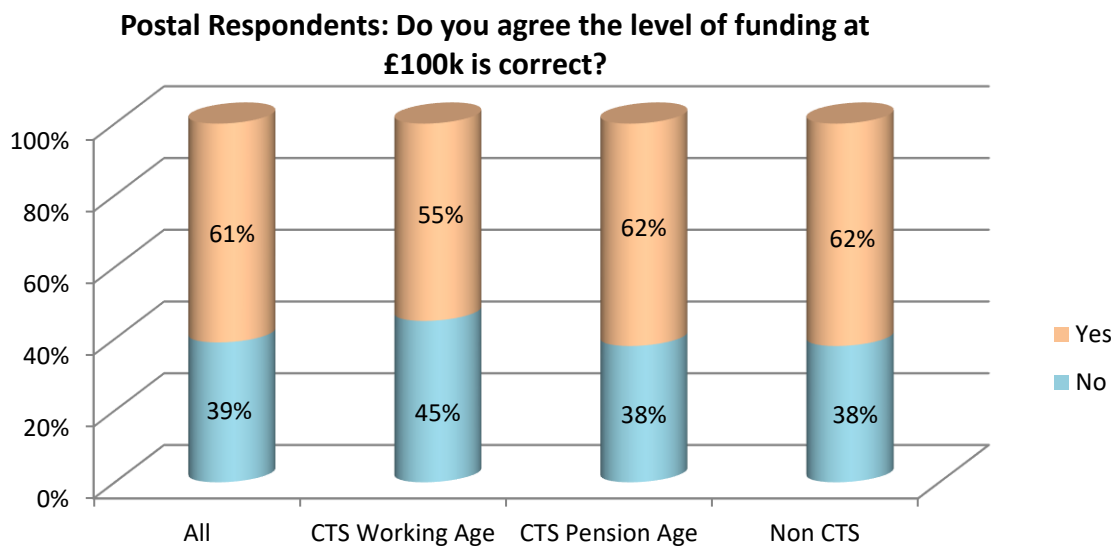
## Overall response – part b.

The overall response to part (b) of this question was that, yes, the level of £100,000 for a hardship funding was correct with 60% agreeing with this statement.

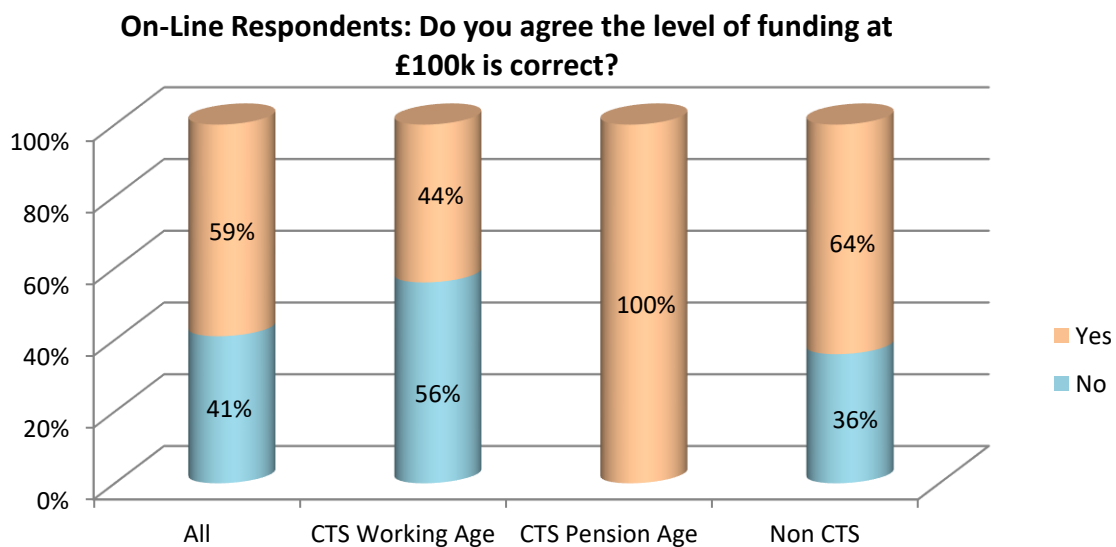
Many of the other respondents felt that they were unable to comment without any further facts and figures being provided regarding the potential spend, numbers affected and the criteria qualifying for this fund.

### Analysis of Respondents by Survey Type.

Of those who completed the postal survey 61% confirmed that the sum of £100,000 was correct.



Of those who completed the on line survey only 59% confirmed that the sum of £100,000 in respect of a hardship fund was correct, however for working age they did not agree that the level of funding is correct.



Question 4 provided the respondents with the opportunity to raise anything else which they believed should alter in respect of the CTR scheme.

**Q4 Are there any other changes you would like to see to the Council Tax Support scheme 2019/20 or any further comments you would like to make regarding the scheme?**

Please write your answer here: .....

Where respondents did suggest changes, responses here fell into a number of broad categories with many suggesting the following:

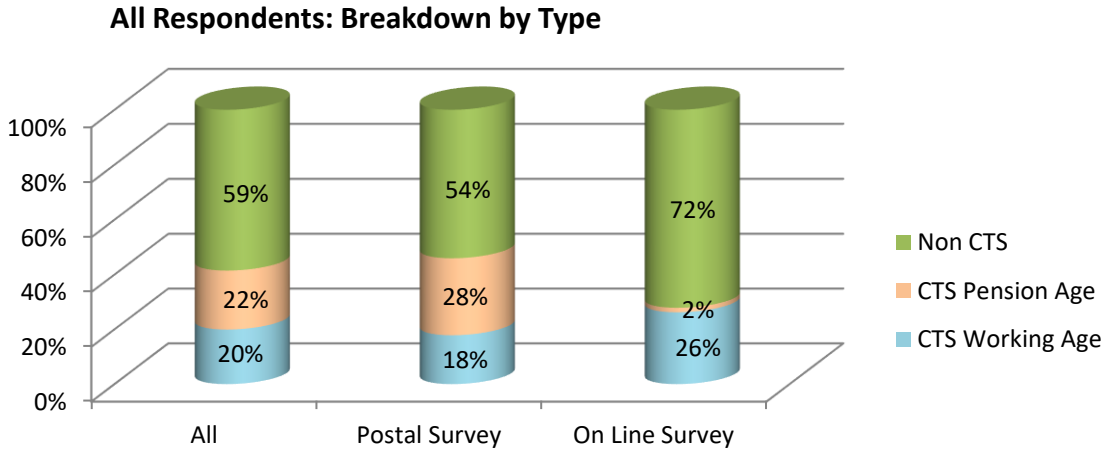
- There should be increased by government funding
- Increased protection for certain categories of people such as the disabled
- Difficult to agree or not as no basis for comparison
- Helping citizens to help themselves through employment opportunities

Q5	Please choose any of these that apply:	Yes	No
	a. Are you currently in receipt of Council Tax Support?	<input type="checkbox"/>	<input type="checkbox"/>
	If you answered yes to (5a) please tick one of the following:		
	bi. Are you a pensioner?	<input type="checkbox"/>	<input type="checkbox"/>
	bii. Are you of working age?	<input type="checkbox"/>	<input type="checkbox"/>



## Overall response

Of those who completed the survey, overall 59% were from respondents not in receipt of Council Tax assistance, and 22% confirmed they were pension age receiving Council Tax Support.



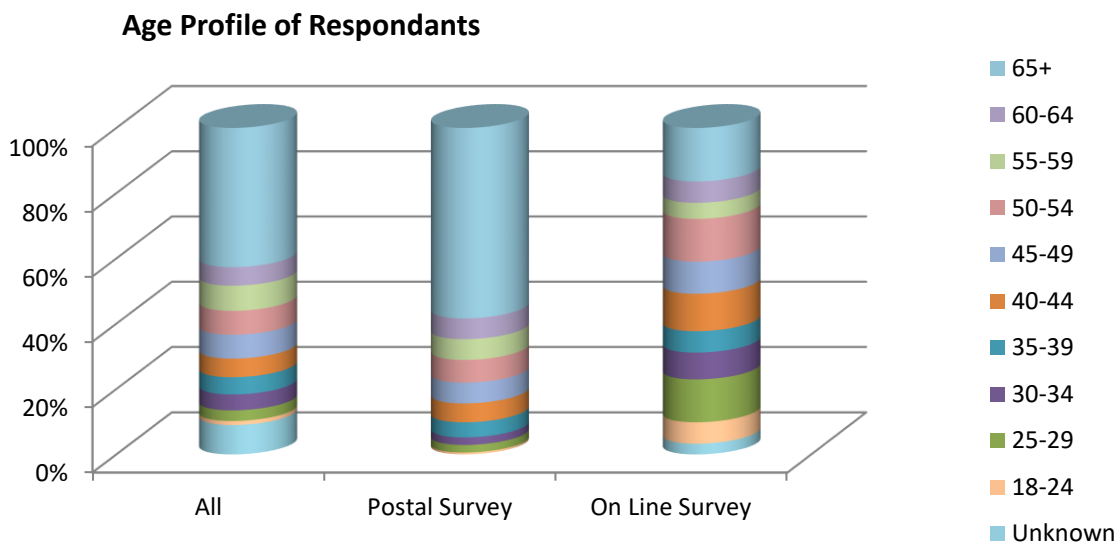
Details of all the narrative responses, to this question and others, have been included at Appendix 1.

## Equality and Diversity.

Standard questions relating to Equality and Diversity were included on the survey but it was made clear that answering these was not compulsory.

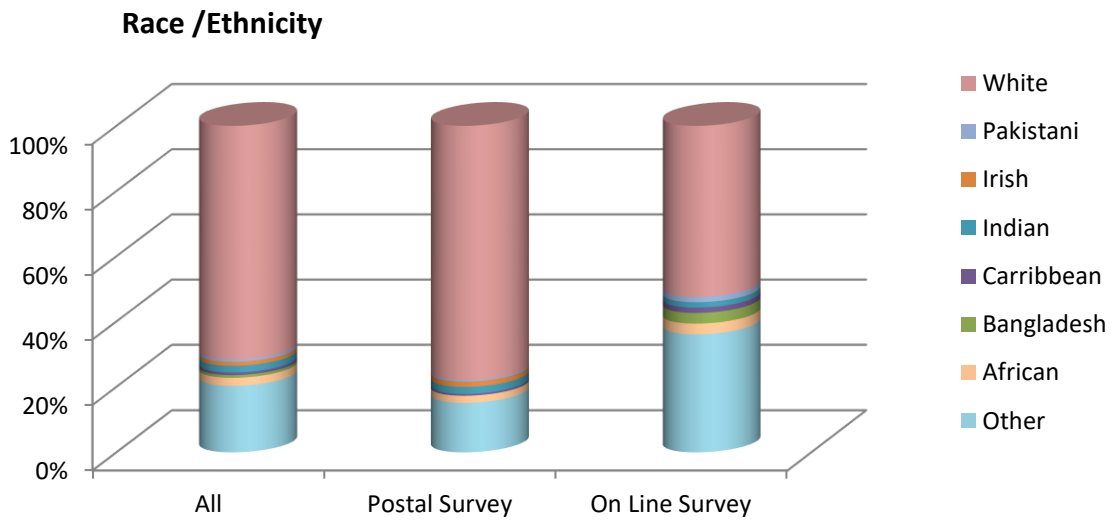
While 246 responses were received, not all respondents chose to complete the questions regarding their circumstances or ethnic background.

Overall, 224 people confirmed their age with the highest volumes of respondents being from those aged over 65 years of age.



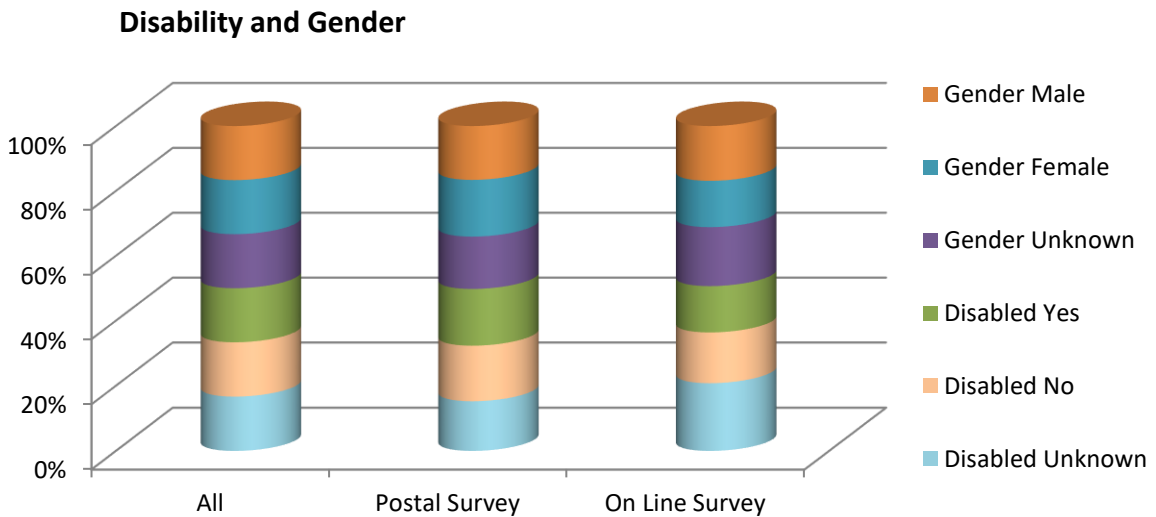
### Ethnic Background.

210 respondents confirmed their ethnic background with the majority of respondents, 72%, stating that they were from a white background.



### Disability and Gender.

215 respondents were happy to confirm whether they were disabled or not. 221 confirmed their gender of which 53% were female and 47% were male respondents. The analysis is shown below.



## **8. Responses from the Greater London Authority**

### **LONDON BOROUGH OF BROMLEY: COUNCIL TAX SUPPORT SCHEME 2021-22**

Thank you for your email of 2 October informing the GLA about the Council's formal consultation on proposals for the draft council tax support (CTS) scheme for 2021-22. This letter sets out the GLA's formal response to the consultation.

#### **Introduction**

The GLA recognises that the determination of council tax support schemes under the provisions of the Local Government Finance Act 2012 are a local matter for each London borough. Individual schemes need to be developed which have regard to specific local circumstances, both in respect of the potential impact of any scheme on working age claimants (particularly vulnerable groups) and, more generally, the financial impact on the council and local council tax payers – and therefore the final policies adopted may, for legitimate reasons, differ across the capital's 33 billing authorities.

This fact notwithstanding, the GLA also shares in the risks and potential shortfalls arising from the impact of council tax benefit localisation in proportion to its share of the council tax in each London billing authority. It is therefore important that we are engaged in the scheme development process and have an understanding of both the factors which have been taken into account by boroughs in framing their proposals, as well as the data and underlying assumptions used to determine any forecast shortfalls which will inform the final scheme design.

#### **Framing Proposals**

As part of the introduction of council tax support in 2013-14, the Government set out its expectation that, in developing their scheme proposals, billing authorities should ensure that:

- Pensioners see no change in their current level of awards whether they are existing or new claimants;
- They consider extending support or protection to other vulnerable groups; and
- Local schemes should support work incentives and, in particular, avoid disincentives to move into work.

The GLA concurs with those general broad principles and would encourage all billing authorities in London to have regard to them in framing their schemes.

#### **Proposed Options for 2021-22 Scheme**

Under Bromley's existing scheme, the maximum level of council tax support available to working age claimants is 75 per cent of their council tax liability, after any other discounts or exemptions. The Council is consulting on maintaining this level of support, whilst continuing to uprate benefit levels in line with changes to Housing Benefit, including the level of non-dependant deductions.

#### *Minimum Contribution*

The council's consultation seeks views on whether the minimum working-age contribution for 2021-22 should remain at 25 per cent of claimants' council tax liability. We note the council's preference to maintain the current minimum contribution level and the consultation does not propose an alternative.

The diversity of council tax support schemes developed in London since 2013-14 means there is now a wide range of minimum contribution rates, varying from no minimum contribution to 30 per cent. In

addition to Bromley, six other London boroughs have contribution rates of 25 per cent and a further four London boroughs currently require a minimum contribution level of over 25 per cent. The GLA notes therefore that Bromley is within the third of boroughs that require a minimum contribution of at least 25 per cent.

The GLA recognises that local authorities have faced difficult choices on CTS schemes, as overall funding from central government has reduced and funding for CTS is no longer identifiable within the settlement. The consultation states that if the minimum contribution rate was reduced, this would have to be funded by either one or a combination of the following options: a council tax increase, use of reserves, reducing council services. Therefore, notwithstanding the comments elsewhere in this response, the GLA is content for the council to maintain its minimum contribution rate at the current level.

#### *Hardship Fund*

The consultation also seeks views on the council's hardship fund, which provides assistance to residents who are experiencing exceptional financial hardship and are unable to pay their council tax. The GLA welcomes the assurance that the Council will continue to make a discretionary hardship fund available and notes its level appears appropriate. We would encourage the Council to take a proactive approach to informing those council tax support claimants facing difficulties paying council tax bills about the help available.

#### **Financial Implications of the Proposed 2021-22 Scheme**

It would be helpful for the GLA's planning purposes if the Council could provide the GLA with a forecast total cost for the proposed scheme in 2021-22, based on the forecast 2020-21 caseload— ideally apportioning all elements between the GLA and the council having regard to 2020-21 council tax shares. This would also allow the GLA to calculate its share of the cost of the scheme proposed by the Council.

#### **Technical Reforms to Council Tax**

The GLA considers that in formulating its council tax support scheme each billing authority should consider the impact of the additional revenue it may be possible to raise through powers introduced in the Local Government Finance Act 2012 and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

The GLA understands that Bromley no longer provides any discounts for properties undergoing major repairs (former class A), unoccupied and substantially unfurnished (former class C) or second homes. The Council also decided last year to increase the empty homes premium up to the maximum thresholds currently allowed by the 2018 Act.

However, it is not clear from the Council's website whether the Council plans to increase the empty homes premium further, by implementing a 300% premium for homes empty for over 10 years from April 2021. Any additional revenues from maximising this flexibility could be used to support the council tax reduction scheme.

We would encourage the Council to inform us as soon as possible if any changes are proposed to its discount and premium policies, in order to assist us in assessing the potential impact on the Mayor's funding and tax base for 2021-22 and future years.

#### **Council Tax Protocol**

In recent years the issue of council tax collection practices has become more high profile. The GLA, of course, recognises the importance of ensuring council tax arrears are collected wherever possible. However, in some instances poor collection practices can worsen debt problems for vulnerable residents.

Citizens Advice, in partnership with the Local Government Association, has developed a council tax protocol<sup>1</sup>, which outlines a number of practical steps for early intervention to support people struggling with payments. In summary, the Protocol asks that councils:

- work with enforcement and advice agencies to help people pay their council tax bills while accessing debt advice;
- ensure all communication with residents about council tax is clear;
- use the Standard Financial Statement when calculating repayment plans;
- offer flexible payment arrangements to residents;
- do not use enforcement agents where a resident receives council tax support;
- publish their policy on residents in vulnerable circumstances

In London, eight boroughs have now signed up to the protocol and the GLA would encourage all boroughs to consider adopting the protocol.

### **Providing Information on Schemes**

Whilst we recognise that the detailed rules on council tax support schemes are inevitably complex, the GLA would encourage all boroughs to make every effort to set out information on their schemes as clearly as possible. Information that may help potential claimants could include an online calculator, to identify whether potential claimants are likely to be entitled to support, as well as 'Frequently Asked Questions' and a summary document outlining concise details of the scheme. In addition, for existing claimants, we would encourage boroughs to consider how the process for reporting changes in circumstances can be made as straightforward as possible.

### **Setting the Council Tax Base for 2021-22 and Assumptions in Relation to Collection Rates**

The council will be required to set a council tax base for 2021-22 taking into account the potential impact of the discounts the Council may introduce in respect of council tax support and any potential changes the Council may implement regarding the changes to the treatment of second and empty homes.

The Council will need to make a judgement as to the forecast collection rates from those claimants and council taxpayers affected by any changes to council tax support, taking into account the experience over the last eight years of the council tax support arrangements.

The GLA would encourage the council to provide it with an indicative council tax base forecast as soon as options are presented to members for approval, in order that it can assess the potential implications for the Mayor's budget for police, fire and other services for 2021-22. This should ideally be accompanied by supporting calculations disclosing any assumptions around collection rates and discounts granted having regard to the final council tax support scheme design.

### **Collection Fund and Precept Payments**

By 23 January 2021 the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2020-21, which will reflect the cumulative impact of the localisation of council tax support since it was introduced in 2013-14. The GLA would encourage the council to provide it with this information as soon as it is available.

I would like to thank you again for consulting the GLA on your proposed council tax support options for 2021-22.

<https://www.citizensadvice.org.uk/Global/CitizensAdvice/campaigns/Council%20Tax/Citizens%20Advice%20Council%20Tax%20Protocol%202017.pdf>

## **9. Timetable for Implementation**

The new scheme will commence on 1<sup>st</sup> April 2021 for one year.

## **10. Appendix 1 – Narrative responses.**

While narrative responses have been reproduced here for completeness, those respondents who simply stated “yes”, “no” or “don’t know” have been removed as these have been included in the analysis undertaken of the results above.

### **Q1 If you disagree with maintaining assistance for working-age claimants at 75%, please state why:**

PAY LESS

I think council tax should be abolished. I am unemployed and can't afford to pay council tax when people are on benefits there should be totally exempt from all council tax and extra bedroom tax

Because we are pensioners and have to pay full council tax

Levels of support are too high presently in many cases. Assistance at 50% would be adequate and need for full paying residents to pay more

NOT SURE

I believe till normality returns full help and support should be provided

Because of the cost of living up Any money people have pays for this. The cost of living is not taken into account when people are on benefits hence the need for food banks which has only come about by a Tory government

The council tax is already HIGH. I am 71 years old and retired.

This increase has not change since 2016/2017 and as inflation an annual increases apply it seems a small increase should apply 4 years on. Support still available but lower than 75%

As a full time carer to my daughter I struggle with the money I do get from benefits by the time I pay bills food etc I,m not left with much

Would like to see more help.

means test all those claiming to ensure there is no fraud in people claiming

I am at a pensionable age and currently if I needed care assistant help I would have to pay the full amount due to not receiving benefit and being a owner of a house. Giving working age claimants a discount is not right as some how work is available if you look hard enough

75% support is too generous taking into account other benefits people receive. it is not fair on people paying their full ctax. After all council tax is a fee for services

There are plenty of households with two working parents in that struggle to pay their bills but still have to pay 100% council tax. Why should others get a large reduction.

I started working at age 14 during the war and worked for 48 years paying all the necessary dues. I never claimed any benefits and managed my life accordingly to my modest means and did not go on foreign holidays or spend hours in the pub

If you are working age and working you should pay your full council tax I think that also if you are working age but do not have a job then a discount of maybe just 50% should be ok - I am a pensioner I don't think that I get 75% so why should they

Those that are vulnerable eg have a disability and not able to work should get 100% assistance those that are working but struggling to pay rent should be assisted, those that can work but chose not too should get less support

There is no reason for someone to have 75% discount. Everyone uses the system they claim other benefits those that pay in full are over charged and need relief or the whole system will collapse

The number of claimants is set to rise dramatically for the next few years due to current Covid conditions so the level of assistance should be set to maintain the same cost to the council eg 70% support and 30% paid by working age claimants who receive services from the Council

Council tax should be fair and tiered everyone should pay the same

Bromley is one of the richest London boroughs but has one of the highest minimum liabilities

because it should be the Landlords responsibility to pay the Council Tax as they get paid full rent for the property whether the claimant works or on benefit

Far too many people who do not pay in makes more expensive for the rest of us to support the bloated and inefficient services that Bromley allegedly provide.

This discriminates on the basis of age. The same support should be received regardless of age, which is a protected characteristic under the equalities act.

Personally I have very low income on monthly basis so would need a higher percentage of support otherwise i would still be in financial difficulty.

Due to Covid pandemic a rise in unemployment in the area has left financial strain on many residents. Along with high rents people in Bromley need more assistance from local council rather than less

It should be more support. When it came in it went from a 100% paid via benefit to now 75% with the first year and all announced as don't worry the contribution will be less than 10% payable. You're now well Over triple the original amount asked to pay. It's disgusting. Manage your money better. You aren't even offering most services fairly and asking people to pay for services they should have paid for under council tax. You're mishandling your finances and outsource everything and whining all the time about having no money.

"I don't think it's one size fits all.

I am a 44 year old stage 4 cancer patient; unable to work. My 30 year old brother whom I live with and am 24/7 carer for, has physical disabilities and learning difficulties. We are not

able to work."

I used to be exempt from council tax as a disabled full time wheelchair user in receipt of high rate DLA. I am also in receipt of ESA and my wife receives carers allowance. The contribution currently asked for constitutes a cut in our benefit which does not increase to offset the council tax we are now asked to pay. I do not consider this fair. I am unable to work due to my disability and my wife provides full time care and so is also unable to work.

I feel that 75% support is too low. If a person is on Universal Credit their income is already incredible low without council tax taking more of it.

75% support is not enough

Mismanagement by Conservative government is not an acceptable reason for people to be starved to death.

The council should be looking to raise as much funds as possible, as well as spend its limited resources in the most effective way to the benefit of all residents. Its is unfair to be asking some taxpayers to be pay the tax liability of others, while we are all getting less spending per head as cuts and rationining continues unabated.

Both myself and my wife have recently lost our jobs and are now reliant on benefits. Having 3 children it is extremely difficult to make ends meet, whilst pensioners will have a limited expenditure and therefore more disposable income, adults with children know how difficult this can be and when forced into paying council tax it if the children who are made to suffer, we recently had to put off buying our child new shoes for school as we didn't have enough money to buy new ones, this meant for a couple of weeks he had to go to school in shoes that were hurting him. You have also removed the school uniform benefit so families with growing children are made to suffer even more. This support should be better and means tested

"With the current Covid-19 pandemic, Bromley Council must be supporting those families who have been hit hard by losing their job and income, been on the Universal Credit and have no means of paying for things other than their food. These people are very 'vulnerable' and it would not be justice to charge them 25% of the bill. This would mean they have to cut from their food adversely affecting their health and that of their children, etc..

The Council should be helping these people and certainly not milking them!"

Council shoud help more to low income people .

The disadvantaged/ poor and disabled people should get 100% support, this is what a caring society, Government and Council would do. The people and companies with the broadest shoulders should be the one whom should be paying the most.

As a disabled individual who can not work and has to rely on benefits. I find it hard some months to afford the extra 25%. I wish I could work and pay my taxes, However, this is not possible.



**Q2 If you think that Council should increase the level of assistance for working-age people from 75%, how do you think this should be funded? In particular, should the Council increase Council Tax or cut other Council services or use the Council reserves, or all three?**

**If you think services should be cut or have another suggestion, please write your answer here.**

Perhaps parking charges increase and make people pay for the parking where is now free street parking.

Council tax should be abolished for working age people

council waste money

"Ask for volunteers +streamline services +work experience in this climate its obvious that not many people will be able to

pay more money out! we would struggle with this"

Don't agree everyone should pay full council tax

Increase council tax for those in band H review bands as very out of date  
Government taxes

TV "BBC" LICENCES TOO MANY TO LIST.

Set it for the likes of wealthy people

"Cut down on works in Bromley town centre.

I.E changing names like the glades to into then back again and all the new paving in the town centre waste of money"

Given the year with coronarvirus some services would have made savings when not operational council reserves to support in this extraordinary time given the raising unemployment and recession

And stop awarding according to general perception valuable contracts to cronies

some people don't choose to be on benefits we struggle as it is.

I DONT WANT TO TICK INCREASE BUT YOU NEED TO FIND THE MONEY FROM  
SOMEWHERE CENTRAL GOVERNMENT MAYBE

I know the decisions are painful but you do try to be as fair as possible and it is appreciated by me no one knows where all the revenue for parking fines is used so this revenue should be used in road repairs and pavements and the revenue given to councils by the government could be used to help other services the council provide

There is a lot of money being wasted by not only Bromley council but also by all councils see above - money should be used in some way to lower rents so people think its worth it to work

Re-evaluate residential properties

Stop paying for useless projects that not all can use

I think if you work should pay a small contribution not full Council Tax

"Reduce bloated pension schemes and remove levels of private companies that are all taking their cut at every stage.

If local authority staff were not so greedy and self serving in years previous perhaps the private sharks would not have looked so appealing - obviously lots of corruption and back room deals!"

Services have already been cut to the bare minimum and Bromley is rapidly becoming a second class borough in London. Council tax needs to go up and everyone (regardless of age) needs to contribute to provide the resources to restore the borough.

non essential services such as town centre improvements and cosmetic services that are non essential to residents should be mothballed. Prioritise social case and Housing

Manage your damn money properly. Charge less and actually provide services.

"reduce collection for rubbish

cut libraries

cut police support"

"Parking attendants.

Get rid of at least 90% the parking attendants"

I think that money could be saved by the LA by stopping the practice of using outside agencies to conduct borough work. This would also have the benefit of giving jobs to local people rather than those miles away.

This is a Conservative Council. If you don't think you have enough money to fulfill your obligations to the people that live within the Bromley area, go get some from the Conservative Government. If there's enough to give away to friends and associates of government for contracts which are never fulfilled, there's enough to fund councils properly & not be trying to starve people to death.

This is a leading question. Support should be cut to protected these services.

"I am a resident in the Orpington area.

I see many residents driving around in huge expensive vehicles, Range Rovers, Audi, Mercedes, Lexus etc.

I feel these residents should be made to pay higher rates to the lower middle class like myself.

These residents think nothing of spending hundreds of pounds on their children's extravagant birthday parties and yet still pay the same amount of council tax as the less fortunate lower end middle class residents.

Stop paying council workers bonuses and other additional payments above their salaries  
The amount of council tax I pay is leaving me in debt, I think £27 a month from low income households is too much, I can't even save any money's for a pair of trainers or new clothes when I'm paying so much council tax. shut some parks or recks around Bromley, the ones with high crime rates, sell the land to developers and use that moneys to help reduce costs also of maintenance on said park or reck, charge more for parking or something and make pensioners pay council tax they have worked all their life have pensions and do alright, well the ones around here are anyways and they are well off compared to me.

The Council should be charging those people on higher income or with the buy-to-let property portfolios more tax to support the low income and decent / honest people who are suffering. It is so unfair ..... It would not be difficult for the Council to identify landlords with multiple properties. I am

not suggesting that the Council should be acting as Robin Hood but merely that it should strive to ensure a just mechanism so that vulnerable low income families and their children do not suffer more than what they are currently going through with the uncertainty and unemployment resulting from the Covid-19 pandemic.

I don't think that the level of assistance should increase for working age people. It should increase for pensioners.

Central government

I think the Council should dip in to its reserves, cut the number of Councillors and sell off or rent the Civic Centre. I represent no-one but myself.

**Q3 The Council has a hardship fund of £100,000 to protect the most vulnerable. This is to provide extra help to residents who are experiencing exceptional financial hardship and are unable to pay their Council Tax. Do you agree that there should be a hardship fund? Do you agree the level of funding at £100,000 is correct? If you disagree please write your answer here:**

AS per normal people very few people like me never knew it existed

"The council should be reducing the council tax fee. so that everyone can afford to maintain payments.

I work full time I have requested for support from the council but all I got were penalty and court fees"

Stupid question how do we know how the fund is used annually and if its the correct amount

If that's what the council can afford then yes

not sure

The council should have more than that amount and be able to help

I am struggling with debts & bills and cannot afford school shoes or food yet so I need to apply for this & will probably be rejected

For those who really need the fund and with prove of need

SORRY I DONT KNOW WHAT CAN I SAY

To many people getting help when they have sons and daughters living with them.

Elderly people and ex army need help & the hardship fund should not be abused by NON UK/ BRITISH CITIZENS.

Didn't know there was a hardship fund I 've been in serve hardship and never received help

I appreciate the financial changes faced by all across the country but a fund of £100,000 seems inadequate for o la size of Bromley suggest a increase of 20%

Every few people know about the hardship fund

Should be enough to help all who need help/support

NOT SURE

Individuals ought to be able to live with in their means

Not sure so couldn't answer  
No should be more

THERE SHOULD BE MORE MONEY TO SHARE FOR ALL

I would think that £100,000 in the large area of Bromley would be difficult to disperse  
not able to make my mind up so couldn't answer

Needs more

Amount seems low given the number of residents in the Borough particularly in the current climate  
where there are job cuts caused by COVID-19

Given the number of people who have been adversely affected by COVID-19 and who will be  
struggling I think the council should raise the level of funding above £100,000

Not sure

not sure

It seems rather low having in mind the population of Bromley

its impossible to answer without knowing number of vulnerable applicants and level of hardship

Cant answer above

NOT SURE

Need history data to respond meaning fully

could not answer this question

not sure

Particularly in view of increased levels of financial difficulty due to COVID-19 the council should  
consider increasing the amount and possibly scope of the fund

NOT SURE

The amount of people out there that need help the funding should be increased so those who need  
it get it.

HAD TO PUT SOME THINK ABOVE BUT DONT WANT TO MARK YES OR NO. The reason why  
I didn't answer question B is that I don't have statistical data to check how many people apply on  
average for this type of help

With the prospect of increased redundancies there could be more calls on a hardship fund -support  
should be short term but the fund should be flexible enough to deal with unforeseen demands  
Is the £100,000 for individual or in total if in total I think its needs to be increased in the  
unpresidented times Â£500,000

Is £100,000 enough to help those in financial hardship or vulnerable people

Didn't answer either question but couldn't move on unless ticked boxes  
It should be more and should be used

Slightly more. ben is vulnerable, we live in care home no PPE been given  
It seems a little on the low side. However it is good to know that there is indeed such a fund. I was born into extreme poverty ( no bed linen only rags and old coats) and the changes I have seen are very encouraging

Unable to comment as I never knew about it or has it been made public regarding the hardship fund amount ?

I think a Bromley resident who is not familiar with council funding and the needs of people who might have to claim on a hardship fund cannot give a sensible answer to the question . A sum of £200,000 would allow the council to help more people

see my previous comments

The amount should increase in line with the percentage rise of the Council Tax whenever an increase is applied to residents

definition of hardship is unclear - income support should be income - council should provide services not define hardship and compensate for it

The sentiments are well meant and in theory I agree with them but in practice too many people know how to abuse such policies

Difficult to comment without an understanding of the typical draw/need ( and whether the fund is usually sufficient or not )

I think those who are vulnerable and cant work should volunteer should be fully supported. those that don't contribute to society and are not vulnerable should have less access to funds

YOu are encouraging people not to push to look after themselves There is too much burden on those not claiming

Should be able to flex up or down according to demand / circumstances

Level of funding should relate to the need and by council priorities for supporting vulnerable people eg having to access food banks council run service provision etc

Low paid pension causes hardship and cannot feed and support themselves

Always helping doesn't help people get on their feet they always expect a hand out !

I don't have enough information to know whether the level is correct but it seems low, what is more important is whether you are spending it its pointless if you don't use it or promote it

Insufficient info to comment whether the 100k is correct

I was affected several times by hardship and never got any support  
Fund should be greatly increased during the pandemic

How on earth could I provide a meaningful answer without any background information? You may as well be asking how many sweets do I think are in the jar!

Higher amount

We should provide for our most vulnerable. We can and should do more.

Should be more. And actually paid to people. I don't know a single vulnerable person who has

been helped with this fund

should be 0

I agree with it as long as it is going to the right people.

This is not a question we can answer as we do not have access to the numbers of people requesting help. If the applications for help exceed £100,000 then it's clearly not enough but if there is money left over then perhaps it is!

This is a Conservative Council. If you don't think you have enough money to fulfill your obligations to the people that live within the Bromley area, go get some from the Conservative Government. If there's enough to give away to friends and associates of government for contracts which are never fulfilled, there's enough to fund councils properly & not be trying to starve people to death.

Or more

I think the value of the hardship fund should be higher, for example £250,000, as I find it hard to believe that £100,000 is sufficient extra help for those residents experiencing exceptional financial hardship.

Should be more

It should be more

I think the hardship fund should be determined on individual household circumstances. Impossible to say as I don't know the figures involved and I wouldn't like to make an unfair judgement .

The fund should be what ever is needed, when you are talking about real hardship people are suffering and that includes children going hungry, in the UK in 2020 this should not be happening. This borough has some very high earners and some very valuable housing. Some of these people would not even notice an increase in their council tax, where at the other end of the scale people are genuinely suffering

I believe in these unprecedented times there will be need for a higher level of funding possibly £200,000.

£100,000 would not be enough.

The fund should be bigger as the number of vulnerable people is increasing at this time £100,000 is a very marginal amount for this .

More.

That would depend on how many people in the borough need help. Would that cover all.

**Q4 Are there any other changes you would like to see to the Council Tax Support scheme 2019/20 or any further comments you would like to make regarding the scheme?**

Thank you very much for all the support I've received from the council, is much appreciated and our family could not do without it :

I would like to see council tax abolished for unemployed people and working age people

Help people and support people who are struggling with life and the suicide rate will continue to increase

Funds to be put into the council tax bill every resident

Do the sums and make it work ! Extra expenses like this survey are not helpful

Too many pensioners cannot claim support as they are pennies over the threshold so unable to claim any other support or benefits either so why should working age people get support pensioners have in all their life for there pension and some still struggle

Stop bedroom tax

no comment

A revised property band at over £320.000 would give the option if a higher rate of council tax for very high value properties in Bromley

Council is try there best and I want them to keep it up as usual

No changes

Stop harassing people

Disabled people with extra rooms shouldn't have to pay extra H/B & C.TAX

people over 80 shouldn't have to pay anythink

Increase council services such as bin collections on a weekly basis and not fortnightly

Sorry I don't say how much can I explains or what ..?

People over the age of 75 should not have to pay council tax.

Write off unpaid tax why in lock down

Increase in funding 2021/2022 for registered long term disabled unable to work

With covid I feel there will be a great demand for help and I think you need to look at how you will respond to this new demand

Everyone MUST pay something towards council tax, even if its a minimal amount, whilst appreciating cases of hardship the principle of paying must be encouraged otherwise people become over dependant on the state /local authority

No it is really good as it is and I'm very grateful for all the councils help due to a low income due till illness

Yes you should see how much benefit is left after the benefit cap not just calculating the income

Not at the moment

Yes more help for O.A.PS

Nothing to add to the above

No other comments

Less money spent on silly projects -like graffiti removal at skateboarding parks in Crystal palace park more money allocated to projects to alleviate climate change. Plant wild flowers verges in the borough maintenance of exciting trees in the borough ECT

NO CHANGE

If recession/unemployment following 2020 increase significantly a call to review the CTS threshold and hardship to maintain support for those most vulnerable

More housing (council housing)

Nothing sensible

People need all the help they can get as times are hard as they are.

Although I don't mind paying a small amount to CT but to pay a big chunk out if my benefit money has a big impact to whether I eat that week for myself and my kids (1 of whom is disabled and vulnerable)

Make it easier to understand.

Persons who are disabled should not have to pay any council tax as it is the decent thing that they should not have to pay

Bromley is a rich borough, care in the community is the thing of the future and ben relies on family. Too many rely on family, more support network ie night of for my brother who cares, free meal out for that matter, free TV licence. Anything to create a better atmosphere day trips movie tickets

Maybe you already have them but if not courses on good parenting

I would like the Council to protect younger people ( perhaps aged 24 or under ) is the same way older people are quite rightly protected. The young may come from difficult family situations be gaining qualifications in education or just at the start of their careers and in uncertain employment. It takes time to get your life started and I would like to support to be given to the group. I would pay for this through Council Tax.

If not part of the scheme requirements households where there is more than one working age person in the household to support should be reduced with earning or earning potential

You should use any money saved to introduce paper recycling for businesses it is terrible that businesses are forced to throw their used paper in the normal bin

I would respectfully suggest if you expect me/us to provide an informed opinion you need to inform us of all relevant information. Issues like this demand serious mature discussion and proper consideration of all relevant data

I don't know enough about the scheme but just dishing out money to support people pay largely private landlords is not sustainable for the greater good. We have to work on getting people out of poverty and create opportunities to level the playing field

Re-evaluate residential properties eg re-band / align properties to correct banding according to number of bedrooms / square footage. Landlords profiting by increasing rental bedrooms. Enforce fines on abusive and fraudulent landlords - invest in enforcement office and apply new KPIs to achieve goals

We are all members of the community and we should all contribute to pay for all services provided by the council - even if we don't use them personally eg schools / education. Of course we must look after the less fortunate in society but the needs of the minority should never exceed the needs of the majority. With unemployment likely to become increasingly



relevant we should avoid the danger of benefits becoming a reason to remain unemployed

support the scheme in particular in context of current pandemic as indicated above  
reducing support in this area likely to have a knock on effect and costs to other council  
support services eg social care

I am disabled on benefits with my electrical bill and other bills and I am struggling

Why are you asking for feedback and comments when you have as a council already  
made up your minds what you are going to do ! Council tax should go on the services that  
as a council tax payer I do not see

Stop using bailiffs to pursue people in real hardship and poverty, stop adding bailiffs  
charges to peoples debts. Other councils don't use bailiffs and exemptions to the minimum  
charge of people on disability benefits or income support

Abolish it altogether as it is not fair on tenants or workers as you get full rent

"Rather than give money away how about saving some on useless individuals who  
fabricate nonsense and clearly do not understand the systems that they are supposed to  
administer.

While we are at it how much did you really need to spend on putting in new paving, moving  
market stalls, and ridiculously expensive street furniture? All utterly pointless but I'm sure  
someone did well out of the contract."

Low wages and children on benefit should get help

I would like there to be a faster response and stronger communication. I have already filled  
out all the forms for council tax support and have been asked to fill it out again.

Yes. See previous comments. Including making social housing council owned. Making  
more social housing. Paying for social care instead of charging people. Shame on you.

yes cut all support schemes there will always be needy people

Penalising for extra bedrooms when trying to downsize should stop.

A reduction in council tax

More funding available to those who need it

More discounts

Support should be gradually reduced to zero, council tax should be increased across the  
borough.

Helping people pay their top up rent to maintain being able to continue to live in rented  
accommodation as there is not council housing available and landlords do not want  
housing benefit claimants. We do not want to be told to look for cheaper as there is  
nothing cheap in Bromley and landlords do not want to take housing benefit so it becomes  
very difficult to find somewhere to live.

My household income is Â£21000 and I am an immigrant cannot access any public fund.  
What council is doing for us? Paying council tax is an extra burden for us. I have a wife  
and a child and private tenants how can I survive?

"I have noticed a huge increase in migration of foreigners in the borough in the last few

years.

I have heard that many foreign residents claim benefits then send the money back to their native country for their families.

This is wrong as it penalizes the rest of us in many ways and has to stop.

I think there should be stricter rules for identification authenticity made for migrants when applying for benefits."

More support is needed at the bottom end of the scale, maybe a food voucher scheme could be setup with the help of supermarkets and big businesses to off set the council tax burden.

Pensioner should pay council tax like everyone else is

Publication been sent out to residents on support which is out there to help people in need of financial assistance with council tax and Rent.

It is highly commendable

CTS must get back to the original level of 100% for the unemployed families on full Universal Credit who also have children.

Give same support or more from previous year .

Support the vulnerable, disadvantaged, poor and disabled and not penalise them for being in the situation through no fault of their. Only a cold hearted, uncaring society, Government or Council will penalise them, Give them a 100% support like they deserve.

Every household is not the same. the majority of people living together are not related and just sharing the rent, council tax and other taxes. current situation puts vulnerable people in a situation where they are excluded from Council tax support, because other people living in the same house (not related to them) has higher than average income.

I think you have already decided what you are going to do and this consultation is merely a smoke screen.

Report No.  
CSD20125

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Monday 7 December 2020

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

**Title:** HOUSING FINANCES

**Contact Officer:** Graham Walton, Democratic Services Manager  
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

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

**Ward:** Plaistow and Sundridge, Crystal Palace and Chislehurst

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1. Reason for report

- 1.1 Following pre-decision scrutiny at the meeting of the Renewal, Recreation and Housing PDS Committee on 9<sup>th</sup> November 2020, the Leader has approved the recommendations in the attached report and recommends that Council approves a supplementary estimate of £1,764 to the Capital Programme for three schemes and revised financing of the scheme, including an internal loan from the General Fund to the Housing Revenue Account of £7,453k. Further details of the schemes, at Burnt Ash Lane, Bromley, Bushell Way, Chislehurst and Anerley Town Hall overflow car park were set out in the report, with additional financial details in a part 2 report.

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2. **RECOMMENDATIONS**

**(1) That Council approves a supplementary estimate of £1,764k to the Capital Programme for these three schemes.**

**(2) That the revised financing of the schemes set out in paragraph 10.7 of the attached report be approved, including an internal loan from the General Fund to the Housing Revenue Account of £7,453k.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Estimated Cost: £1,764k
  2. Ongoing costs: Estimated net savings of £377k (General Fund) and £10k surplus (HRA) pa.
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: Burnt Ash Lane £3,786k, Bushell Way and Anerley £4,959k
  5. Source of funding: affordable Housing S.106 contributions, Investment Fund and Housing Investment Fund earmarked reserves and GLA grant.
- 

## Personnel

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

## Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Not Applicable: Full council decisions are not subject to call-in
- 

## Procurement

1. Summary of Procurement Implications: Not Applicable
- 

## Customer Impact

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

## 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>	None
Background Documents: (Access via Contact Officer)	None

**Decision Maker:** LEADER  
COUNCIL

For pre decision scrutiny by the Renewal, Recreation and Housing Policy  
Development and Scrutiny Committee on 4 November 2020

**Date:** 25<sup>th</sup> NOVEMBER 2020

**Decision Type:** Non Urgent Council Key

**Title:** HOUSING FINANCES

**Contact Officer:** Isabelle Haddow, Interim Head of Regeneration  
020 8461 7476 E-mail: Isabelle.haddow@bromley.gov.uk

**Chief Officer:** Sara Bowrey, Director of Housing, Planning and Regeneration

**Ward:** Plaistow and Sundridge; Crystal Palace; Chislehurst

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**1. Reason for report**

- 1.1 This report provides an update on the finances for 3 housing schemes the Council is currently developing, Burnt Ash Lane, Bushell Way and Anerley Town Hall overflow car park.
- 1.2 The report also includes a review of utilising GLA grants for developing Affordable Housing, which will have an impact on the rent levels charged.

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**2. RECOMMENDATION(S)**

The Renewal, Recreation and Housing PDS Committee are asked to:

- 2.1 Review the content of this report and provide their comments to the Executive.

That Members of the Executive:

- 2.2 Approve the utilisation of £1,256k Section 106 contributions for the three housing schemes.
- 2.3 Recommend that Executive approve the rent levels of the three housing schemes at London Affordable Rent (LAR) levels to support the GLA Building Homes for Londoners Grant.
- 2.4 Delegate authority to the Director of Housing, Planning and Regeneration in consultation with the Director of Corporate Services and the Director of Finance at the relevant time to

appropriate each site from planning purposes to housing purposes to be accounted for within the Council's Housing Revenue Account.

- 2.5 Recommend that Council approves a supplementary estimate of £1,764k to the Capital Programme for these three schemes.
- 2.6 Recommend that Council approves the revised financing of the schemes as set out in paragraph 10.7, including an internal loan from the General Fund to the Housing Revenue Account of £7,453k.
- 2.7 Delegate authority to the Director of Housing, Planning and Regeneration in consultation with the Director of Finance to apply for GLA grant funding under the Building Council Homes for Londoners Programme and to enter into grant agreement with the Greater London Authority.

That Council:

- 2.8 Approve a supplementary estimate of £1,764k to the Capital Programme for these three schemes.
- 2.9 Approve the revised financing of the schemes as set out in paragraph 10.7, including an internal loan from the General Fund to the Housing Revenue Account of £7,453k.

### Corporate Policy

1. Policy Status: Existing Policy: Further Details
  2. BBB Priority: Excellent Council Supporting Independence:
- 

### Financial

1. Cost of proposal: Estimated Cost: £1,764k
  2. Ongoing costs: Estimated net savings of £377k (General Fund) and £10k surplus (HRA) p.a.
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head; Burnt Ash Lane - £3,786k, Bushell Way & Anerley - £4,959k
  5. Source of funding: Affordable Housing Section 106 contributions, Investment Fund and Housing Investment Fund earmarked reserves and GLA Grant
- 

### Staff

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

### Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Applicable:
- 

### Customer Impact

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

### Ward Councillor Views

1. Have Ward Councillors been asked for comments?

### **3. BACKGROUND**

- 3.1. In August 2019, subject to planning consent, the Council approved £ 3,786k for the development of 25 residential units at Burnt Ash Lane as Temporary Accommodation. In February 2020, the Council approved, subject to planning consent a further £1,491k and £3,468k for residential developments at Anerley Town Hall overflow car park and Bushell Way, Chislehurst for further Temporary Accommodation.
- 3.2 The reports presented to Members in August 2019 and February 2020, were for the full Design and Build of the schemes, and so it was acknowledged there were likely to be some amendments to costings, arising through the design and planning stages. In addition to this, the Council in July 2020 has decided to reopen the Housing Revenue Account (HRA) and it is proposed that some of these residential schemes will no longer need to be temporary accommodation but will provide secure affordable housing under the HRA.
- 3.3 The establishment of the HRA gives the Council access to GLA grant funding through Homes for Londoners. Part 2 provides an update and refinancing on the accurate build costs as well as the recommendation to use grant funding.
- 3.4 The residential scheme for Burnt Ash Lane (Brindley Way), was granted planning consent in July 2020, and will commence works on site in January 2021. This scheme provides 25 residential units, with some remaining use of the car park underneath the residential scheme.
- 3.5 The schemes for Anerley and Bushell Way are being considered by Planning currently and are due a decision in November 2020 by the Development Control Committee, subject to any planning matters that arise in the meantime.
- 3.6 All schemes have had some minor delays due to the impact of Covid-19, and all schemes as with most construction works have had some increase in costs as supplies have been more challenging to source. However, officers have worked with the contracts to value engineer the schemes as much as possible. Bromley Capital schemes have always worked with a tight contingency of 10%, given the uncertainties we continue to face, we are now recommending that all schemes have a contingency of at least 15- 20%.
- 3.7 Following the decision to re-open the HRA, the Council has the option to apply to the GLA for grant funding. Discussions with the GLA, indicate that Bromley could apply for the Homes for Londoners Grant, which would be £100k per dwelling built and managed using London Affordable Rent (LAR). This is a lower rent than the Local Housing Allowance (LHA). However, it is also important that this lower amount is considered in context of what is truly affordable and likely to be needed.
- 3.8 Having a more realistic rent level means additional tops ups are not required or are at least minimised, collections are more likely and rent levels likely to match with benefit allowances.



- 3.9 Officers' view is that over time a portfolio of properties with different rent levels will maximise the Council's ability to meet the needs of all households to whom the Council has a statutory duty to assist, allow for differing needs to be met and will help to provide balanced and sustainable communities. Given the potential to attract a high grant subsidy on these initial properties, it is recommended that these schemes are offered using the LAR rate and that as the property portfolio grows different rental models are introduced in order to ensure that an appropriate spread of rental levels is maintained.
- 3.10 Furthermore, if the Council continues to charge LHA rents that are not affordable for tenants, this may result in the Council lowering rents to make them affordable. As a result, the Council would not be able to reap the benefit of using the GLA Grant to fund housing schemes therefore it is prudent to set the rents at a more affordable level from the beginning and additional benefit.
- 3.11 With the current numbers in temporary accommodation exceeding 1700, over 900 of which are in expensive nightly paid accommodation this scheme would address the needs of a number of high priority households and who would be able to afford a rental product at this level.

#### **4 RECOMMENDATION(S)**

- 4.1 The recommendations seek to ensure the delivery of the housing schemes as previously approved by Executive by applying for GLA Grant Funding since the opening of the HRA; and supplementary funding from the Capital Funds due to increased costs incurred through the development of the design of the housing projects, partly due to Covid-19.
- 4.2 The recommendations also outline appropriating the sites for planning purposes. For Burnt Ash Lane, this has already been completed as planning permission has been granted; for Bushell and Anerley, officers can undertake the relevant steps to appropriate the sites following a decision by Planning.
- 4.3 The recommendations outline the use of section 106 contributions received from other developments to fund affordable housing delivery in the borough. Officers recommend using £1,256k to support the delivery of the three proposed schemes.

#### **5. STAKEHOLDER ENGAGEMENT**

- 5.1 All proposals have been subject to public engagement and formal public consultation as part of the formal Planning process. Ward Members have also been briefed about the proposals and local residents have been sent letters.

#### **6. PROCUREMENT AND PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS**

- 6.1 The projects are in contract and proceeding as identified in paras 3.4. and 3.5. No further procurement arrangements are required as this was undertaken and approved through Executive for each of the schemes separately using the LHC, NH2 Framework.

## 7. IMPACT ON VULNERABLE CHILDREN AND ADULTS

- 7.1 The proposed recommendations support children and vulnerable people through the provision of affordable housing supply.

## 8. POLICY CONSIDERATIONS

- 8.1 The Council has a published a Homelessness Strategy which sets out the approved strategic policy in terms of homelessness. This includes the increased provision of temporary accommodation and reducing the reliance on nightly paid accommodation.

## 9. PROCUREMENT RULES

- 9.1 The recommendations in this report, and the accompanying Part Two report, can be enacted in accordance with the Council's Contract Procedure Rules.

## 10. FINANCIAL CONSIDERATIONS

- 10.1 A summary of the revised capital cost of these schemes and the supplementary capital estimate requested is set out in the table below, with a full breakdown provided in the part 2 report:

	<b>Burnt Ash Lane</b>	<b>Anerley</b>	<b>Bushell Way</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total capital cost</b>	<b>4,262</b>	<b>1,948</b>	<b>4,299</b>	<b>10,509</b>
Approved estimate	3,786	1,491	3,468	8,745
Supplementary estimate requested	476	457	831	1,764

- 10.2 Following the decision to re-open the HRA, the Council has the option to appropriate these sites from the General Fund into the HRA. There are various rent levels that could be used, but the two main ones are the London Affordable Rent, a social rent which is currently eligible for £100k grant per unit from the GLA, or Local Housing Allowance levels, an affordable rent which is not currently eligible for GLA grant.

- 10.3 In order to let at affordable rent levels rather than social rent, the Council would also need to meet one of the following requirements:

- (a) a housing supply delivery agreement between that provider and the Homes and Communities Agency (now known as Homes England) or the Greater London Authority and the accommodation is permitted by that agreement to be let at an affordable rent;

(b) an agreement between a local authority and the Secretary of State and the accommodation is permitted by that agreement to be let at an affordable rent; or

(c) the Secretary of State, Homes England or the Greater London Authority has agreed that it is appropriate for the accommodation to be let at an affordable rent.

10.4 The table below summarises the financial implication of keeping each scheme as temporary accommodation (which is not eligible for any GLA grant), or appropriating them into the HRA at either of the two rent levels above, using current 40 year Public Works Loan Board (PWLB) rates for comparative purposes:

	Burnt Ash Lane			Anerley			Bushell Way		
	London Affordable Rent	Local Housing Allowance	Temporary Accommodation	London Affordable Rent	Local Housing Allowance	Temporary Accommodation	London Affordable Rent	Local Housing Allowance	Temporary Accommodation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Capital</b>									
Build cost	4,262	4,262	4,262	1,948	1,948	1,948	4,299	4,299	4,299
Land appropriation value	1,750	1,750	0	700	700	0	1,750	1,750	0
Section 106	-523	-523	-523	-210	-210	-210	-523	-523	-523
GLA grant	-2,500	0	0	-1,000	0	0	-2,500	0	0
<b>Total capital financing requirement</b>	<b>2,989</b>	<b>5,489</b>	<b>3,739</b>	<b>1,438</b>	<b>2,438</b>	<b>1,738</b>	<b>3,026</b>	<b>5,526</b>	<b>3,776</b>
1 beds	10	10	10	4	4	4	8	8	8
2 beds	15	15	15	6	6	6	17	17	17
	<b>25</b>	<b>25</b>	<b>25</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>25</b>	<b>25</b>	<b>25</b>
Average net cost per unit	120	220	150	144	244	174	121	221	151
<b>Revenue</b>									
Annual rent	-214	-305	-207	-86	-122	-83	-215	-309	-210
Annual management costs	85	85	85	34	34	34	85	85	85
Annual loan repayment *	102	187	151	49	83	70	103	188	153
<b>Total annual surplus (-) / deficit (+)</b>	<b>-27</b>	<b>-33</b>	<b>29</b>	<b>-3</b>	<b>-5</b>	<b>21</b>	<b>-27</b>	<b>-36</b>	<b>28</b>
Annual savings on temporary accommodation	-156	-156	-156	-62	-62	-62	-159	-159	-159
<b>Total net revenue impact</b>	<b>-183</b>	<b>-189</b>	<b>-127</b>	<b>-65</b>	<b>-67</b>	<b>-41</b>	<b>-186</b>	<b>-195</b>	<b>-131</b>
Payback period (excl. TA savings)	31 years	34 years	50 years	38 years	38 years	57 years	32 years	34 years	49 years
* 40 year PWLB annuity rate at 21/10/20 is 1.59% for HRA borrowing, and 2.59% for non-HRA borrowing									

- 10.5 For each scheme, setting rents at LHA results in the highest net capital cost, but also results in the highest annual revenue surplus (assuming build costs and land transfer is repaid over 40 years). However, as set out in paragraphs 3.8 to 3.10, it is recommended that rents are set at LAR for these schemes. This will allow the Council to benefit now from GLA grants which may not be available in the future (or at the same level). LAR would also result in the shortest payback period for these schemes.
- 10.6 It should be noted that by appropriating the land into the HRA, the market value of the land is charged to the HRA. Although this is not an actual capital receipt, it does mean that the General Fund can incur more capital expenditure without needing to borrow through an adjustment to the Capital Financing Requirement. This would not apply for temporary accommodation, although as the land would remain in the General Fund, it could later be disposed of to generate a capital receipt. At present, the land transfer value is assumed at £70k per property; however the actual figure will be set by an independent valuation, which is currently being carried out.
- 10.7 With the GLA grants, and additional Section 106 contributions, it is recommended that the revised financing for each scheme (including the land appropriation value) is as follows:

	<b>Burnt Ash</b>	<b>Anerley</b>	<b>Bushell Way</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Previously agreed capital cost	3,786	1,491	3,468	8,745
Financed by:				0
Section 106 contributions	500			500
Housing Investment Fund		1,491	3,468	4,959
Investment Fund	3,286			3,286
	<b>3,786</b>	<b>1,491</b>	<b>3,468</b>	<b>8,745</b>
Revised scheme cost (incl. land value)	6,012	2,648	6,049	14,709
Financed by:				
GLA grant	2,500	1,000	2,500	6,000
Section 106 contributions	523	210	523	1,256
Internal borrowing	2,989	1,438	3,026	7,453
	<b>6,012</b>	<b>2,648</b>	<b>6,049</b>	<b>14,709</b>

- 10.8 As the Investment Fund and Housing Investment Fund are General Fund earmarked reserves which have been allocated for long term investments, it is proposed that these are used for the £7,453k internal loan from the General Fund to the HRA, and that interest is charged at 2.59%, which is the 40 year rate that the Council could borrow from the PWLB. This internal borrowing could be refinanced in future, for example when considering the financing of future housing schemes.
- 10.9 LAR can be increased annually by up to CPI + 1%. Prudently assuming net rental inflation of 2% per annum for each of the rent levels, the total costs and net rental income for the three sites over 40 years is set out in the table below:

	Burnt Ash	Anerley	Bushell Way	Total
	£'000	£'000	£'000	£'000
Total net capital cost	2,989	1,438	3,026	7,453
Interest	1,846	882	1,869	4,597
	4,835	2,320	4,895	12,050
Net rental income (40 years)	-7,792	-3,141	-7,852	-18,785
<b>Total net surplus</b>	<b>-2,957</b>	<b>-821</b>	<b>-2,957</b>	<b>-6,735</b>

10.10 The surplus above will be ringfenced within the HRA for major repairs and future capital expenditure.

10.11 The table below summarises the first full year financial impact for the HRA and General Fund of appropriating these sites into the HRA and letting at LAR levels:

	HRA	General Fund
	£'000	£'000
<b>Capital</b>		
Build cost	10,509	
Land appropriation value	4,200	-4,200
Section 106	-1,256	
GLA grant	-6,000	
<b>Total capital financing requirement</b>	<b>7,453</b>	<b>-4,200</b>
<b>Revenue</b>		
Annual rent	-515	
Annual management costs	204	
Temporary accommodation savings		-377
Annual loan repayment *	301	
<b>Total annual surplus (-) / deficit (+)</b>	<b>-10</b>	<b>-377</b>
* 2.59% annuity repayment on internal borrowing over 40 years		

## 11 PERSONNEL CONSIDERATIONS

11.1 There are no LBB staff implications for the recommendations.

## 12. LEGAL CONSIDERATIONS

12.1 This Report provides an update on the finances for 3 housing schemes the Council is currently developing, namely for Burnt Ash Lane, Bushell Way and Anerley Town Hall overflow car park. The Report also provides a review of utilising the GLA grants for developing Affordable Housing. In relation to the Building Council Homes for Londoners Programme, which will have an impact

on the rent levels charged and also provides an update and refinancing on the accurate build costs as well as the recommendation to use grant funding.

- 12.2 While it is acknowledged that all Grant Agreements impose terms and conditions and obligations on the Grant recipient, the Council will nevertheless need to adhere and comply with all the requirements accordingly. The terms and conditions of this GLA Grant would appear to be manageable and not unduly onerous. It is important to understand how the grant terms and conditions and processes operate including the Affordable Housing Capital Funding Guide. The legal department is to be contacted with any specific issues that are not clear and for any clarification sought.
- 12.3 It is recommended that the Leader/Executive delegates authority to apply for and make the decision to enter the GLA Grant for developing Affordable Housing in relation to the Building Council Homes for Londoners Programme to the Director of Planning, Housing and Regeneration.
- 12.4 By virtue of section 122 of the Local Government Act 1972 the Council has the power to appropriate for any purpose land belonging to the Council which is no longer required for the purposes for which it is held immediately before the appropriation.

<b>Non-Applicable Sections:</b>	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	

## APPENDIX 1

### The Site

Burnt Ash Lane, Bromley, BR1 4QT





# Aerial view from southeast





# Aerial view from south



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# Aerial view from north





# Aerial view from northwest











## Summary of Information

- 25 Residential Units, broken down as follows:

1 bedroom, 2 person, 2 storey	11
1 bedroom, 2 person, 1 storey	1
2 bedroom, 3 person, 2 storey	4
2 bedroom, 4 person, 1 storey	9

- Reduction in car Parking from, 93 spaces to 73 spaces.
- 15 of which will be allocated to the new residential units.

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Report No.  
CSD20126

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Monday 7 December 2020

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

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

**Contact Officer:** Graham Walton, Democratic Services Manager  
Tel: 0208 461 7743    E-mail: graham.walton@bromley.gov.uk

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

**Ward:** All

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1. Reason for report

- 1.1 The Resources, Commissioning and Contract Management Portfolio Holder recommends that Council approves the 2020/21 prudential indicators in the attached report, which was considered by Executive, Resources and Contracts PDS Committee at its meeting on 18<sup>th</sup> November 2020. The report provides a summary of treasury management activity during the second quarter of 2020/21 including a mid-year review of the Treasury Management Strategy Statement and Annual Investment Strategy. The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management.

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2. **RECOMMENDATION**

**That Council notes the report and approves changes to the 2020/21 prudential indicators, as set out in Annex B1 to the report.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not applicable
  3. Budget head/performance centre: Interest on balances
  4. Total current budget for this head: £3,591k (net) in 2020/21; 3750k surplus currently projected
  5. Source of funding: Net investment income
- 

### Personnel

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

### Legal

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

### Procurement

1. Summary of Procurement Implications: 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

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children, Personnel, Legal and Procurement Implications
Background Documents: (Access via Contact Officer)	See list on attached report

**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.

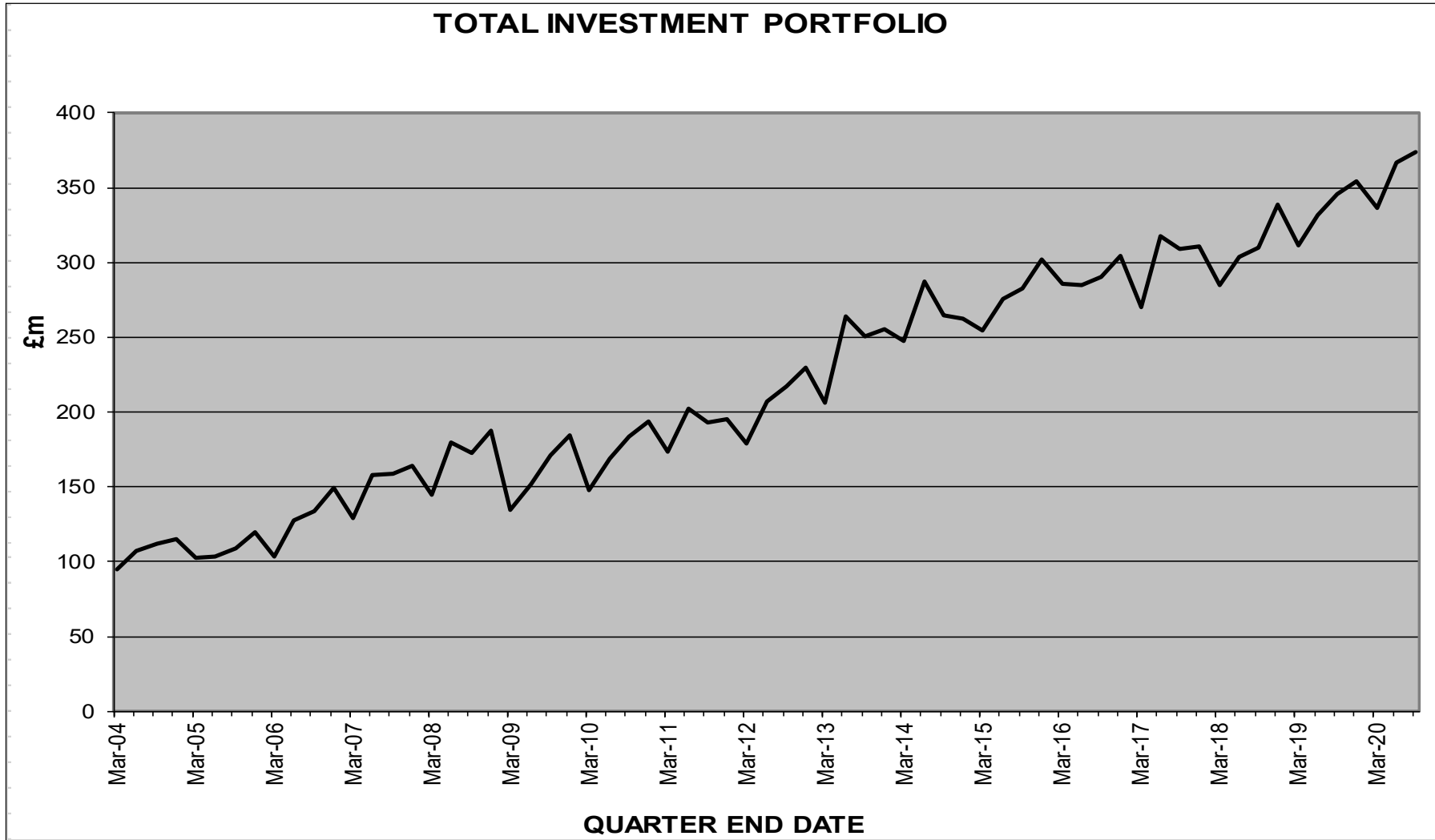
#### **5. FINANCIAL IMPLICATIONS**

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				P-1			
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.  
CSD20127

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Monday 7 December 2020

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

**Title:** REVIEW OF FINANCIAL REGULATIONS

**Contact Officer:** Graham Walton, Democratic Services Manager  
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

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

**Ward:** All

---

1. Reason for report

- 1.1 At its meeting on 25<sup>th</sup> November 2020, the General Purposes and Licensing Committee decided to refer the attached updated corporate Financial Regulations and Financial Regulations for Schools to full Council for approval. The proposals had previously been considered by the Audit-Sub Committee on 3<sup>rd</sup> November 2020 as part of the Internal Audit Progress Report (section 3.8). The proposed changes are summarised in section 3 of this report.

---

2. **RECOMMENDATION**

**That the updated Financial Regulations and Financial Regulations for Schools be approved.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

### Corporate Policy

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

### Financial

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

### Personnel

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

### Legal

1. Legal Requirement: Statutory Requirement: Under section 1 of the Local Government Act 1972 the Council is required to make proper arrangements in respect of the administration of its financial affairs.
  2. Call-in: Not Applicable: Full Council decisions are not subject to call-in
- 

### Procurement

1. Summary of Procurement Implications: Some changes to the Financial Regulations have procurement implications.
- 

### 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 At its meeting on 3<sup>rd</sup> November 2020 the Audit Sub-Committee considered, as part of its usual progress report on audit matters, proposals to update the Council's Financial Regulations. A summary of the main changes (extracted from section 3.8 of the Internal Audit Progress Report) is set out below:

3.1.1 Internal Audit has undertaken a review of Corporate and School's Financial Regulations. They needed to be updated not only to reflect changes relating to schools and other areas as well as reflect latest departmental structures and responsibilities.

3.1.2 Internal Audit have consulted with colleagues in Finance, Legal, HR, Strategic Property and Information Systems and there was also consultation with the Corporate Leadership Team and Corporate Risk Management Group to finalise the draft document.

3.1.3 Where necessary and advised by the appropriate officer, references to current legislation have been updated. Similarly, references to reporting frequencies, authorisation limits and terminology have been updated.

3.1.4 Where possible, lengthy descriptive passages have been replaced by links to policy documents held on One Bromley with the contact officer charged with the responsibility to update to ensure information is current.

3.1.5 The main changes to the Corporate Financial Regulations can be summarised as follows:-

#### **Section 5 - Authorisation Limits**

3.1.6 Heads of Service have been added as having the same approval limits as an Assistant Director.

#### **Section 18 - Land and Property**

3.1.7 The Assistant Director, Strategic Property, has provided a revision of this section to reflect the recent move to the adoption of the Corporate Landlord approach. Section 18.11 specifies the need for the Insurance Manager to be informed of any changes to the properties held by the Council to ensure the Insurance schedules are accurate.

#### **Section 22 - Information Systems**

3.1.8 The Head of Information Management provided the update to include two new sections – *“All officers are responsible for ensuring the accuracy and integrity of any information input and stored within the Council's financial and management information systems”* and that, *“Chief Officers shall be responsible for ensuring that they and their staff comply with the Council's IT Security Policy & Guidelines and the Data Protection Act”*.

#### **Appendices**

3.1.9 The Protocols and Supplementary Information has been replaced with numbered Appendices.

3.1.10 Appendix 2 – Retention of Documents – Update provided by the Information Architect and System Analyst – Service specific sections and tables of guidance removed and replaced with a link to the Corporate Retention Schedule.

3.1.11 Code of Conduct – Gifts and Hospitality has been removed from the appendices - the Gift & Hospitality policy used by HR has been inserted via a link within section 23 of the Financial Procedures.

3.1.12 Appendix 5- Late Payments of Debts has been added.

**3.1.13 Financial Regulations for Schools 2020 (Appendix F) - Summary of the Main Changes**

3.1.14 An administrative update of the Regulations was issued to all Bromley Maintained Schools in February updating contact names, change in job titles, EU financial thresholds and notice periods and to remove and replace out of date information.

3.1.15 They have now been reviewed in line with the Corporate Financial Regulations for more substantive changes, which can be summarised as follows:-

**Section 3.7 Raising Concerns in Schools**

3.1.16 This section had previously referred to Appendix 2 “Procedures for Raising Concerns in Schools”. This appendix has been removed and section 3.7 now refers to the Corporate Raising Concerns (Whistleblowing) Policy; a hard copy will be issued with these Regulations. The Director of Education and the Liberata Schools’ Team would be the first point of contact for guidance and the Council’s Human Resources Division would also be able to offer advice.

**Section 5 - Orders for Goods, Works and Services**

3.1.17 The procedure to be followed will be determined by the estimate of the cost of the required goods or services. The procedures would now be in line with the Corporate Contract Procedure Rules. The main change for the schools will be that tendering is now required for expenditure over £100K and three written quotes are required for expenditure between £5K and £100K.

**Section 6 - Contracts**

3.1.18 This section has been replaced by the Corporate Contract Procedure Rules that will be issued with these Regulations. It should be noted that the Council’s Procurement Team will be the point of contact to offer advice and guidance but the responsibility for all procurement will be with the school.

**Section 7.6.1 - Purchasing on the Internet with Approved Cards**

3.1.19 The Regulations now specifies that the Royal Bank of Scotland is the approved provider.

**Section 21 - Retention of Documents**

3.1.20 This section was supported by appendix 11; this has been removed. The Director has determined that the Financial, Payroll and Pension records should be kept in line with the Information and Records Management Society of the UK “School’s Toolkit”.

Appendices:

(A) Financial Regulations and Procedures 2020

(B) Financial Regulations for Schools 2020

<b>Non-Applicable Sections:</b>	Impact on vulnerable adults and children/Legal/personnel/ Finance/Policy/Customer Impact
Background Documents: (Access via Contact Officer)	None

# **LONDON BOROUGH OF BROMLEY**

## **FINANCIAL REGULATIONS AND PROCEDURES 2020**

**PART 1 - FINANCIAL REGULATIONS 2**

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# PART 1 – FINANCIAL REGULATIONS

## 1. STATUS OF FINANCIAL REGULATIONS

- 1.1 Financial Regulations provide the framework for managing the London Borough of Bromley’s financial affairs and are deemed to be part of its constitution. They apply to every Member and Officer of the Authority and anyone acting on its behalf.
- 1.2 The Regulations identify the financial responsibilities of the Full Council, Executive and Policy Development and Scrutiny Committee Members, the Chief Executive, the Monitoring Officer who is the Director of Corporate Services, Director of Finance and other Chief Officers. Executive Members and Chief Officers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, references to the Chief Officer in the Regulations should be read as referring to them.
- 1.3 More detailed responsibilities of the Director of Finance and the Chief Officers are included in Financial Procedures. These set out how the Regulations should be implemented and provide further guidance.
- 1.4 The Regulations shall not override any statutory provisions that apply. However, subject to the above and with the agreement of the Director of Corporate Services and Director of Finance, the General Purposes and Licensing Committee may waive compliance with any of these Regulations in a particular case or in any particular class of case where applicable.
- 1.5 Each Chief Officer is responsible for ensuring that these Regulations are strictly adhered to, throughout the department under their control. Except where otherwise stated, all references in these Regulations to “Chief Officer” should be read as meaning heads of department but this includes all officers that are carrying out duties on behalf of a Chief Officer. Such delegation by Chief Officers should be formally approved and documented.
- 1.6 Where applicable consultants or agencies acting for the Council will be bound by these Regulations and it should be a condition of their employment or engagement that they do so. The provisions of these procedures shall also apply to services carried out under agency

arrangements for any other Authority or Organisation, except where otherwise required by that Authority.

- 1.7 Substantial breaches of Financial Regulations shall be reported to the Director of Finance and the Portfolio Holder by the relevant Chief Officer and may be treated as disciplinary offences. Where the Director of Finance considers it appropriate they will report to the next meeting of the Audit Sub-Committee any substantial breach of these Regulations that is identified. The Director of Finance is also responsible for reporting, where appropriate, breaches of Financial Regulations to the Council and/or to the Executive. The Director of Finance shall be responsible for ensuring the Council's continuing compliance with the Accounts and Audit Regulations 2015 and all relevant Accounting Codes of Practice and Auditing Standards.
- 1.8 As such, no report having financial implications shall be submitted to Members without adequately timed prior consultation with the Director of Finance. Any such report that has financial implications shall be drafted in accordance with the "Code of Practice on Drafting Financial Implications in Committee Reports" (Financial Procedures Appendix 3).
- 1.9 These procedures shall be reviewed regularly by the Director of Finance but at least every 3 years. The General Purposes and Licensing Committee should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds (e.g. write-offs, petty cash payments) should additionally be reviewed against inflation on an annual basis wherever possible.
- 1.10 As suggested good practice it is recommended that these Regulations be applied to transactions relating to any Amenity or Voluntary Funds handled by staff in the course of their duties.
- 1.11 The Director of Finance is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to Full Council for approval.
- 1.12 Chief Officers are responsible for ensuring that all staff in their departments are made aware of the existence and content of the Authority's Financial Regulations and other internal regulatory documents, and that they comply with them. They must also ensure that either hard or electronic copies are available for reference within their departments.
- 1.13 Members, Officers and others acting on behalf of the Authority are required to follow Financial Regulations and Contract Procedure Rules.

The Director of Finance is responsible for issuing advice and guidance to underpin this and Members, Officers and others acting on behalf of the Authority must have regard to such advice.

## **2. STRATEGIC RESPONSIBILITIES**

### **2.1 Financial Management**

2.1.1 Section 151 of the Local Government Act 1972 states that each Local Authority “shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. Full Council approves those arrangements taking into account the views of the General Purposes and Licensing Committee who will also, along with the Audit Sub-Committee, carry a monitoring brief to ensure the arrangements remain effective and are applied appropriately. The said “arrangements” include the Council’s Financial Regulations, Contract Procedure Rules and the Scheme of Delegation (so far as it relates to financial matters). In approving those arrangements, Members are bound by the general principles of administrative law.

2.1.2 The Council’s appointed officer under Section 151 is the Director of Finance. In performing his functions as the appointed officer, he shall seek to ensure that the management of the Council’s financial affairs accord with the arrangements approved by Council subject to his overarching statutory duties including those referred to at paragraph 2.5.3 below. The Section 151 officer can be held accountable by the electorate to whom he owes a fiduciary duty to carry out those duties effectively and these cannot be overridden by the Council.

2.1.3 Financial management covers all financial accountabilities in relation to the running of the Authority, including the budget and policy framework.

### **2.2 The Full Council**

2.2.1 The Full Council is responsible for adopting the Authority's constitution and Members' code of conduct and for approving the budget and policy framework within which the Executive operates.

### **2.3 The Executive**

2.3.1 The Executive is responsible for proposing the budget and policy framework to the Full Council, and for discharging Executive functions in accordance with the policy framework and budget.

2.3.2 Executive decisions can be delegated to a committee of the Executive, an individual Executive Member or an officer. Executive Members must consult with relevant officers before taking a decision within their delegation; the member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

## **2.4 Committees**

2.4.1 Policy Development and Scrutiny Committees: There are six Policy Development and Scrutiny (PDS) Committees who have a major role in policy development and scrutinising the decisions of the Executive. They have no decision making powers but make reports and recommendations which advise the Executive and the Council as a whole on its policies, budget and service delivery. PDS Committees also monitor the decisions of the Executive and can challenge or 'call-in' a decision that has been made by the Executive.

2.4.2 General Purposes and Licensing Committee: Legislation prevents all the Council's powers being exercised by the Executive so the General Purposes and Licensing Committee deals with Non Executive functions, quasi-legal issues such as licensing and with staffing and audit matters. In particular the Audit Sub Committee deals with Financial Regulations as well as Internal and External Audit.

2.4.3 The Standards Committee promotes and maintains a high standard of conduct by Bromley Councillors and co-opted members. It has a membership of seven, five Councillors and two Independent Persons. It is responsible for advising the Council on the adoption and revision of the members' code of conduct, and for monitoring the operation of the code.

## **2.5 The Statutory Officers**

### **2.5.1 Chief Executive:**

The Chief Executive is responsible for the corporate and overall strategic management of the Authority as a whole. They must report to and provide information for the Executive, the Full Council, the Policy Development and Scrutiny committees and other committees. They are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the Authority.

## 2.5.2 The Director of Corporate Services as:

### The Monitoring Officer

- a) The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. The Monitoring Officer is responsible for compliance with the Constitution
- b) The Monitoring Officer must ensure that Executive decisions and the reasons for them are made public. They must also ensure that Members are aware of decisions made by the Executive and of those key decisions made by Officers who have delegated Executive responsibility.
- c) The Monitoring Officer is responsible for advising all Members and Officers about who has authority to take a particular decision.
- d) The Monitoring Officer is responsible for advising the Executive and/or Full Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the Authority's budget and policy framework.
- e) The Monitoring Officer, together with the Director of Finance, is responsible for advising the Executive or Full Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with the budget. Actions that may be contrary to the budget include:
  - Initiating a new policy, which has budgetary implications.
  - Committing expenditure in future years above the approved budget level.
  - Interdepartmental transfers above virement limits.
  - Causing total net expenditure to increase beyond the approved budget.



### 2.5.3 Director of Finance:

- a) The statutory duties arise from (inter alia):
- Section 151 of the Local Government Act 1972.
  - The Local Government Finance Act 1988.
  - The Local Government and Housing Act 1989.
  - The Local Government Acts 2000 and 2003.
  - The Accounts and Audit Regulations 2015.
  - The Local Government Pension Scheme Regulations 2013
- b) The Director of Finance is responsible for:
- The proper administration of the Authority's financial affairs.
  - Setting and monitoring compliance with financial management standards.
  - Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
  - Providing financial information.
  - Preparing the revenue budget and capital programme.
  - Treasury management and banking.
- c) Section 114 of the Local Government Finance Act 1988 requires the Director of Finance to report to the Full Council, Executive and External Audit, if the Authority or one of its officers:
- Has made, or is about to make, a decision which involves incurring unlawful expenditure.
  - Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority.
  - Is about to make an unlawful entry in the Authority's accounts.
- d) Section 114 of the 1988 Act also requires:
- The Director of Finance to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally.
  - The Authority to provide the Director of Finance with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114.

## **2.6 Chief Officers**

2.6.1 Chief Officers are responsible for ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Finance.

2.6.2 It is the responsibility of Chief Officers to consult with the Director of Finance and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

## **2.7 Other Financial Accountabilities**

2.7.1 Virement:

The Full Council is responsible for agreeing procedures for virement of expenditure between budget headings.

2.7.2 Chief Officers are responsible for agreeing in-year virements within delegated limits, in consultation with the Director of Finance where required. They must notify the Director of Finance of all virements over £50,000. (The Scheme of Virement sets out the rules and the levels of delegation.)

2.7.3 Treatment of year-end balances:

The Full Council is responsible for agreeing guidelines for the carrying forward of under and overspendings on budget headings.

2.7.4 Accounting policies:

The Director of Finance is responsible for setting accounting policies and ensuring that they are applied consistently.

2.7.5 Accounting records and returns:

The Director of Finance is responsible for determining the accounting procedures and records for the Authority.

2.7.6 Annual statement of accounts:

The Director of Finance is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

2.7.7 The General Purposes and Licensing Committee is responsible for approving the annual statement of accounts.

2.7.8 Further details are contained in the detailed budget book.

### **3. FINANCIAL PLANNING**

#### **3.1 Introduction**

3.1.1 The Full Council is responsible for approving the Authority's budget and policy framework proposed by the Executive. In terms of financial planning, the key elements are:

- a) Corporate plans
- b) The budget
- c) Capital programme.

#### **3.2 Policy Framework**

3.2.1 The Full Council is responsible for approving the budget and policy framework. The policy framework comprises the plans and strategies set out in paragraph 4.02 of article 4 of the constitution.

3.2.2 The Full Council is responsible for setting the level at which the Executive may reallocate budget funds from one service to another. The Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

3.2.3 Preparation of Corporate Plans:

The Chief Executive is responsible for proposing corporate plans to the Executive for consideration before their submission to the Full Council for approval.

3.2.4 **Preparation of the Council's Performance Plan:**

The Chief Executive is responsible for proposing the overall performance plan to the Executive for consideration before its submission to the Full Council for approval.

#### **3.3 Revenue and Capital Budgeting**

3.3.1 Budget Format:

The general format of the budget will be approved by the Full Council and proposed by the Executive on the advice of the Director of Finance. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

### 3.3.2 Budget Preparation:

The Director of Finance is responsible for ensuring that a revenue budget is prepared on an annual basis and a financial forecast on a four yearly basis for consideration by the Executive, before submission to the Full Council. The Full Council may amend the budget or ask the Executive to reconsider it before approving it.

3.3.3 The Executive is responsible for issuing guidance on the general content of the budget in consultation with the Director of Finance as soon as possible following approval by the Full Council.

3.3.4 It is the responsibility of Chief Officers to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the Executive and the Director of Finance.

### 3.3.5 Budget Monitoring and Control:

The Director of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. They must monitor and control overall expenditure and income against budget allocations and report to the Executive on the Council's overall position on a regular basis.

3.3.6 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance. They should report on variances within their own areas and take necessary action to avoid exceeding their budget allocation and alert the Director of Finance to any problems.

### 3.3.7 Resource Allocation:

The Director of Finance is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Full Council's policy framework.

### 3.3.8 Preparation of the Capital Programme

The Director of Finance is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the Full Council.

### 3.3.9 Guidelines

Guidelines on budget preparation are issued to Members and Chief Officers by the Executive following agreement with the Director of Finance. The guidelines will take account of:

- Legal requirements
- Medium-term planning prospects
- Corporate plans
- Available resources
- Spending pressures
- Relevant government guidelines
- Other internal policy documents
- Cross-cutting issues (where relevant).

### 3.3.10 Maintenance of Reserves:

It is the responsibility of the Director of Finance to advise the Executive and/or the Full Council on minimum levels of reserves for the Authority.

## **4. RISK MANAGEMENT AND CONTROL OF RESOURCES**

### **4.1 Introduction**

4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

### **4.2 Risk Management**

4.2.1 The Executive is responsible for approving the Authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Executive is responsible for ensuring that proper insurance exists where appropriate.

4.2.2 The Director of Finance is responsible for preparing the Authority's risk management policy statement, for promoting it throughout the Authority and for advising the Executive on proper insurance cover where appropriate.

### **4.3 Internal Control**

4.3.1 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.

4.3.2 The Director of Finance is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and Regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other provisions that govern their use.

4.3.3 It is the responsibility of Chief Officers to establish sound arrangement, for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

### **4.4 Audit Requirements**

4.4.1 The Accounts and Audit Regulations 2015 require every local Authority to maintain an adequate and effective Internal Audit.

- 4.4.2 The responsible body, currently the Public Sector Audit Appointments Limited is responsible for appointing External Auditors to each local Authority such as Bromley who have opted into that arrangement . The basic duties of the External Auditor are governed by section 20 of the Local Audit and Accountability Act 2014.
- 4.4.3 The Authority may, from time to time, be subject to audit, inspection or investigation by other external bodies such as HM Revenue and Customs, who have statutory rights of access.

#### **4.5 Preventing Fraud and Corruption**

- 4.5.1 The Head of Audit & Assurance is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

[http://onebromley/BA/Pub\\_CE/Pub\\_Audit/Pub\\_IA/Lists/News%20Items/Attachments/11/Anti-fraud%20and%20corruption%20strategy.pdf](http://onebromley/BA/Pub_CE/Pub_Audit/Pub_IA/Lists/News%20Items/Attachments/11/Anti-fraud%20and%20corruption%20strategy.pdf)

#### **4.6 Assets**

- 4.6.1 Chief Officers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

#### **4.7 Treasury Management and Banking**

- 4.7.1 The Authority has adopted CIPFA's Code of Practice for Treasury Management in the Public Services.
- 4.7.2 The Full Council is responsible for approving the Treasury Management Policy Statement. The Portfolio Holder for Resources, Commissioning and Contracts proposes the policy statement to the Full Council. The Director of Finance has delegated responsibility for implementing and monitoring the policy statement.
- 4.7.3 All money in the hands of the Authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Director of Finance.
- 4.7.4 The Director of Finance is responsible for reporting to the Portfolio Holder for Resources, Commissioning and Contracts a proposed treasury management strategy for the coming financial year at or before the start of each financial year.



- 4.7.5 All Executive decisions on borrowing, investment or financing shall be delegated to the Director of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.
- 4.7.6 The Director of Finance is responsible for reporting to the Portfolio Holder for Resources, Commissioning and Contracts not less than three times in each financial year on the activities of the treasury management operation and on the exercise of their delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the preceding financial year.

#### **4.8 Staffing**

- 4.8.1 The Full Council is responsible for determining how Officer support for Executive and Non-Executive roles within the Authority will be organised.
- 4.8.2 The Chief Executive is responsible for providing overall management to staff. They will also be responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 4.8.3 Chief Officers are responsible for controlling total staff numbers by:
- Advising the Executive on the budget necessary in any given year to cover estimated staffing levels.
  - Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.

## **5 SYSTEMS AND PROCEDURES**

### **5.1 Introduction**

5.1.1 Sound systems and procedures are essential to an effective framework of financial accountability and control.

### **5.2 General**

5.2.1 The Director of Finance is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved by the Director of Finance. However, Chief Officers are responsible for the proper operation of financial processes in their own departments.

5.2.2 Any changes to agreed procedures made by Chief Officers to meet their own specific service needs should be agreed with the Director of Finance in advance

5.2.3 Chief Officers should ensure that their staff receive relevant financial training.

5.2.4 Chief Officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Chief Officers must ensure that staff are aware of their responsibilities under freedom of information legislation.

### **5.3 Income and Expenditure / Scheme of Delegation**

5.3.1 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Executive, in respect of payments, income collection and placing orders, together with the limits of their authority. The Executive is responsible for approving procedures for writing-off debts as part of the overall control framework of accountability and control.

### **5.4 Payments to Employees and Members**

5.4.1 The Director of Human Resources and Customer Services is responsible for the payments of salaries and wages to all staff, including payments for

overtime, and for payment of allowances to Members. - See Salaries, Wages and Pensions - section 11.

## **5.5 Taxation**

- 5.5.1 The Director of Finance is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.
- 5.5.2 The Director of Finance is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **5.6 Trading Accounts/Business Units**

- 5.6.1 It is the responsibility of the Director of Finance to advise on the establishment and operation of trading accounts and business units.
- 5.6.2 It is the responsibility of the Director of Corporate Services to advise on the establishment and operation of any future wholly owned company arrangements.

## **6 EXTERNAL ARRANGEMENTS**

### **6.1 Introduction**

6.1.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. The Council must also act to achieve the promotion or improvement of the economic, social or environmental well being of its area.

### **6.2 Partnerships**

6.2.1 The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

6.2.2 The Executive can delegate functions, including those relating to partnerships, to Chief Officers. These are set out in the scheme of delegation that forms part of the Authority's constitution. Where functions are delegated, the Executive remains accountable for them to the Full Council.

6.2.3 Representation of the Authority on partnership and external bodies will be decided in accordance with the scheme of delegation.

6.2.4 The Director of Finance must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. Director of Corporate Services must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They, in conjunction with the appropriate Chief Officer, must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

6.2.5 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

### **6.3 External funding**

6.3.1 The Director of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

## **6.4 Work for third parties**

- 6.4.1 The Executive is responsible for approving the contractual arrangements for any work for third parties or external bodies unless this is delegated to Chief Officers.

## **7 SCHEME OF VIREMENT**

(Not applicable to schools that have separate Regulations)

### **7.1 Introduction**

- 7.1.1 The scheme of virement is intended to enable the Executive, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall budget and policy framework determined by the Full Council, and therefore to optimise the use of resources.
- 7.1.2 The overall revenue budget is drawn up by the Executive and approved by the Full Council. Chief Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved heads of expenditure. For the purpose of this scheme, a budget head is considered to be a cost centre. A division of service is as defined by CIPFA Standards currently the Service Reporting Code of Practice (SeRCOP).
- 7.1.3 Virement does not create additional overall budget liability. Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not support recurring expenditure from one-off sources of savings or additional income, or create future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Chief Officers must plan to fund such commitments from within their own budgets.

### **7.2 Definition of Terms**

- 7.2.1 “Main Account” - refers to the total budget for employees, running expenses, individual special schemes, financing charges, recharges or income within a single service heading (main code).
- 7.2.2 “Contingent Budget” - refers to those provisions designated by the Director of Finance which are mainly outside the direct control of the Authority.

### 7.3 Virement Arrangements

7.3.1 No virement is allowed from or to any of the following budgets without approval of the Executive:

- Financing charges
- Rates and other taxes
- Recharges
- Insurances
- Contingent budgets (as determined by the Director of Finance in consultation with the appropriate Chief Officer).

7.3.2 Portfolio Holder agreement will be required for proposals which transfer funds for the creation of new staff posts

7.3.3 Executive approval will be required for proposals which:

- would cause the total budget head to be exceeded in the current year or increase the commitment in future years
- are to be financed from savings arising from competitive tendering.

7.3.4 Virement will be allowed within one year between other main accounts as follows:

- a) on the approval of the appropriate Chief Officer for sums up to £50,000
- b) on the approval of the appropriate Portfolio Holder for sums in excess of £50,000 and up to £250,000
- c) on the approval of the Executive for sums in excess of £250,000 and up to £1,000,000
- d) on the approval of the Full Council for sums above £1,000,000.

7.3.4 Virements actioned by a Chief Officer shall be included on the next quarterly monitoring report to the appropriate Executive meeting and notified to the Director of Finance.

#### **7.4 Maintenance of Buildings**

Building Maintenance funding is split between “landlord and tenant” responsibilities.

#### **7.5 Notification to Director of Finance**

Please ensure that your Head of Finance is informed of all virement approvals granted.

#### **7.6 Supplementary Estimates**

7.6.1 The Executive can agree a supplementary estimate for an individual item up to £1m as long as the full year effect does not exceed £1m. All larger items are to be approved by Full Council.

7.6.2 The Executive cannot agree a supplementary estimate if this has the effect of reducing General Fund “Not Earmarked” Reserves below £20m (based upon the latest projections of expenditure).



# PART 2 - FINANCIAL PROCEDURES

## 1. GENERAL

### **Contact: Internal Audit**

- 1.1 These procedures outline the approved system of corporate financial control to secure the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972 and must be adhered to by all.
- 1.2 The Director of Finance will add, amend or delete these procedures to reflect the overall needs of Departments and changing circumstances such as, price increases affecting financial thresholds.
- 1.3 Each Chief Officer is responsible for ensuring that these procedures are strictly adhered to, throughout the department under their control.  
Except where otherwise stated, all references in these Regulations to "Chief Officer" should be read as meaning heads of department but this includes all officers that are carrying out duties on behalf of a Chief Officer. Such delegation by Chief Officers should be formally approved and documented.
- 1.4 Each Chief Officer should ensure that all staff in their department are made aware of and fully understand the requirements and implications of Financial Procedures as far as they relate to their professional duties and responsibilities. However, this does not remove the requirement for all staff to make themselves conversant with these procedures and comply with their requirements.
- 1.5 Consultants or agencies acting for the Council will be bound by these procedures and it should be a condition of their employment or engagement that they do so. The provisions of these procedures shall also apply to services carried out under agency arrangements for and other Authority or organisation, except where otherwise required by that Authority.
- 1.6 The Director of Finance is ultimately responsible for interpreting these Procedures and determining what is considered "substantial", "significant", "adequate", "prompt" etc. as required by these Procedures. Contact details are given at the start of each procedure to facilitate the provision of advice

from Director of Finance's Department. However, in the majority of day-to-day cases it is envisaged that officers will seek advice from their Departmental Head of Finance.

- 1.7 Substantial breaches of the procedures shall be reported to the Director of Finance and the Portfolio Holder by the relevant Chief Officer and may be treated as disciplinary offences. Where the Director of Finance considers it appropriate he will report to the next meeting of the Audit Sub-Committee any substantial breach of these Regulations that is identified.
- 1.8 The Director of Finance shall be responsible for ensuring the Council's continuing compliance with the Accounts and Audit Regulations 2015 and all relevant Accounting Codes of Practice and Auditing Standards.
- 1.9 As such, no report having financial implications shall be submitted to Members without adequately timed prior consultation with the Director of Finance. Any such report that has financial implications shall be drafted in accordance with the "Code of Practice on Drafting Financial Implications in Committee Reports". (Appendix 3)
- 1.10 These procedures shall be reviewed regularly by the Director of Finance but at least every 3 years. The General Purposes and Licensing Committee should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds (e.g. write-offs, petty cash payments) should additionally be reviewed against inflation on a regular basis.
- 1.11 As suggested good practice it is recommended that these Procedures be applied to transactions relating to any Amenity or Voluntary Funds handled by staff in the course of their duties.
- 1.12 The accounting policies are set out in the statement of accounts, which is prepared at 31st March each year, and covers such items as:
  - Separate accounts for capital and revenue transactions
  - The basis on which debtors and creditors at year end are included in the accounts
  - Details on substantial provisions and reserves
  - Fixed assets
  - Depreciation
  - Capital charges
  - Work in progress

- Stocks and stores
- Accounting for value added tax
- Government grants
- Leasing
- Pensions

1.13 Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources. The Authority has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to External Audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy and efficiency

## **2. PREPARATION OF BUDGETS**

**Contacts: Heads of Finance / Technical (Capital Programme)**

### **Revenue Budget**

- 2.1 Prior to the start of the revenue budget process, Chief Officers will submit to the Director of Finance, in accordance with a timetable laid down by the Director of Finance, projections of anticipated real changes (including statutory and demographic factors) over a predetermined period for the services that they manage, this will be for at least three years. Chief Officers will also submit to the Director of Finance appropriate supporting information and documentation as specified by them. The Director of Finance will use this information to compile a forecast of the Council's revenue expenditure and income for consideration by the Executive.
- 2.2 Prior to each financial year, in accordance with a timetable laid down by the Director of Finance, draft estimates of income and expenditure for the ensuing year will be prepared jointly by each Chief Officer for the Service(s) they manage and the Director of Finance, for presentation to the Executive.
- 2.3 The Director of Finance shall then ensure that the summarised budgets for all Departments are presented, together with an estimate of the sums necessary to meet anticipated inflation and other specific items for the following financial year to the Executive to allow them to recommend a levy to the Council before the end of the preceding February.

### **Capital Programme**

- 2.4 Capital programme procedures must be followed in accordance with the manual of Capital Programme Procedures.

<https://onebromley.bromley.gov.uk/HDoI/ManKit/wikisite/Wiki%20Pages/Council's%20Capital%20Programme.aspx>

- 2.5 The Director of Finance is responsible for ensuring that the programme is prepared on an annual basis. This programme will be considered by the Executive before submission to the Full Council.

### 3. BUDGETARY CONTROL

#### Contact: Heads of Finance

- 3.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits, and sets the level at which funds may be reallocated within budgets
- 3.2 Budget management ensures that once the budget has been approved by Full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also calls to account managers responsible for defined elements of the budget.
- 3.3 By continuously identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- 3.4 Chief Officers are responsible for the control of their department's expenditure and income in accordance with the Council's approved "Principles and Budgetary Control Procedures"  
[https://www.bromley.gov.uk/downloads/file/6334/lb\\_bromley\\_budget\\_202021](https://www.bromley.gov.uk/downloads/file/6334/lb_bromley_budget_202021)
- 3.5 No officer shall incur expenditure outside the limits of the annual revenue budget or the approved capital programme, as amended from time to time by the Executive, except as provided for by the "Principles and Budgetary Control Procedures."
- 3.6 Even if there is insufficient budgetary provision a Chief Officer may incur expenditure that is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done immediately. When such an occasion arises, the Chief Officer shall advise the Director of Finance and report to the Executive. In the event of a major environmental disaster or a full scale emergency this can be done retrospectively.

- 3.7 The relevant Chief Officer must consult the Director of Finance on any matter within their control that could materially affect the financial position of the Council.
- 3.8 The Authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Authority's plans and policies.
- 3.9 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Full Council. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an Authority to budget for a deficit.
- 3.10 Medium-term planning (or a three to five year planning system) involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium term plan. This ensures that the Authority is always preparing for events in advance.
- 3.11 A report on the final accounts will be submitted by the Director of Finance to the General Purposes and Licensing Committee as soon as practical after the end of each financial year. The final accounts will be approved by the GP & L Sub Committee on behalf of the Council annually.
- 3.12 The Local Authority must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.
- 3.13 Capital expenditure (including use of capital grants) involves acquiring or enhancing fixed assets with a long term value to the Authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 3.14 The Government places strict controls on the financing capacity of the Authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

- 3.15 Chief Officers must comply with guidance concerning capital schemes and controls issued by the Director of Finance.

## **4. ACCOUNTING ARRANGEMENTS**

**Contacts: Heads of Finance / Internal Audit**

### **4.1 Introduction**

4.1.1 Chief Officers and Heads of Finance are responsible for maintaining all accounting and financial records for systems under their control, including automated or computerised systems, in a form approved by the Director of Finance.

4.1.2 The Accounts & Audit Regulations 2015 require that the Authority's accounting system and the form of their accounts and supporting accounting records shall be determined by the responsible financial officer.

4.1.3 Where new financial systems are proposed or significant amendments are planned to existing financial systems, the Director of Finance's advice shall be sought. No changes to any accounting procedures or form of accounts shall be made without the approval of the Director of Finance.

4.1.4 Each Chief Officer shall, in consultation with the Director of Finance, prepare such financial instructions as are considered necessary for the proper financial management, operation and control of the services for which they are responsible, in accordance with Financial Regulations and procedures.

4.1.5 Such financial instructions shall, in accordance with the Accounts & Audit Regulations 2015, contain measures to:

- Ensure that the financial transactions of the Authority are recorded as soon as reasonably practical and as accurately as reasonably possible;
- Enable the prevention and detection of inaccuracies and fraud; and
- Facilitate the ability to reconstitute any lost records.



## **4.2 Separation of Duties**

4.2.1 Each Chief Officer is responsible for ensuring, so far as is reasonably practicable, that there is adequate internal separation of duties in their department in relation to significant financial transactions. For example:

- staff responsible for calculating, checking and recording monies due to or due to be paid by the Council shall not receive or make such payments;
- staff examining and checking the accounts of cash transactions shall not carry out (i.e. process) such transactions;
- staff who sign authorise orders, confirm receipt of goods or services, and certify payments shall not perform more than one function for the same transaction

## **4.3 Authorised Officers**

4.3.1 Each Chief Officer, in consultation with the Departmental Head of Finance, shall determine which officers in their department are Authorising Officers for all main financial transactions on their behalf. These should as a minimum include:

- orders for goods, works or services;
- payment of accounts;
- travel, subsistence and special assistance claims;
- payroll documents (e.g. overtime claims, timesheets)
- recommendations for write-off

4.3.2 The appropriate Chief Officer shall supply up to date details of all authorised officers together with copies of their specimen signatures or authorisation evidence, and any financial limits that apply to Accounts Payable. Additionally, copies of these lists and specimen signatures or evidence of authorisation shall be provided to the Director of Finance where prime documents are processed under procedures within their control (e.g. recommendations to the Director of Finance to write off bad debts).

## 4.4 I-Procurement

4.4.1 All orders for goods, works and services should be placed via the i-Procurement system unless the following apply:

- The Order originates from an established finance element of a service specific system (e.g. Confirm, Care First or successor systems), or
- Where agreed by the Director of Finance

4.4.2 The following role definitions will apply when orders are raised on the i-proc system:

- Requisitioning Officer Role:*** an officer authorised by their Chief Officer to raise order requisitions on the i-Proc system on behalf of the Council. They would identify the potential supplier, check budget provision is available and best value is obtained, either by using the “Lead Officer” recommendation or their own knowledge and experience, and in accordance with section 6 and Contract Procedure Rules.
- Receipting of goods Role:*** an officer who confirms on the i-Proc system that goods/services have been received. The officer fulfilling this role must have first-hand knowledge that the goods have been received and will be held accountable for funds subsequently released where the corresponding goods have not been received. This role can be completed by the requisitioning officer or an individual other than the approving officer.
- Approving Officer Role:*** an officer other than a) designated by their Chief Officer to authorise individual orders in accordance with the approval hierarchy. In approving an order the approving officer is confirming that all relevant Financial Regulations and procedures have been complied with and that there is adequate budgetary provision to cover the resulting expenditure.

Where the received invoice legitimately exceeds the order amount by more than 2% by value, an approving officer must approve an amendment to the order (submitted by the requisitioning officer of the original order) which must also meet the above requirements.

4.4.3 The following role definitions will normally apply for non i-Proc processes (notwithstanding that different terms may be in common day to day use within departments):

**a) *Initiating Officer Role:*** an officer authorised by their Chief Officer to authorise official orders on behalf of the Council. They would normally identify the potential supplier, ensure budget provision is available and best value is obtained, either by using the “Lead Officer” recommendation or their own knowledge and experience, and in accordance with Contract Procedure Rules.

Departments may of course prefer that one officer completes an order requisition form for authorisation by a manager but this is not a requirement of Financial Procedures (see Section 6). In such cases, it may be that the manager takes responsibility for checking budget provision and demonstrating best value. However, the manager who authorises the order is deemed the Initiating Officer and they therefore cannot then receive the goods, or authorise or certify the invoice.

**b) *Authorising Officer Role:*** an officer, other than (a) or (c), who passes an invoice for certification, having confirmed receipt of goods or services and checked arithmetical accuracy, quantities, prices etc. to the original order. This officer may in practice be the person who requested the goods/ services as they will often be best placed to confirm the order has been delivered accurately.

**c) *Certifying Officer Role:*** an officer other than (a) or (b), designated by their Chief Officer to certify individual invoices for payment. In certifying an invoice for payment the Certifying Officer is indicating that all relevant Financial Regulations and procedures have been complied with and evidenced in paying the invoice, prior to input and certification onto Accounts Payable.

## **4.5 Write-Offs**

- 4.5.1 No uncollectable amounts, including bad debts, should be written off except with the approval of the Director of Finance, whether exercised personally or properly delegated by them to a member of their staff for this purpose.
- 4.5.2 Further guidance in this area is given in Income Collection, section 12 and Write off procedures, section 24 of these Financial Procedures.

## **4.6 Retention of Documents**

- 4.6.1 Chief Officers shall be responsible for ensuring that the accounts and supporting records of the Authority are maintained securely in accordance with proper practices and for the safe custody and proper use of controlled stationery (i.e. having an implicit monetary value) within their department.
- 4.6.2 Chief Officers shall also ensure that accounting records are retained in safe custody for such period as shall be determined by the Director of Finance and no voucher or other document shall be destroyed before the specified period has elapsed. Details of the minimum periods for which certain records are to be retained are included in the Bromley Corporate Retention Schedule; open the Finance Schedule or other relevant schedules as required. (Appendix 2)  
[Bromley Corporate Retention Schedule](#)
- 4.6.3 The ultimate disposal of financial records should be arranged by each Chief Officer as “confidential waste” and on no account should sensitive information be disposed of through the normal waste collection process.

## **4.7 External Arrangements/Partnerships**

- 4.7.1 The Director of Finance must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and must also consider the overall corporate governance arrangements in respect of financial issues when arranging contracts with external bodies. The Director of Finance must also ensure that the financial risks have been fully appraised before agreements are entered into with external bodies.

4.7.2 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

4.7.3 The Relevant Portfolio Holder is responsible for approving the contractual arrangements for any work for third parties or external bodies where the contract value exceeds £500,000 and is within the Council budget.

#### **4.8 External funding**

The Director of Finance is responsible for identifying all the financial implications, including long term issues, resulting from entering into agreements with external bodies. He/ she is also responsible for ensuring that all funding notified by external bodies is received and properly recorded.

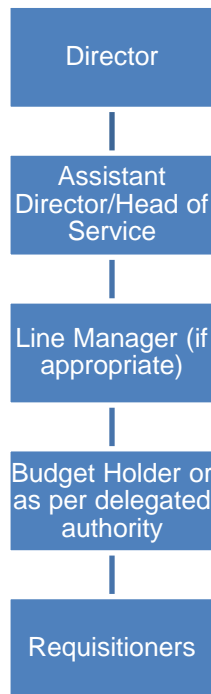
## 5. AUTHORISATION LIMITS

**Contacts: Director of Finance / Internal Audit**

### 5.1 Authorisation Limits for placing of orders and payments

- 5.1.1 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively.
- 5.1.2 The scheme of delegation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Executive in respect of payments, placing orders, together with the limits of their authority.
- 5.1.3 Any delegated authority under the scheme of delegation authorised by a Chief Officer must be in accordance with the Council's Contract Procedure Rules.
- 5.1.4 The approval limits (other than listed exemptions) are shown below and these apply to any orders placed via i-proc and any certification through AP1 or 2 after Contract Procedure Rules have been complied with.

<b>Amount of order or payment</b>	<b>Director</b>	<b>Assistant Director/Head of Service</b>	<b>Line Manager (if appropriate)</b>	<b>Budget Holder or as per delegated authority</b>
£1m and above	✓			
£500,000 up to £999,999	✓			
£250,000 up to £499,999	✓			
£100,000 up to £249,999	✓	✓		
£50,000 up to £99,999	✓	✓	✓	✓
£5,000 up to £49,999	✓	✓	✓	✓
Up to £4,999	✓	✓	✓	✓



5.1.5 A requisitioner will be able to raise requisitions on i-proc but they will not be able to approve orders. If the value of the requisition is less than £5,000 the requisition will be automatically routed for approval and order generation subject to the departments scheme of delegation. If the requisition value exceeds an approver's limit the requisition will be routed straight to the 1st appropriate management level above for approval.

## 5.2 Listed Exemptions

5.2.1 However there are other payments/ actions that require authorisation which Chief Officers should include within their Scheme of Delegation.

5.2.2 A list of the exceptions from i-proc and AP1/2 certification limits are detailed below:

1. Travel Expenses and Petty Cash (inc signature on cheque book) – *Budget Holder, Line Manager, Assistant Director/Head of Service or Director*
2. Timesheets Agency - Staff *Budget Holder, Line Manager, Assistant Director/Head of Service or Director*
3. Overtime Claim and Car Mileage – *Director, Assistant Director/ Head of Service*

4. Special Leave, Ex-gratia Payments, Season Ticket loans, Interview Expenses - *Budget Holder, Line Manager, Assistant Director/Head of Service or Director*
  5. Income write offs - *Assistant Director/Head of Service or Director plus Head of Finance as per Financial Regulations 24*
  6. Panel Decisions – *Adults and Children’s Social Care - Chief Officer’s scheme of delegation list.*
  7. Manual BACS/CHAPS Payment Authorisation – *Finance officers only.*
  8. Cheques over £50k and BACS - *Finance officers only*
  9. Investment Payments - *Technical Group only (senior accountant and above)*
- 5.2.3 The authorisation for the above should be locally managed by the Chief Officer for their Department. The completed authorised signatory form should be forwarded to Accounts Payable [ApManBrom@liberata.com](mailto:ApManBrom@liberata.com) to be held in their records. Any changes should be notified immediately that they occur and not as a result of an update requested by Accounts Payable Department.
- 5.2.4 Manual signatures can be captured by various types of equipment including scanners, photocopiers and fax machines. Once acquired, signatures can be transmitted electronically and copied between files, as well as being printed on paper documents.
- 5.2.5 An electronic document, such as an email, Word file or fax, containing a digitised signature is nowadays considered to be no different from a paper one which has been signed manually.
- 5.2.6 It is therefore important that individuals use images of their own signatures with care and that there are controls over the use of other people's digitised signatures.
- 5.2.7 Whereas for internal e-mails there is an assumption that they are from a verifiable source, you should seek assurances that external e-mails are similarly from a secure source.

Examples of electronic signatures are:

- Typed name
- E-mail address
- Scanned image of a signature
- Automatic e-mail signature



- 5.2.8 Images of signatures should be used only when essential and internally within the organisation.
- 5.2.9 Electronic signatures will not override instances where signatures or a seal is required e.g. contracts over £200k or where there is a legal requirement.

## **6. ORDERS AND CONTRACTS FOR GOODS, WORKS AND SERVICES**

### **Contacts: Legal / Internal Audit**

- 6.1 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. Local Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's contract and procurement rules.
- 6.2 Every officer and member of the Authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with appropriate codes of conduct.
- 6.3 Apart from petty cash and other payments from advance accounts, the normal method of payment from the Authority shall be through the banks' automated clearing system (BACS) or other electronic transfers of funds drawn on the Authority's bank accounts such as CHAPS or by cheque.
- 6.4 All orders should be raised on the i-Procurement system. Where this is not possible unique pre-numbered official hard copy orders should be raised, any exceptions should be agreed by the Director of Finance.
- 6.5 Chief Officers are responsible for the control of all orders held and issued by their department. They should determine which officers in their department should be allowed to be Initiating Officers and raise and authorise orders on their behalf.
- 6.6 It shall be the responsibility of an officer issuing an order to ensure, as far as is reasonable and practicable, that value for money is obtained in respect of each transaction. All arrangements for using Electronic Ordering, (other than through the Councils corporate - procurement system) needs the approval of the Procurement Section. Permission will be subject to proper audit trails and safeguards being in place.
- 6.7 An official order, or its equivalent, must be raised for all goods, works and services except where one or more of the following apply:
  - (i) Where a specific formal contract exists which does not incorporate any facility for the regular draw-down of services;

- (ii) Rents, business rates, council tax and utility services as supplies of a continuous and obligatory nature;
- (iii) Petty cash payments

**Where hard copy official orders, are used they shall as a minimum:**

- (iv) be clearly identifiable as an order from the London Borough of Bromley, including invoice address, officer contact etc.;
- (v) be serially numbered;
- (vi) be physically authorised by an authorised signatory;

6.8 Provided that the Director of Finance is fully satisfied, the method by which an official order is issued shall be at the discretion of the Initiating Officer, having regard to the requirements of this procedure, and the supplier e.g. by post or (with the Director of Finance' initial approval) by internet e-mail or via the supplier's web site. A copy of all authorised orders should be retained in the form issued.

6.9 In exceptional cases only, an oral order may be made. In such cases a confirmation order must be issued. The confirmation iProc order should be despatched the same day where possible and certainly no later than within two working days and should be clearly marked "confirmation only".

6.10 All goods, works and services ordered shall be for the exclusive use of the Council or an organisation which has established arrangements to make purchases through the Council's accounts.

6.11 All leasing arrangements must have the Director of Finance's prior approval.

**Orders and Authority**

6.12 No order shall be raised unless there is uncommitted budgetary provision to meet the estimated cost unless it relates to works necessary within Section 3.3 of these procedures.

## Minimum Requirements

- 6.13 Before placing an order the Initiating Officer shall estimate the probable cost of the goods works or services required. This estimated cost will determine the normal procedures to be followed in obtaining quotations or tenders. These procedures are outlined below:
- a) Up to £5,000 one oral quotation (confirmed in writing where the estimated cost or value exceeds £1,000) using the appropriate approved list
  - b) Over £5,000 – follow the Contract Procedure Rules

## 7. CONTRACT PROCEDURE RULES

**These are now contained in the Procurement part of the Managers Toolkit.**

7.1 Contract Procedure Rules must be complied with as applicable

Contract Procedure Rules

## **8. PAYMENT OF ACCOUNTS**

**Contacts: Internal Audit (Certification Controls) / Accounts Payable Accountancy (FIS Accounts Payable)**

### **8.1 PAYMENTS**

- 8.1.1 The Director of Finance is responsible for making safe and efficient arrangements for all payment of accounts. All payments on behalf of the Council shall therefore be made by the Director of Finance or under arrangements approved by them. All payments should be made through one of the Council's E payment systems (i-Proc; Social Care Information System; Confirm) wherever possible and unless otherwise agreed with the Director of Finance. Where this is not possible an agreed manual process system may be used.
- 8.1.2 Payments should be made against official invoices (or their equivalent e.g. Contractor Certificate of Payment) received from suppliers, and not against statements, delivery notes etc. The Director of Finance must specifically approve exceptions to this requirement, taking account of the risk and any compensating controls in place (e.g. Residential Care payments are currently exempted from this specific requirement).
- 8.1.3 Payment against copy invoices (i.e. duplicates / photocopies) should only be made where detailed checking has confirmed that no payment has been made against an original and the Certifying Officer should endorse the copy invoice to that effect. E-mailed invoices are acceptable with the approval of the Director of Finance, or their delegated representative.
- 8.1.4 The Director of Finance shall be responsible for deciding the most appropriate method of payment for categories of invoice. Payments will normally be made via electronic transfer (BACS); cheque payments should only be made by exception where a BACS payment is not possible. Where there is no practical alternative (e.g. remittance advice required), cheques should normally be despatched independently of Certifying Officers and other ordering or payments staff. Payments via BACS should only be made where the bank details have been confirmed by the supplier and checked by the Accounts Payable team.
- 8.1.5 Payments in advance should only be made where there is no practical alternative, and the reasons should be recorded. Payments should not be

made in advance of goods or services being delivered. Any invoice subsequently obtained should be filed with the original payment documentation, and endorsed appropriately to prevent duplicate payments.

8.1.6 Payments must be made under the Council's normal payment procedures unless there is good reason to make payments as urgent (e.g. to obtain a discount). In exceptional circumstances the Director of Finance will prepare manual cheques for urgent payments (i.e. where required immediately) but two Authorised signatories will be required.

8.1.7 The following checks should be conducted for all invoices received:

- Establish whether the invoice relates to an i-Proc order, a Confirm order, a Social Care Information System order or a purchase card payment.
- The invoice is correctly due and has not already been paid.
- The invoice matches or part matches the order.
- The goods or services billed for have been received.
- The invoice is arithmetically correct.
- Where VAT is charged the invoice is a valid VAT invoice.

8.1.8 Where an invoice is received with a corresponding purchasing card slip, this indicates that payment has already been made through use of a purchasing card. The invoice should be sent to the Cardholder (if shown on the invoice) or otherwise sent to Corporate Procurement.

8.1.9 Where the invoice relates to an i-Proc order the following additional checks should be undertaken:

- The i-Proc order number has been included.
- The value of the invoice does not cause the total amount and/or quantity allocated against an order to be exceeded by more than the tolerance set within i-Proc.

8.1.10 Where the above are satisfied the invoice should be passed for payment promptly.

8.1.11 If the value of an invoice relating to an i-Proc order causes the value of the i-Proc order to be exceeded by more than the tolerance then approval to change the value of the i-Proc order must be obtained.

8.1.12 Other anomalies should be referred to the supplier and a correct invoice supplied for payment.

8.1.13 Where on some occasions the invoice is correctly due, has not been paid previously and should have had an i-Proc order raised at the time the decision to purchase was made then the checks at FP8.1.7 should be conducted, an i-Proc order raised retrospectively, authorised and the invoice paid against it.

8.1.14 An i-Proc order is not required where one or more of the following apply:

- (a) i-Proc is unavailable
- (b) The invoice is a utility bill
- (c) The payment relates to an AP2
- (d) The payment has been approved via a feeder system, e.g. CONFIRM

8.1.15 An AP1 should be completed in all cases matching 8.1.14 a) or 8.1.14b). Utility Bills are exempt from the above authorisation controls.

8.1.16 Each Chief Officer shall arrange a suitable division of staff duties within their departments so that the officer who certifies an individual AP1/AP2 for payment shall not be the person who either approved the order or requisition, or has confirmed the receipt of goods or completion of the work concerned.

8.1.17 Chief Officers should ensure that all invoices input onto Accounts Payable for payment have been properly authorised and certified, with evidence of at least three designated officers having been involved in the whole process (ordering / receipt of goods or services / payment). The Director of Finance must specifically approve exceptions to this requirement e.g. where authorisation / certification is performed electronically or where less than three officers are involved in the process.

8.1.18 Chief Officers may delegate the authority to certify invoices to designated officers within their department. Chief Officers must supply to Accounts



Payable up to date details of such officers together with specimen signatures or evidence of authorisation and any financial limits that apply.

## **8.2 Checking Required**

- 8.2.1 The overriding principle to be adhered to is that authorisation and certification checks should be meaningful. To this end, they should be carried out and evidenced by those officers who are in a position to judge, for instance, whether goods / services have actually been received or whether invoice prices are correct. The evidence should also be unambiguous e.g. an isolated signature on an invoice does not make it clear what has been checked or what is being authorised or certified and is therefore not acceptable.
- 8.2.2 The certifying of individual invoices that do not relate to i-Proc orders shall only be made in writing on the AP1/2 form (or its equivalent).
- 8.2.3 No invoice shall be passed for payment unless it either relates to an i-Proc order (or other approved electronic ordering method, e.g. Confirm/ Social Care Information System) or the Certification “section” of AP1/AP2 is completed.
- 8.2.4 No alterations should be made to AP2 forms once they have been certified for payment. If an error is subsequently highlighted the form should be returned to the officer who certified the payment for correction. In situations where the AP2 form cannot be returned to the certifying officer, another authorised officer should certify the amendment on the AP2 form.
- 8.2.5 Certifying Officers are responsible for ensuring that adequate checks are performed and evidenced prior to the payment of an invoice to satisfy themselves that the payment is accurate and due to be paid.

8.2.6 The following checks are regarded by the Director of Finance to be good practice.

For all invoices, that:

- a) Where appropriate, a match is made with the official order, agreement, Council resolution or other document authorising the expenditure (this is done automatically by the i-Proc system);
- b) Prices are in accordance with quotations or are otherwise reasonable (this is done automatically by the i-Proc system);
- c) That the invoice arithmetic is correct;
- d) Goods have been received, examined and approved with regard to quantity and quality and / or that work done or services rendered have been satisfactorily carried out or provided (except in those cases approved by the Director of Finance at FP 8.2.7 -8.3.2 e.g. maintenance works where no adverse comments have been received);
- e) Where VAT is charged that the invoice carries the VAT registration number of the supplier;
- f) The invoice has not been previously passed for payment;
- g) The invoice is a proper liability of the Council, has been duly authorised (either via a corresponding i-Proc order (or other approved electronic ordering method, e.g. Confirm/Social Care Information System ) or an AP1/AP2 where an i-Proc order is not appropriate) and is, to the best of the Certifying Officer's belief, legal expenditure.

For a sample of invoices, additional pre or post payment checks as follows, that:

- a) Expenditure codings are correct. This must be one of the cost centre codes included in the budget holder's area of responsibility and must correspond with the type of goods, works or services described on the invoice;
- b) VAT issues have been complied with where they apply and any VAT has been properly accounted for (NB VAT invoices should never be amended by officers and attention is drawn to the Director of Finance);
- c) Where appropriate, that any assets have been entered into the relevant departmental inventory or stores record (see Section 17).

8.2.7 The Director of Finance recommends the following as the appropriate sample for these additional checks:

<u>Value of Invoice</u>	<u>% to be checked</u>
Under £2,500	5
£2,500 - £10,000	20
Over £10,000	100

8.2.8 Officers certifying batches of invoices onto the Accounts Payable system should carry out sufficient checks to ensure that corresponding i-Proc orders exist, or AP1's or their equivalents are appropriately signed off and that the amounts and supplier details on the invoice match the certification document.

### **8.3 Verification of Goods / Services Received**

8.3.1 In recognising the practical difficulties associated with verifying the supply of goods or services received in certain circumstances the following approved exceptions will apply to the requirements at paragraph 8.2.6(d) above. In these circumstances for non i-Proc related expenditure the Goods / Services box on the relevant AP1 may be marked by the Authorising or Certifying officer as "not applicable" or "n/a".

8.3.2 However, officers responsible for such systems should ensure, in liaison with Internal Audit, that they design and implement sample checks on goods / services received which are appropriate to the level of risk and available resources. In particular, the Directors of Education, Adults & Children's Social Care Services should make proper arrangements for the linkage of service visits and inspections to the systems in place for the checking of goods and services received.

### **8.4 Maintenance**

8.4.1 Invoices relating to building maintenance works or personal care aids and adaptations for which there is no corresponding i-Proc order may be certified on the basis of "no adverse comments received". Site inspections must still be performed wherever practicable, using either the sample sizes recommended by the Director of Finance at FP8.2.7 or in Education, Adults and Children's Social Care Services by inspecting as part of pre-arranged visits from care managers.

## **8.5 Placements**

Education, Adult & Children's Social Care Service placements e.g. in temporary accommodation, children's day care or with permanent and temporary residential placements, may be certified without prior physical inspection provided that: (a) the invoice is independently matched to the approved official order (or its equivalent) and (b) certifying officers promptly take account of information received from care providers and any relevant compensating controls already in place within the system e.g. visits to clients by care managers, temporary accommodation registration signing sheets, adverse comments received from clients when making financial contributions.

## **8.6 Direct Care**

As with placements, invoices relating to homecare services (e.g. personal and domestic care) may be certified without prior physical inspection provided that: (a) the invoice is independently matched to the approved official order (or its equivalent) and (b) certifying officers promptly take account of information received from care providers and any relevant compensating controls already in place within the system e.g. visits to clients by care managers, adverse comments received from clients when making financial contributions.

## **8.7 Creditors Provision**

As soon as is practicable after the end of each financial year Chief Officers at the request of the Director of Finance must provide details of the outstanding payments relating to that year for which creditors provision should be made in the final accounts.

## **8.8 Late Payment of Debts**

Guidance on Late Payment of Debts legislation is set out in the [Appendix 5](#)

## **8.9 Purchasing Cards**

- 4 Purchasing Cardholder Procedures issued to officers must be complied with as applicable. The policy and procedures relating to purchase cards can be found by following the link below

[http://onebromley/BA/Pub\\_Res/Pub\\_FMD/Pub\\_proc/Pages/PurchCards.aspx](http://onebromley/BA/Pub_Res/Pub_FMD/Pub_proc/Pages/PurchCards.aspx)

## 9. IMPREST ACCOUNTS & PETTY CASH

### **Contacts: Corporate Finance / Internal Audit (Internal Controls)**

- 9.1 The Director of Finance may, at his discretion and at the request of Chief Officers, make available imprest accounts to facilitate the cost-effective payment of minor items of expenditure on behalf of the Council. Petty cash payments should only be used when there is no other alternative.
- 9.2 Where appropriate, the Director of Finance shall open an account or personally approve arrangements for the opening of an account with the Council's bankers for use by a named and responsible officer nominated by the relevant Chief Officer who will be the imprest holder. Under no circumstances is such an account to be allowed to become overdrawn.
- 9.3 Any officer to whom an imprest has been made available shall be responsible for the control and operation of the imprest account. In particular, each such officer shall:
- a) Ensure that vouchers are obtained and retained to substantiate payments made;
  - b) Ensure that receipts, where possible, relating to expenditure from an imprest are attached to the relevant voucher;
  - c) Ensure the safe custody of imprest monies and cheques in their possession;
  - d) Restrict the amount of any individual payment to £250 (including VAT), unless prior approval has been obtained from the Director of Finance. (This approval will normally be delegated to the relevant Head of Finance). Imprest holders must not sub-divide payments to a single recipient;
  - e) Properly account for VAT on all imprest account transactions (see Section 10), and ensure that HMRC requirements are fully complied with. **NB a till receipt for items > £250 is not sufficient for VAT return purposes;**
  - f) Account to the appropriate Chief Officer for the amount advanced on leaving the employment of the Council or otherwise ceasing to be responsible for holding the imprest.
  - g) Ensure that the account is reconciled regularly, that regular reimbursement is sought and that the adequacy of the imprest amount / continuing need for the imprest is regularly reviewed;
  - h) Sign a statement at the end of each financial year confirming the amount of the imprest held. This should also be counter-signed by a senior officer.

- 9.4 No sums received on behalf of the Council may be paid into an imprest account but shall be banked separately.
- 9.5 Every transfer of an imprest account from one member of staff to another shall be evidenced in the records of the department concerned by the signatures of the officers concerned.
- 9.6 The general principle of imprest accounting is that at any time the cash and bank balance, together with the aggregate value of any receipts on hand, unreimbursed claims and cheques not credited should total the approved imprest account balance. At no stage should the cash balance be allowed to fall below zero.
- 9.7 If it becomes apparent that the current level of imprest is insufficient, the items on which the imprest is expended should be reviewed. If it is clear that there is no reasonable alternative to expenditure through the imprest, a formal request in writing to have it increased should be made to the Director of Finance. (This approval will normally be delegated to the relevant Head of Finance).
- 9.8 No officer shall authorise their own claims from an imprest account. Certification by or under delegation from a Chief Officer shall be taken to mean that the certifying officer is satisfied that the expenses and allowances claimed are properly and necessarily incurred and are properly payable.
- 9.9 Expenditure which should form part of the payroll system and should be processed through the HR system including car allowances and travel shall not be processed through imprest accounts.
- 9.10 The encashment of personal cheques and the advancing of loans from an imprest is strictly forbidden.

### **Petty Cash**

- 9.11 All relevant Financial Procedures above, and specifically paragraph 9.3, shall also apply to petty cash floats.

- 9.12 All departments holding petty cash should ensure that, at all times, cash is adequately secured. As a minimum this should be in a cash box within a lockable drawer.



## 10. VAT

**Contact: Corporate Finance**

- 10.1 Chief Officers must ensure that VAT is identified and correctly accounted for in respect of all income and expenditure (including imprest) in accordance with current VAT Regulations. Failure to do so can lead to loss of income and/or imposition of penalties by HM Revenue and Customs.
- 10.2. VAT should not be paid unless the supplier's VAT registration number is shown on the invoice. Certifying officers (as defined in Section 8 of these Regulations) shall satisfy themselves that all suppliers' invoices for goods, works or services have complied with relevant VAT legislation.
- 10.3 Officers responsible for instigating income collection for the Council shall satisfy themselves that the Council has complied with the relevant VAT legislation with regard to the supply of its services.
- 10.4 VAT should only be accounted for on imprest payments where the supplier's VAT registration number is shown on the receipt.
- 10.5 All limits shown in these Regulations exclude VAT.
- 10.6 Further guidance and advice on VAT matters is contained in Financial Procedures and is also available from the Principal Accountant in the Division.

## **11. SALARIES, WAGES & PENSIONS**

**Contact: Human Resources**

### **11.1 General**

11.1.1 Staff costs are the largest item of expenditure for most local Authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that member' allowances are authorised in accordance with the scheme adopted by the Full Council.

11.1.2 All payments of salaries, wages, pensions, compensation and other emoluments to all employees and pensioners of the organisation shall be made by the Director of HR & Customer Services or under arrangements approved by them. Salaries and wages must not be paid through the creditors system.

11.1.3 All payments, including travel, subsistence and other allowances shall be made in accordance with current legislation, HMRC Regulations and relevant decisions of the Council.

11.1.4 Each Chief Officer, or their nominated representative, shall notify the Director of HR & Customer Services as soon as is practicable of all matters affecting the payment of emoluments and in particular:

- appointments, resignations, retirements, dismissals, suspensions, secondments, transfers and deaths, and for pensions, changes in marital status, dependants and deaths;
- amounts to be recovered from pay e.g. repayment of training expenses on leaving;
- absences from duty for sickness or other reason (e.g. jury service), apart from approved paid leave;
- changes in remuneration (either permanent or temporary), other than normal increments, pay awards and agreements of general application;
- Information necessary to maintain records of service for pensions, income tax, national insurance etc. This will include information on benefits in kind necessary to complete HMRC forms P11D for employees e.g. Council leased cars;

- All time records affecting payments due.

**Notification may be by on-line entry into systems where appropriate.**

11.1.5 All salaries, wages and pension records, including those relating to 11.4 will be in a form approved by the Director of HR & Customer Services and shall be certified by an officer authorised in accordance with 11.3. All such records should be submitted to the Director of HR & Customer Services in accordance with the timetables and deadlines determined by them.

## **11.2 Self-Employed Status**

11.2.1 All payments to individuals, who consider themselves to be self-employed in respect of services provided to the Council, shall still be processed through the payroll system unless the status of the individual has been confirmed as self-employed in accordance with the latest HMRC Guidelines.

11.2.2 For further guidance contact Human Resources

## **11.3 Pension Life Certificates**

11.3.1 The Director of Finance shall ensure that life certificates are obtained in respect of pension beneficiaries living abroad at least every two years, with at least half the beneficiaries being checked each year, unless satisfactory alternative automated mechanisms are in place e.g. Tell Us Once (death notification). Also, additional information is required for child benefits for those over the age of 18.

11.3.2 The data matching of pension payrolls to official national records of deceased persons as part of the National Fraud Initiative (NFI) project has provided the first automated, cost-effective and reliable alternative to life certificates. This is significant because if a fraud is being committed, a life certificate sent out by the Council will almost certainly be returned with a false signature.

11.3.3 Records of deceased persons are now provided by the Tell Us Once to pension administrators and payrolls. In the absence of a Tell Us Once notification, an original certified death certificate is required.

## **11.4 Travel, Subsistence & Other Allowances**

- 11.4.1 All claims for the payment of car allowances, subsistence allowances, travelling and incidental expenses in relation to the performance of official duties shall be completed on the online HR system and paid in accordance with approved Council procedures as currently in force.
- 11.4.2 Below Chief Officer level, claims by officers must be certified by an appropriate line manager, authorised to do so by their Chief Officer. The certification by said officer shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

## 12. INCOME

### Contact: Exchequer Services

- 12.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cash flow and also avoids the time and cost of administering debts.
- 12.2 The identification of all monies due to the Council is the responsibility of the relevant Chief Officer.
- 12.3 Chief Officers will take prompt action to either:
- Collect the income due within arrangements approved by the Director of Finance and Section 5 of these Regulations; or
  - Raise an account for inclusion in the Council's debtors system, to enable the Director of Finance to ensure that appropriate recovery procedures are undertaken where necessary.
- 12.4 Every remittance or sum of money received by a cashier or other officer employed by the Council or received by a contractor on behalf of the Council, shall immediately be acknowledged by the issue of an official receipt, ticket or voucher except where special arrangements have been agreed by the Director of Finance.
- 12.5 If a payer by cheque does not require a receipt, the amount should still be recorded with the receipt being retained. The form of all receipts, tickets vouchers or other official documents in use should be approved by the Director of Finance. Receipt books should be serially numbered and a register should be kept of all receipts and issues of such documents to officers, which shall be acknowledged by the signature of the recipient.
- 12.6 All monies received on behalf of the Council should be paid forthwith at the Director of Finance's instructions either to his appointed contractor or be banked direct to the credit of the Council. Every employee who receives monies shall maintain a record, in a form approved by the Director of Finance, of all amounts received and deposited.
- 12.7 Every transfer of official money from one member of staff to another will be evidenced in the records of the department concerned by the signature of the receiving officer.
- 12.8 All bankings must be made promptly and intact i.e. personal cheques should not be cashed out of money received on behalf of the Council and official expenditure should not be incurred (i.e. deducted) from monies collected and due to be banked.

- 12.9 All officers responsible for banking monies should ensure that cheque and cash payments are processed in accordance with the Cashiers Postal Receipts and Cashiers Kiosk Maintenance procedures or the Collection and Deposit process. Where individual cheques are received on the reverse of each cheque, the officer should enter the relevant reference and the name of the relevant department or division.
- 12.10 Payment Kiosks are to be used exclusively for the collection of Council income unless otherwise agreed by the Director of Finance.
- 12.11 All payments must be reconciled daily to the Cash Management System Controls and deposited into the Council's bank account within 1 working day. All unidentified income within the Cash Management System must be investigated and cleared promptly.
- 12.12 All debit/credit card payments via the Council's Cash Management System, the internet, Touch Tone system or Portals must comply to Payment Card Industry Data Security Standards (PCI DSS)
- 12.13 Responsibility for the safe keeping of all Council monies must be designated by Chief Officers to specified officers within their departments; this can include the relevant Head of Finance.
- 12.14 Where monies are held overnight, secure arrangements must exist for their safekeeping. Keys to safes and other secure containers should be carried on the person of the key-holder or kept under secure conditions. Care should be taken to ensure that the monies held do not exceed the insurance value of the secure facilities provided (see Section 15).
- 12.15 All charges determined by the Council shall be reviewed at least annually by the Executive or by officers under delegated arrangements. Such reviews should consider the possibility of introducing charges where none are currently made.
- 12.16 Any decision to write-off an amount must be taken with the authority of the Director of Finance, whether exercised personally or properly delegated by them to a member of his staff. The amounts involved, and approval granted, should be recorded in the accounting records. Write-off procedures are detailed in Section 24 of these procedures.
- 12.17 As soon as is practicable after the end of each financial year Chief Officers at the request of the Director of Finance must provide details of the outstanding debts relating to that year, for which debtors provision should be made in the final accounts.

### **13. BANKING ARRANGEMENTS**

#### **Contact: Technical**

- 13.1 All banking arrangements should be made through or by the Director of Finance, who is responsible for liaising with the Council's bankers in relation to the Council's bank accounts and the issue of cheques.
- 13.2 The Director of Finance shall be authorised to operate such subsidiary bank accounts as he deems necessary. Only the Director of Finance may open or close a bank account for dealing with the Council's funds. All bank accounts shall be in the name of the Council and never an individual.
- 13.3 An overdraft on the Council's main bank account shall be permitted only to the extent approved by the Director of Finance. Subsidiary bank accounts shall not be permitted to become overdrawn. In the event that this does happen, the appropriate Chief Officer shall ensure that corrective action is taken immediately.
- 13.4 The Director of Finance shall ensure that the Council's main bank account is reconciled at least once a month and subject to independent review, with large or unusual items investigated as appropriate.
- 13.5 The appropriate Chief Officer shall ensure that all subsidiary accounts under their control (including those operated by contractors on the Council's behalf) are reconciled at least once a month, as above.
- 13.6 Cheque stationery (other than standard cheque books for subsidiary accounts) shall be ordered only on the authority of the Director of Finance who shall ensure that adequate cheque registers are maintained and regularly reconciled to records of cheques issued by the Council.
- 13.7 Adequate security arrangements shall be maintained by the appropriate Chief Officer for all unused cheques for accounts under their control.
- 13.8 Except for cheque stationery pre-printed with a facsimile signature of the Director of Finance, cheques should only be signed by an approved signatory after the cheque (including its counterfoil) has been completed in full. They should not be pre-signed under any circumstances.
- 13.9 Every crossed cheque for an amount of £50,000 or more and every manual cheque of £1,000 or more shall be countersigned by an authorised signatory empowered by the Director of Finance.

## 14. TREASURY MANAGEMENT

### **Contact: Technical**

- 14.1 Treasury Management comprises all the borrowing and investment activities of the Authority except those relating to the Pension Fund. Specifically it includes the formulation and monitoring of strategy, cash management, debt management and banking arrangements.
- 14.2 A Treasury Policy Statement and an Annual Treasury Strategy setting out the Authority's strategy and policies for cash management, investments and borrowings (short term and long term) shall be adopted by the Council and thereafter its implementation, monitoring and review shall be delegated to the Resources Portfolio Holder. The Council shall adopt Prudential Indicators, designed to monitor and control treasury management activities, which will thereafter be monitored by the Executive.
- 14.3 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Director of Finance.
- 14.4 All Executive decisions on borrowing, investment or financing (within policy parameters) shall be delegated to the Director of Finance or through them to staff designated by them, who shall be required to act in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Local Authorities. (See below).
- 14.5 All borrowing and investments shall be in the name of the Council and shall conform to any relevant regulatory requirements. The Director of Finance and his staff are required to act in accordance with the Council's treasury management policy statement as approved by the Council.
- 14.6 The Director of Finance shall report to the Resources Portfolio Holder not less than three times in each financial year on the activities of the Treasury Management operation and on the exercise of the treasury management powers delegated to them or her including monitoring compliance. One such report shall comprise the Annual Report for presentation by 30<sup>th</sup> September of the preceding financial year.



## **15. INSURANCE AND SECURITY**

### **Contact: Insurance**

- 15.1 It is the overall responsibility of the Executive to approve the Council's Risk Management strategy and to promote a culture of risk management awareness throughout the Council. The Director of Finance shall be responsible for effecting or approving the arrangements for instituting all insurance cover on behalf of the Council, and for negotiating claims, after consultation where necessary with other officers. The Director of Finance will also make arrangements to ensure that appropriate records are kept of all property and risks covered.
- 15.2 This responsibility is delegated on a day-to-day basis to the Insurance and Risk Manager in the Chief Executives Department, and covers all of the organisation's assets, as well as claims which may arise in connection with the provision of the Council's services, or from its legal liabilities as an employer, or to third parties.
- 15.3 Separate arrangements exist for Schools under the School Standards & Framework Act 1998, but the Local Authority (LA) will require the School to demonstrate that cover relevant to the LA's insurable assets, under a policy arranged by the Governing body, is at least as good as the relevant minimum cover determined by the LA if the LA makes such arrangements.
- 15.4 Every Chief Officer shall notify the Director of Finance promptly in writing of any proposals that will change cash storage or alter significantly the value of stocks or stores held, or alterations to Council buildings within their department. Any additions, deletions or alterations in the functions of the department, that could increase or decrease insurable risk should also be notified in writing. The Director of Finance will give advice as appropriate.
- 15.5 Every Chief Officer shall immediately notify the Insurance Section in writing and where appropriate, the Police upon the occurrence of any loss, damage, liability or potential liability in connection with their department. Notification is not required if the value is less than £500. Evidence supporting the claim should be provided in such form as may be required by the Insurance Section.
- 15.6 Chief Officers need to notify the Director of Finance of all cash holdings for insurance purposes. The Director of Finance will advise Chief Officers of their maximum level of cash holdings for insurance purposes.
- 15.7 Each Chief Officer is responsible for maintaining adequate security at all times for all assets under their control. All monies must be locked away when unattended.

- 15.8 Each Chief Officer is responsible for ensuring adequate reference checks are carried out for positions with financial responsibility to ensure the Council complies with its fidelity guarantee insurance arrangements.
- 15.9 Keys to safes and similar receptacles shall be in the safekeeping of those responsible at all times. The loss of any such keys shall be reported to the relevant line manager immediately.
- 15.10 Chief Officers must ensure that the Director of Finance is kept informed of any changes to the official departmental safe inventory, whether new safes or replacements.
- 15.11 All overnight cash holdings in safes must in practice be agreed with the Insurance and Risk Manager. A safe schedule will then be maintained containing relevant details e.g. location, type, permitted maximum holding and the agreed amount for the particular location. The overnight limit includes anything defined as money including paper currency, coin, bank notes, bullion, cheques, travellers cheques registered cheques postal orders and money orders.
- 15.12 The Director of Finance is responsible for ensuring that all appropriate employees of the Council shall be included in suitable fidelity insurance.
- 15.13 No employee shall admit liability, take any action or enter into any correspondence admitting liability on behalf of the Council without first consulting with the Director of Finance.
- 15.14 Any officer of the Council who is authorised to make use of their own vehicle in the execution of the Council's business shall be responsible for effecting adequate insurance cover for such use and shall produce to their Chief Officer or the Director of Finance on request evidence of the adequacy of such cover.
- 15.15 The Director of Finance shall be responsible for insuring leased cars.

## **16. STOCKS AND STORES**

### **Contacts: Head of Finance / Internal Audit**

- 16.1 Chief Officers are responsible for establishing adequate arrangements for the receipt, checking, care, safe custody and issue of stocks and stores held by their department.
- 16.2 Each Chief Officer shall ensure that stocks and stores holdings shall not be in excess of the reasonable requirements of their department. In determining reasonable requirements, due regard shall be paid to the value, usage, and reorder periods of the items concerned as well as perishability and obsolescence.
- 16.3 Each Chief Officer shall ensure that records are maintained of stores received; stores issued and balance in respect of their department. The systems used for stores accounting in departments must have approval of the Director of Finance.
- 16.4 Each Chief Officer shall arrange for regular stock taking of significant stores held by their department, preferably involving examination by officers other than the storekeeper(s). This shall include an annual stocktaking following which a certificate of stock held shall be completed, a copy of which will be forwarded promptly to the Director of Finance.

## 17. PLANT AND EQUIPMENT

### Contact: - Internal Audit

- 17.1 The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a prerequisite for proper fixed asset accounting and sound asset management
- 17.2 Chief Officers are responsible for the safe custody of the plant, machinery, vehicles, furniture, equipment and other non-consumable property held within their department.
- 17.3 Each Chief Officer shall maintain inventories listing all moveable equipment (but not furniture, filing cabinets etc) in the custody of their department which:
- Cost or is valued in its current condition at more than £1,000: or
  - Is attractive and portable: and
  - Is not in store
- 17.4 The inventory should where applicable record details of make, model number etc of equipment held and wherever possible a serial number, and at least one copy should be held separately from the assets that it lists.
- 17.5 Each Chief Officer shall arrange for physical verification of the items on their inventory records to be undertaken at least annually. This verification should be evidenced in writing, signed by the officer(s) concerned and retained for audit purposes.
- 17.6 The Council's property shall not be removed except in the normal course of the Council's business or used otherwise than for the Council's purposes unless specifically authorised by the Chief Officer concerned. Where a Chief Officer authorises temporary removal of property, a formal record shall be maintained indicating where the property can be located and shall be signed by the officer responsible for its safekeeping.
- 17.7 So far as is practical, all items should be effectively marked (using current security techniques e.g. invisible ink) as Council property.

## **18. LAND AND PROPERTY**

### **Contact: - Strategic Property**

- 18.1 The Director of Housing, Planning and Regeneration shall ensure that a comprehensive terrier of all land and properties held by the Council is maintained.
- 18.2 The Director of Corporate Services shall have the custody of all the title deeds in the possession of the Council under secure arrangements.
- 18.3 The Council has adopted a Corporate Landlord approach to how it treats its operational assets.
- 18.4 The Council owns the property assets from which services are delivered or are supported. The Corporate Landlord approach sees that all decisions affecting property assets will be considered from a Corporate perspective. Service occupiers will not be free to make independent decisions regarding the use or utilisation of Council premises. The corporate landlord model applies to all Council premises including local authority controlled schools regardless of whether premises related budgets are centralised or devolved
- 18.5 Service departments are effectively “tenants” within the premises they occupy and will have defined responsibilities for the premises they occupy
- 18.6 The introduction of the corporate landlord model is to ensure good stewardship of the Council’s property assets and it is important that service occupiers understand the roles they have to play in the process.
- 18.7 Strategic Property will ensure that premises related budgets are used wisely and effectively to provide best value; buildings are used efficiently, meet legislative requirements, are properly maintained, having regard to available budgets, and accessible to service users.
- 18.8 The desired outcome is enhanced service delivery through ‘fit for purpose’ buildings which contributes to customer satisfaction with the service received. This management arrangement facilitates the efficient utilisation of property assets and the potential for realisation of operational savings.
- 18.9 The Corporate Landlord will take responsibility for providing a corporate and consistent policy/standard approach to:
  - Acquisition and disposal
  - Space standards and utilisation
  - Repair and maintenance

- Premises related Health and Safety requirements
- Premises related Statutory inspections
- Security, caretaking and cleaning
- Disabled access requirements
- Utility Management

18.10 The underlying Core Principles of the Corporate Landlord model are:

- Deliver best consideration for the Council's assets in accordance with s.123 Local Government Act 1972.
- Increase income from the Council's property assets (long term revenue streams preferred to one-off capital receipts)
- Reduce expenditure on the Council's property assets
- Optimise assets to meet the Council's corporate objectives:
- Provide quality modern operational buildings for staff and customers that will help the Council to deliver outstanding service to customers and attract and retain talented professional staff.
- Release surplus operational estate for long-term revenue income and/or development
- Achieve 100% compliance (physical buildings and H&S)
- Consolidated and transparent single property budget, held by Property & Economy (ALL property income and expenditure is centralised – Services have any property cost codes/budgets removed and centralised)
- Account for full market rent for ALL buildings, including operational ones.
- Hold live Asset information that can be easily and simply reported/communicated and properly used to strategically optimise asset management as well as respond to enquiries from Members and the public.

18.11 The Insurance and Risk Manager should be informed of all acquisitions, disposals and alterations of property to ensure that the Council's insurance

schedule accurately represents the land and property held by the Council at any given time.

18.12 Under section 123 of the Local Government Act 1972, the Council has the power to dispose of land. The main caveat to this power is that the council must not do so for “a consideration less than the best that can be reasonably obtained”. This is interpreted as being the best price achievable in the open market.

18.13 The focus of the duty is on the outcome rather than any particular process being followed. That said, if a disposal were to be challenged, the Courts are likely to find the duty to obtain best consideration has not been complied with where:

- there is a failure to take proper advice;
- proper advice has been obtained but there has been a failure to follow it or reasons that cannot be justified; or
- advice has been obtained and followed, but the advice is so plainly wrong that the Council either knew or ought to have known it was acting unreasonably

18.14 There is a current General Consent (the General Disposal Consent (England) 2003), which gives consent to the disposal of any interest in land at less than best consideration where the council considers it will help it to secure the promotion or improvement of the economic social or environmental well-being of its area, subject to the condition that the undervalue (i.e. the difference between the consideration obtained and the best consideration that can reasonably be obtained) does not exceed £2million.

18.15 Should the Council wish to dispose of an asset, The Director of Housing, Planning and Regeneration shall ensure that appropriate advice is sought and reported to ensure that the requirements of Section 123 of the Local Government Act 1972 are complied with.

## 19. DISPOSAL OF ASSETS

### Contact: Internal Audit

- 19.1 Each Chief Officer is responsible for ensuring that the best possible price is obtained from the disposal of assets under their control.
- 19.2 Where the estimated current value of the asset exceeds £1,000 but is less than £50,000 the following should be considered:
- Offer the item(s) to all Council Departments;
  - Sealed tenders or offers;
  - Advertising;
  - Sale by public auction;
  - Sales to staff (this method of disposal should be used only where there are good reasons for not pursuing other alternatives and should always be by sealed offers unless otherwise agreed by the Director of Finance).
- 19.3 Where the estimated value of the asset(s) is over £50,000, the tendering procedures in Contract Procedure rules shall be followed. Subject to 19.4 where the estimated value of the asset is up to £50,000 at least three tenders should be sought and at least two should be obtained and where the asset is estimated to exceed £50,000 in value, at least four competitive tenders should be sought and at least three obtained. All tenders should be received in plain sealed envelopes bearing the word "Tender" and the subject matter to which it relates. It shall not bear any name or mark which would identify the sender. Tenders should be opened at the same time by the Initiating Officer. Where the estimated value of the asset exceeds £150,000, another officer other than the one responsible for the acceptance of the highest bid shall be present.
- 19.4 Where the assets to be disposed of consists of land or premises the procedures set out in section 18.12 to 18.15 (Strategic Property) should be followed.



## **20. INTERNAL & EXTERNAL AUDIT**

**Contact: Internal Audit**

### **20.1 Internal Audit**

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit (England) Regulations 2015 state that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Accounts and Audit Regulations require the Authority (“relevant body”) to maintain responsibility for Internal Audit, rather than the Responsible Financial Officer (RFO) designated under section 151 of the Local Government Act 1972. However, Bromley, like many other Local Authorities, has delegated this responsibility to the Director of Finance.

The Public Sector Internal Audit Standards define internal auditing as ‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’

Managers should ensure that auditors are provided promptly with any information and explanations that they seek in the course of their work.

Managers should consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

Where necessary, and on production of proof of identity and authority, the Head of Audit and Assurance or his staff shall have the right to enter, without prior notice, every establishment or department of the Council and require any officer, Member, teacher or governor:

- To make available all documents of the Council which relate to their accounting and other records as appear to the Auditor to be necessary for the purpose of the audit, including any information of a confidential nature;

- To supply such explanations and information as are considered necessary for the purpose of the audit;
- To produce cash, stores or any property of the Council in their custody.

## **20.2 Internal Control**

20.2.1 The Authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.

20.2.2 The Authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

20.2.3 The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

20.2.4 The system of internal controls is established in order to provide measurable achievement of:

- Accomplishment of its objectives and goals
- Efficient and effective operations
- Reliable financial information and reporting
- Compliance with laws and regulations
- Risk management
- Safeguarding its assets

20.2.5 The key controls and control objectives for internal control systems are:

- Key controls should be reviewed on a regular basis and the Authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
- Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- An effective Internal Audit function that is properly resourced. It should operate in accordance with the principles contained in the Public Sector

Internal Audit Standards and with any other statutory obligations and Regulations.

20.2.6 An adequate and effective system of Internal Audit of the accounting records and control systems of the Authority will be maintained by the Director of Finance, under delegated authority from the Council.

### **20.3 External Audit**

20.3.1 The Local Audit and Accountability Act 2014 sets out the framework for the audit of local authorities. Public Sector Audit Appointments Limited is currently responsible for appointing the External Auditors to the Council. The External Auditor has rights of access to all documents and information necessary for audit purposes.

20.3.2 The basic duties of the External Auditor are defined in the Local Audit and Accountability Act 2014 and the Local Government Act 1999. In particular the Code of Audit Practice issued by the National Audit Office and Terms of Appointment 2015 set out, what External Auditors must follow when carrying out their duties. The Code of Audit Practice sets out the auditor's objectives to review and report upon:

- the financial aspects of the audited body's corporate governance arrangements
- the audited body's financial statements
- whether, in the auditor's view, the audited body has put arrangements in place that support the achievement of value for money

20.3.3 The Authority's accounts are scrutinised by the External Auditors, who must be satisfied that the statement of accounts give a 'true and fair' view of the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.

## 21. PREVENTING FRAUD & CORRUPTION

### Contact: Internal Audit

- 21.1 The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority.
- 21.2 The Authority's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and good practices.
- 21.3 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.

Managers should ensure that fraud risks are considered in all individual systems and processes in their area of responsibility. Appropriate controls for the prevention and detection of fraud and corruption should be incorporated accordingly and operate effectively.

- 21.4 Any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or other resources must be reported immediately to the Head of Audit and Assurance in accordance with the Authority's Fraud Response Plan. The Head of Audit and Assurance, if he considers it appropriate, may conduct an independent investigation.

Any staff reporting suspicions under the 'Raising Concerns' ("whistle blowing") procedure will be dealt with in a way that shows their concerns are being taken seriously and with respect and confidentiality.

Pending investigation and reporting, the senior officer of that business area, in conjunction with Internal Audit, must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

- 21.5 Any suspected irregularities involving senior officers or Members must be reported to the Chief Executive and the Monitoring Officer.
- 21.6 Managers must not undertake fraud investigations. Fraud investigation should only be investigated by the Greenwich Fraud Team who the Authority has a partnership agreement with via Internal Audit.
- 21.7 All staff must co-operate with any fraud investigations.

- 21.8 A decision to involve the police or other agency to investigate a suspected fraud should only be made by the Director of Finance in consultation with the relevant Chief Officer and the Monitoring Officer. This will be for circumstances where sufficient evidence exists to believe that a criminal offence may have been committed.
- 21.9 The Authority's disciplinary procedures should be instigated where the outcome of an audit or investigation indicates that improper behaviour has occurred.
- 21.10 Further guidance is contained in the Anti-Fraud & Corruption Strategy [http://onebromley/BA/Pub\\_CE/Pub\\_Audit/Pub\\_IA/Lists/News%20Items/Attachments/11/Anti-fraud%20and%20corruption%20strategy.pdf](http://onebromley/BA/Pub_CE/Pub_Audit/Pub_IA/Lists/News%20Items/Attachments/11/Anti-fraud%20and%20corruption%20strategy.pdf)

## **22. INFORMATION SYSTEMS**

### **Contact: Information Systems / Internal Audit**

- 22.1 Departments have many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. Departments are reliant on ICT for their financial management, service and other information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 22.2 The Director of Finance and Director of Corporate services respectively have a professional responsibility to ensure that the Authority's financial and ICT systems are sound and must be notified, in advance, of any new developments or changes that may affect financial management, service and other relevant information .
- 22.3 All Council financial transactions must be processed through the corporate information systems of the Authority or its approved contractors. To ensure satisfactory standards and control, these systems may only be used with the approval of the Director of Finance.
- 22.4 All Officers are responsible for ensuring the accuracy and integrity of any information input and stored within the Council's financial and management information systems.
- 22.5 The Director of Corporate Services shall ensure that adequate procedures exist to ensure compliance with the principles of current Data Protection laws and other relevant legislation including Freedom of Information and Human Rights Acts in respect of personal data held in computerised and manual information systems.
- 22.6 All employees have a responsibility to ensure that they do not cause the loss, unauthorised destruction or disclosure of personal data in contravention of such principles.
- 22.7 The Director of Corporate Services or their nominated representative is the Council's Data Protection Officer and will be responsible for maintaining a central database, recording all systems to be included in notifications to the Data Protection Commissioner. They will be

responsible for making such notifications as and when required by the Commissioner.

22.8 Chief Officers shall be responsible for ensuring that they and their staff comply with the Council's IT Security Policy and Guidelines and Data Protection

22.9 Each Chief Officer shall be responsible for ensuring that access to computer systems under their responsibility is properly controlled (e.g. appropriate use of, and regular changing of, confidential passwords) and that information is safeguarded by backup copies being taken and kept securely.

22.10 All Officers and Members should comply with the Authority's published policy; "Acceptable Use Policy for Internet and E-Mail"

[http://onebromley/BA/Pub\\_IM/TeamInfoMan/Published%20Documents/Acceptable%20use%20policy%20for%20Internet%20and%20email.pdf](http://onebromley/BA/Pub_IM/TeamInfoMan/Published%20Documents/Acceptable%20use%20policy%20for%20Internet%20and%20email.pdf)

## **23. GIFTS & HOSPITALITY**

**Contact: Director of Corporate Services**

- 23.1 All employees and Members of the Council shall be governed by the Council's Codes of Conduct for the acceptance of Gifts and Hospitality.
- 23.2 Material gifts or hospitality offered by an individual or company that does or could provide services to the Council should be refused where they are offered as an inducement to secure favour.
- 23.3 Each Chief Officer shall maintain a register of all gifts and hospitality received by individual members of staff in their department. Any hospitality or gifts accepted must be recorded in the relevant register. The Director of Corporate Services holds a separate register for Members for this purpose.

[http://onebromley/BA/Pub\\_LandDS/Pub\\_DandCS/Team\\_DandCS/Team\\_DS/Team\\_CT/Published%20Documents/Gifts%20and%20Hospitality%20Code%20of%20Conduct.doc](http://onebromley/BA/Pub_LandDS/Pub_DandCS/Team_DandCS/Team_DS/Team_CT/Published%20Documents/Gifts%20and%20Hospitality%20Code%20of%20Conduct.doc)



## **24. PROCEDURES FOR WRITE-OFFS**

### **24.1 Background**

- 1.1.1 Circumstances may arise in which amounts due must, for all practical purposes, be deemed uncollectable.
- 1.1.2 The Accounts & Audit Regulations 2015 require that in such circumstances a decision to write-off an amount must be taken with the authority of the “Section 151 Officer” (i.e. Director of Finance), whether exercised personally or properly delegated by them to a member of their staff. The amounts involved, and approval granted, should be recorded in the accounting records.
- 1.1.3 No such provisions apply where debts are “cancelled” i.e. because they were incorrectly raised (e.g. wrong amount, wrong debtor) or “waived” i.e. because an authorised policy decision was taken not to charge or to reduce the charge of an amount otherwise properly payable by a debtor.

### **24.2 Bad Debts / Loss of Income**

- 24.2.1 The Director of Finance may approve the write-off of any amounts properly charged, but deemed uncollectable, in the following cases:
- (i) bankruptcy or liquidation (where every effort should be made to minimise the loss);
  - (ii) the company having ceased trading and there being no assets;
  - (iii) the debtor being untraceable or having moved abroad;
  - (iv) court decisions;
  - (v) The debtor having no funds in their estate;
  - (vi) The debt being statute barred;

24.2.2 Other individual bad debts or loss of income, not falling into these categories, may be written off as follows:

- (i) by the Director of Finance, if it does not exceed £15,000;
- (ii) by the Director of Finance with the approval of the relevant Portfolio Holder if over £15,000 not exceeding £25,000;
- (iii) by the Director of Finance with the approval of the Executive if exceeding £25,000.

24.2.3 For those items falling within (24.2.1) and (24.2.2) above, the Director of Finance has nominated the following to approve write-offs on his behalf:\*

Heads of Finance

Named School Governors up to £1,000 for Secondary Schools

Named School Governors up to £500 for Primary Schools

Benefits Manager (Operations )

Head of Corporate Finance and Accounting Assistant Director  
Exchequer Services

24.2.4 Departments should, for this purpose, regularly notify the above Director of Finance's staff of those officers properly delegated responsibility from their Chief Officer to recommend write-offs to the Director of Finance and include specimen signatures.

### **24.3 Stocks and Stores**

24.3.1 Stocks and Stores may be written off as follows:

- (i) If not exceeding £5,000 for one set of adjustments, the balances on stock records may be adjusted by the appropriate Chief Officer to reflect actual stock levels, following such investigations as they deem necessary. If cumulative adjustments in any one year exceed £10,000 the Director of Finance must be informed;
- (ii) If exceeding £5,000 but not exceeding £10,000 the appropriate Chief Officer must obtain the approval of the Director of Finance prior to adjusting stock records to reflect actual stock records. The Chief Officer and Director of Finance will jointly determine what

investigations may be necessary for all adjustments in excess of £5,000.

- (iii) Approval of the relevant Portfolio Holder is required for adjustments exceeding £10,000.

24.3.2 Details of all write-offs must be provided to the Director of Finance.

## **24.4 Plant and Equipment**

24.4.1. Chief Officers may authorise items to be deleted from an inventory of their department where:

- (i) the item has become obsolete and / or is no longer adequate for the purpose intended;
- (ii) the item is broken or worn and of no further useful purpose;
- (iii) the item has become surplus to requirements;
- (iv) has been lost or stolen, in which case the Director of Finance should be informed.

## **APPENDIX 1 - FRAUD AND CORRUPTION PROTOCOL**

### **Introduction**

This protocol specifies how the Director of Finance and other Chief Officers should manage alleged cases of fraud or corruption. It clarifies responsibilities for carrying out investigations and advises on action to be taken.

All employees have a responsibility for the security of both the Council's assets and clients' assets where Council employees may have some involvement. Any employee who suspects any irregularity should immediately inform their Chief Officer, normally through their line manager. If for any reason an employee feels unable to raise their concern through line management, then they should go through a nominated officer under the Council's Whistleblowing Procedure.

[http://onebromley/BA/Pub\\_LandDS/Pub\\_LSD/Pages/RaisingConcerns.aspx](http://onebromley/BA/Pub_LandDS/Pub_LSD/Pages/RaisingConcerns.aspx)

The Chief Officer may, if he then considers it appropriate, conduct an independent investigation.

The Council will take legal and/or disciplinary action in all cases of fraud or irregularity where it is considered appropriate.

### **Initial Allegation or Suspicion**

Internal Audit and the appropriate Chief Officer should be promptly informed of any allegations or suspicions of fraud or irregularity. To facilitate a speedy and appropriate response to any concerns expressed, initial information provided should, where possible, outline the following:

- The nature of the potential or actual loss to the Council, or Council's client.
- When and how the matter came to light
- Officers and /or other parties alleged to be implicated (names and designations where appropriate). Organisation structure showing the position and responsibility of the person(s) allegedly involved
- Identify those who are aware of the potential fraud/irregularity.

Care needs to be taken to ensure that officers or Members who may be involved in the suspected irregularity do not become aware of the situation. Staff should not carry out their own investigation prior to notifying Internal Audit as this can affect any subsequent investigation.

Internal Audit will advise if the circumstances demand immediate action to safeguard evidence or to avoid further loss to the Authority. This may include removing documentation from the site and /or the suspension of employees.

Internal Audit will also advise on whether, and if so when, the Police should be informed. Initial contact with them should be made by Internal Audit.

As a general rule the Council can carry out its own investigations regardless of any police involvement. (Note: there may be instances where it is not possible to contact Internal Audit promptly e.g. weekends or evenings. At such times, for cases of

identified theft rather than suspected fraud or irregularity, it is more appropriate for the matter to be reported immediately to the local police station and a crime reference obtained. In these instances Internal Audit, line management and the Insurance Manager should be informed of the details the next working day.)

### **Investigation**

Responsibility for carrying out independent investigations lies with Internal Audit who may involve officers from the Royal Borough of Greenwich Fraud Team with whom it works in partnership. In some cases, however, it may be more appropriate for staff in the relevant Department to carry out the investigation with Internal Audit acting in an advisory capacity. In such cases, staff undertaking the investigation will liaise with Internal Audit at intervals agreed at the point of referral, to ensure that evidential requirements continue to be met and that the Local Authority is kept fully informed at all stages. The most appropriate approach will be decided by Internal Audit following the initial contact and may be revised during the investigation.

Any investigation should be carried out promptly and thoroughly. To do this staff may need to be interviewed and documentation reviewed. All stages of the investigation should be thoroughly documented. The investigation should involve, as a minimum, the following:

- A clear understanding of the allegation/suspicion
- A review of all relevant documentation. Note that documents may need to be retained during the investigation
- Identification and interviews with all appropriate staff/individuals to determine such things as relevant procedures and practices
- Consideration of alternative explanations for the situation
- An evaluation of all the evidence
- A conclusion based on the findings

The findings of the investigation could be used during disciplinary or legal action. Consequently care needs to be taken to ensure that evidence is safeguarded and that the investigation is thorough and the conclusions reached are valid. The findings of the investigation should be treated as confidential.

During the investigation it may be necessary for individuals to be interviewed under caution. In such instances the rules laid down in the Police and Criminal Evidence Act and Criminal Justice and Public Order Act 1994 must be adhered to. Advice on this is available from Internal Audit.

There will be instances where documentation is taken away by Internal Audit or the investigating officer for safeguarding during the investigation. The originals should be removed rather than copies. These should be kept secure and a statement prepared stating how, when and who removed the documents and where they will be stored. A decision on the removal of documents needs to be made early on in the investigation to avoid the risk of removal or tampering.

The appropriate Chief Officer and Head of Audit & Assurance should be kept informed of progress during the investigation. This can be done verbally and/or by

preparing written progress reports. At the end of the investigation a report should be prepared for the appropriate Chief Officer and Head of Audit & Assurance. This should include all the issues listed above together with any other relevant information. This should form the basis of a decision for any further action to be taken.

### **Action**

It is for the appropriate Chief Officer to take appropriate action where there is evidence to support instances of fraud or irregularity. The Head of Audit & Assurance should be kept informed of action taken and relevant outcomes. These could include referral to the police, disciplinary action and/or recovery of any amounts involved.

The Chief Officer is also responsible for ensuring that any system weaknesses identified during the investigation are addressed.

## **APPENDIX 2 – RETENTION OF DOCUMENTS**

Chief Officers shall be responsible for ensuring that records are carefully and systematically filed and retained for inspection by the Director of Finance or agencies (e.g. HM Revenue and Customs).

Records should be retained in accordance with the Council's Retention Schedule and Policy which should be read in conjunction with the Council's IT security and Data Protection policies in order to support compliance with current data protection laws and the Freedom of Information Act 2000

These Policies apply to electronic records and to manual records (e.g. paper, microfiche). A record is any recorded material (usually a document) whether or not it is stored in a database or file.

The minimum periods for the retention of financial records are set out in the Council's Record Retention Policy.

### Bromley Corporate Retention Schedule

It is the responsibility of the Information Asset Owner in each service area to ensure that these retention periods are within those set out any service specific legislation such as PAYE, VAT or Construction Industry Schemes. The Information Asset Owners should also be aware of the maximum time to retain records in line with GDPR regulations.

The retention schedule is not exhaustive and where there is uncertainty the advice of the Director of Finance and the Director of Corporate Services must be sought. Periods referred to are in addition to the current year of account, which ends at the conclusion of the annual external audit of the Council's accounts.

Records held locally in establishments e.g. schools shall be retained in accordance with the School's Financial Regulations.

The Director of Finance or his representative shall have access to documents relating to such funds should it be deemed necessary.

### **Local Audit and Accountability Act 2014**

Section 2 of the Local Audit and Accountability Act 2014 provides External Auditors with a right of access to every document relating to a body that appears necessary for the purpose of carrying out the Auditor's function under the Act.

The Council therefore needs to retain documents in order to be able to satisfy External Auditors' rights of access. Any policy on retention of documents therefore needs to be guided by an assessment of the likelihood that an External Auditor may request certain documents. This assessment needs to ensure that the Council

avoids circumstances whereby it could have reasonably foreseen a request for a document, but the document has subsequently been destroyed.

## **Other Legislation**

There is very little specific legislation that covers the periods of retention of documents for Local Authorities. The main consideration is the Limitations Act 1980 and this is discussed below.

In addition, Part VA of the Local Government Act 1972 deals with Access to Information. Section 100(c) refers to public inspection of minutes and other documents after meetings. This specifies that certain documents, which form part of the public part of the agenda, are required to be available for inspection by members of the public for a period of 6 years from the date of the meeting. These documents are:

- Minutes, or copies of minutes of the meeting (except exempt items) and related minutes;
- A copy of the agenda of the meeting; and
- A copy of any reports discussed (except exempt items).

From 1996/97 Local Authorities were required to have their accounts approved by a Committee or the Full Council meeting as a whole. This requirement means that the statement of accounts would have been one of the agenda items and would therefore be one of the records that the Authority would need to retain for 6 years and have available for public inspection.

Central Government guidance recommends Authorities to consider whether longer periods of retention are appropriate and although nothing is prescribed, key financial records may merit permanent preservation. As a minimum, the following is considered to be in this category:

One set of annual financial accounts and statements approved by Full Council or Committee.



### **APPENDIX 3 - CODE OF PRACTICE ON DRAFTING FINANCIAL IMPLICATIONS IN COMMITTEE REPORTS**

1. Employee costs should include National Insurance and Pension contributions, leased car costs and overtime pay where appropriate. Gross salaries should normally be calculated on the midpoints of the appropriate pay scales. The Director of Finance will circulate updated “ready reckoners” of employee costs within four weeks of a pay award being settled.
2. Departments should have regard to staff turnover savings assumed in the revenue budget when determining the additional savings which are likely to arise from the deletion of posts.
3. All reports should identify clearly:
  - a) recurring and non-recurring expenditure and income
  - b) part-year and full year effects.
4. Appendices should be used when it is necessary to present large volumes of financial information in a report.
5. Avoid quoting figures to the nearest penny or pound. The nearest £’000 will suffice in most instances.
6. Where additional costs are identified:
  - a) virement should be actioned in accordance with Financial Regulations. (The report should identify the specific budgets that are to be vired and seek Member approval where necessary).

OR

  - b) there should be a formal recommendation to seek a supplementary estimate from the Executive
7. Reports should cost all proposals even where expenditure can be “met from existing budgets”.
8. All areas of financial uncertainty or risk should be highlighted. In this respect a paragraph on the risks should be clearly stated so that all risks are clear and transparent and that where relevant a full risk assessment has been carried out in line with the Risk management policy.
9. Heads of Finance Officers should clear all draft financial reports before being passed to the Committee services.
10. Every effort should be made to allow the Director of Finance’s Department five full working days to comment on a draft report, although it is acknowledged that there will be some instances when a more urgent response is required.

11. The Head of Corporate Finance and Accounting should clear all draft reports with financial considerations that impact on the Capital Programme before they are passed to the Committee services.

## APPENDIX 4 - TRANSPARENCY CODE

### Introduction

The Department for Communities and Local Government (DCLG) published a revised Local Government Transparency Code on 27 February 2015. The revised Code came into effect on 1 April 2015. The code seeks to ensure that certain data held by local Councils is published in a timely and open way.

Personal data will not be included if publishing it would contravene the GDPR and the Data Protection Act 2018.

### Areas covered

The Code requires the publication of specified categories of data, and recommends the publication of additional data, under the headings below:– (the .gov link should be checked to verify the current headings)

- Individual items of expenditure exceeding £500;
- Data on the land and buildings held by the authority;
- Information on invitations to tender, and every contract or purchase order, with a value of over £5,000;
- Details of every transaction on a Government Procurement Card used by the authority;
- Grants to voluntary, community and social enterprise organisations: dates made and amounts granted;
- The authority's organisation chart, covering the top three levels in the organisation, including salary bands;
- Details of trade union facility time: number of representatives and spending upon them;
- The number of controlled parking spaces within their area;
- Data on the value of the authority's social housing stock;
- Data on senior salaries
- The pay multiple
- The authority's constitution;
- Details of counter-fraud work;
- Details of waste contracts;
- Data on parking revenues.

The current Local Government Transparency Code was issued in February 2015. The Code applies to local authorities in England, including fire and rescue authorities and National Park authorities, and to parish councils with either gross income or expenditure over £200,000; but not to Police and Crime Commissioners. It can be found at:

<https://www.gov.uk/government/publications/local-government-transparency-code-2015>

## APPENDIX 5 - LATE PAYMENT OF DEBTS

### Background

1. The Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment of Commercial Debts Regulations 2013 provides a statutory right to claim interest on the late payment of commercial debts. Previously, businesses were only able to claim interest on late paid debts if it was included in the contract or if they pursued the debt through the courts and the courts decided to award interest.

### Contracts

2. The legislation gives precedence to contractually agreed provisions. However, the Act contains provisions to prevent parties to a contract “contracting out” of the legislation by setting very low rates of interest on late payments, or by extending credit terms excessively or by any other terms which result in no substantial remedy for late payment. The provisions apply the test of “reasonableness” to such terms.

### Definition of key terms

3. *Late payment*: a payment is “late” when it is received after:
  - the expiry of the contractually agreed credit period (whether agreed orally or in writing); **or**
  - the credit period in accordance with trade custom and practice or in the course of dealing between the parties; **or**
  - the default credit period defined in the legislation (30 calendar days).
4. *Commercial debt*: the Act applies to a debt under a contract for the supply of goods or services where the purchaser and the supplier are each acting in the course of a business.

### Size of Debt / Statute of Limitations

5. No minimum level has been set below which a claim for interest cannot be made but claims for interest must be made within six years.

### Credit periods

6. Where no credit period is defined in a contract, or no contract exists, the Act sets a default credit period of 30 (calendar) days from delivery of an undisputed invoice for payment, or delivery of the goods and / or service, whichever is the later.
7. This is also the measure used by the Local Authority for payment of undisputed invoices. Time starts from the date the Local Authority (not the payment section) receives the invoice to the date of:

- despatch of a cheque or other payment instrument;
- notification to bank for BACS payments; **or**
- bank processing of the payment if the Local Authority specifies a period after which the bank is to make the payments once it has received the BACS file.

If an invoice is received in advance, the 30 day or agreed term period starts from the satisfactory receipt of goods and/or services. Where the date the Local Authority receives the invoice it allows 2 working days to be added to the date of invoice.

8. Some purchasers and suppliers have a long-standing relationship in which there is no agreed credit period but the purchaser usually pays at the end of the month following the month in which the invoice is received. Where this is standard practice the credit period is considered to end on the last day of the month following the month in which the invoice is received. Interest starts the next day.

**Interest**

9. The Act seeks to recompense creditors for the cost of the payment delay. It provides power for the Secretary of State to set the rate of statutory interest and this is currently set at the Bank of England base rate for business to business transaction + 8%.
10. The current (and past) UK base rate can be found on the Bank of England web site at:

<https://www.bankofengland.co.uk/statistics>  
<https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp>

11. Interest is calculated as simple, not compound, interest as follows:

$$\text{Debt} \times \text{Interest Rate} \times \frac{\text{the number of days late}}{365}$$

12. Interest stops running on a debt once the principal has been paid. However, unless payment is accepted on other terms, any part payment of the debt will go to reduce the amount of the interest first.

**Separation and assignment of interest**

13. The Act allows the interest to be pursued separately from the principal debt and permits assignment of the interest to third parties, such as factors.

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# **Financial Regulations for Schools**

## **2020**

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# **1 INTRODUCTION**

## **1.1 Background**

- 1.1.1 Every Local Authority (LA) needs a financial framework which provides the necessary control on financial matters whilst at the same time encouraging “best value” and promoting local accountability for schools.
- 1.1.2 These Regulations outline the approved system of financial control to secure the proper administration of the school s’ financial affairs, as required by Section 151 of the Local Government Act 1972. The Director of Finance shall be responsible for ensuring the school s’ continuing compliance.

## **1.2 Financial Regulations and the Management Style**

- 1.2.1 It may seem that the Director of Finance’ legal responsibilities clash with the Council’s management style, with its emphasis on devolving responsibility and decision taking. They need not.
- 1.2.2 Accordingly, Financial Regulations are not intended to keep an oppressive grip, but to provide a clear and helpful framework within which employees at schools can act in confidence, without fear that the financial appropriateness of their actions might be open to question. In this sense the Regulations are intended to enable, not to restrict.
- 1.2.3 Sound financial management and controls are essential to schools because they provide an effective framework for financial planning and accountability and safeguard the use of public funds.
- 1.2.4 It is good practice to align financial and management responsibilities whenever possible, otherwise financial decisions may be made regardless of the effect on services and services may be managed without regard to finance. Financial Regulations are intended to facilitate this by advising schools of how to approach budget setting, virement, ordering, certification of payments etc. The basic framework can readily be supplemented by advice from the contacts shown. Advice rather than instruction is the preferred style throughout the Regulations. At times the delegation to schools and ‘recognition of the risks’ may lead such advice to be questioned. This is accepted, but there are also times when, in view of the Director of Finance’s statutory responsibilities, his advice must be followed.
- 1.2.5 These Regulations should be seen, then, as part of the Director of Finance’s service to schools. Their main aim is to facilitate good financial administration. If they do not, the Director of Finance is only too keen to know why so that changes can be considered. Comments from users should be addressed to Internal Audit.

### **1.3 Supporting Legislation and Documents**

1.3.1 Financial Regulations are one of a set of management documents which collectively control and co-ordinate the affairs of the LA. Whilst intended to be self-contained, they should therefore be read in the wider context of:

- Consistent Financial Reporting framework
- Bromley Scheme for Financing Schools ‘
- Bromley’s Corporate Financial Regulations
- School Standards and Framework Act 1998
- Schedule 14 to the Act
- Statutory Instruments including the School and Early Years Finance (England) Regulations
- Schemes for financing Local Authority maintained schools – statutory guidance
- Schools Financial Value Standard
- Accounts and Audit Regulations 2015

### **1.4 School Financial Value Standard (SFVS)**

1.4.1 Local Authority maintained schools must submit the SFVS annually to their Local Authority. Local Authorities use this information to inform their programme of financial assessment and audit.

1.4.2 The standard consists of a checklist and a dashboard.

1.4.3 The checklist asks questions of governing bodies in 6 areas of resource management. It provides clarification for each question, examples of good practice and details of further support available to assist schools in addressing specific issues.

1.4.4 The dashboard shows how a school’s data compares to thresholds on a range of statistics identified by the Department for Education (DfE) as indicators of good resource management and outcomes. It provides explanations of each of the indicators and helps schools to fill in their data and understand the results.

### **1.5 Aims of the Regulations**

These Financial Regulations provide a framework through which the Director of Finance can satisfy himself that proper financial administration is being achieved.

1.5.1 These Regulations aim to:

- Help ensure that high standards of propriety and best value are achieved
- Provide schools with an effective framework of financial control, management, monitoring and reporting.
- Provide a framework within which all school staff and governing body members can carry out their responsibilities in an open and consistent manner.

1.5.2 These Regulations aim to promote and maintain high standards by:

- Placing clear authority and accountability with staff and governing body members

- Establishing key principles and processes which should be followed
  - Enabling continuous internal audit to ensure compliance with the approved standards and procedures.
- 1.5.3 All governors and staff have a duty to promote these aims, not just by following Financial Regulations but in their general approach. Concern with propriety and best value is as much an attitude of mind as a matter of following regulations.

## **1.6 Breaches of the Regulations**

- 1.6.1 Substantial breaches of Financial Regulations shall be reported to the governing body and Director of Finance by the relevant Head Teacher and may be treated by the governing body as disciplinary offences. Where the Director of Finance considers it appropriate he will report any substantial breach of these Regulations to the next meeting of the Audit Sub-Committee.

## **1.7 Compliance**

- 1.7.1 The Regulations shall not override any statutory provisions that apply. In addition, with the agreement of the Director of Finance (or his delegated representative), the full governing body may waive compliance with any of these Regulations in a particular case or in any particular class of case. Separate provisions exist for alternative courses of action (e.g. for tendering) within specific regulations.
- 1.7.2 Consultants or agencies acting for the school will be bound by these Regulations and it should be a condition of their employment or engagement that they do so. The provisions of these Regulations shall also apply to services carried out under agency arrangements for any other authority or organisation, except where otherwise required by that Authority.

## **1.8 Review of Regulations**

- 1.8.1 These Regulations shall be reviewed at least every three years by the Director of Finance. The Audit Sub-Committee should approve all amendments. Relevant financial thresholds (e.g. write-offs, petty cash payments) should be additionally reviewed against inflation on a periodic basis wherever possible.
- 1.8.2 As suggested good practice, it is recommended that these Regulations be applied to transactions relating to any non- public funds handled by staff in the course of their duties.

## **1.9 Updates**

- 1.9.1 The Regulations will be updated with implications of new legislation, new ways of working or changes to thresholds as required. These updates will be communicated to the schools.

## **2 ROLES AND RESPONSIBILITIES**

### **2.1 The Role of the Director of Finance**

- 2.1.1 The essence of the Director of Finance' statutory role as responsible financial officer is laid down by the Local Government Act 1972: "Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".
- 2.1.2 The Accounts and Audit (Amendment) Regulations 2015 supplement this general role. These require that the Director of Finance should determine the accounting system, form of accounts and supporting accounting records, and ensure that the accounting systems determined by him are observed and that the accounts and supporting records of the Authority are maintained in accordance with proper practices and kept up to date. The 2015 Regulations also require the Council to maintain an adequate and effective internal audit which, at Bromley, has been delegated to the Director of Finance.
- 2.1.3 Therefore, The Director of Finance has specific legal duties at all schools to ensure adequate standards of financial administration throughout the Council.
- 2.1.4 The Director of Finance has to express an annual opinion on the system of internal financial control for the Local Authority taking into consideration a number of factors including maintaining an adequate and effective internal audit of its accounting records and systems of internal control. In reaching his overall opinion the Director has to rely on work performed by internal audit, external audit and any other management review. Internal Audit reviews play a critical role in ensuring that the internal control environment is in place within each school.

### **2.2 The Roles of the Governing Body**

- 2.2.1 Each governing body is responsible for ensuring that these Regulations are strictly adhered to, throughout the establishment under their control. Except where otherwise stated, all references in these Regulations to "Head Teacher" should be read as meaning staff that are carrying out duties on behalf of the Head Teacher. Such delegation by Head Teachers should be formally approved and documented in procedure manuals etc.
- 2.2.2 The governing body should issue clear directions to the Head Teacher and Bursar or Finance Officer and any additional staff on their respective responsibilities for financial affairs. This is essential for sound financial control and they should take the form of written directions. Failure to formally allocate responsibilities can create a vacuum in important financial areas.
- 2.2.3 To establish proper financial management arrangements and accounting procedures and maintain a sound system of internal controls, including safeguards against fraud and corruption.
- 2.2.4 It is the responsibility of the governing body, in conjunction with Head Teachers, to set out an agreed scheme of delegation. (For a suggested template see [Appendix 1](#))



## **2.3 The Role of the Head Teacher**

2.3.1 The Head Teacher has responsibility for:

- The management of the school's financial position at a strategic and operational level.
- The management of effective systems of internal control.
- The management of other financial issues.

2.3.2 Each Head Teacher should ensure that all staff in their establishment are made aware of and fully understand the requirements and implications of Financial Regulations as far as they relate to their professional duties and responsibilities. However, this does not remove the requirement for all staff to make themselves conversant with these Regulations and comply with their requirements.

2.3.3 The Head Teacher has overall responsibility for the school's activities, of which financial activities are clearly a part. The Head Teacher is therefore considered by the LA to be the person with overall responsibility to the governing body for the financial management of the school.

2.3.4 The Head Teacher should ensure that the governing body is provided with financial advice, that proper and adequate financial systems and controls are in place and that accounts are prepared and maintained as required by the governing body or the LA. In practice, the Head Teacher will often delegate much of the financial management to a Bursar/Finance Manager, while retaining ultimate responsibility for this.

2.3.5 Each Head Teacher shall prepare such financial instructions as are considered necessary for the proper financial management, operation and control of the services for which they are responsible, in accordance with these Schools Financial Regulations.

2.3.6 Such financial instructions shall, in accordance with the Accounts & Audit (Amendment) Regulations 2015 contain measures to:

- Ensure that the financial transactions of the school are recorded as soon as reasonably practical and as accurately as reasonably possible;
- Enable the prevention and detection of inaccuracies and fraud; and
- Facilitate the ability to reconstitute any lost records.

## **2.4 The Role of the Bursar/Finance Manager**

2.4.1 The Bursar or Finance Manager is the member of the school's staff with day to day financial responsibility for the school. This person may have delegated financial responsibility for the premises, central services and other costs budget and as such should form part of the management structure within the school.

2.4.2 It is essential that the governors ensure that the Bursar or Finance Manager is suitably qualified and has sufficient resources to carry out the function and should not be subject to time constraints which may affect their ability to discharge their financial responsibilities effectively.

### **3 CORPORATE GOVERNANCE**

Contacts: **Internal Audit /Schools Finance Team**

#### **3.1 Roles and Responsibilities**

**3.1.1** The roles and responsibilities of the governing body, its committees, the Head Teacher and other staff in relation to financial decision-making and administration should be set out and agreed in writing and should comply with these Financial Regulations.

#### **3.2 Finance Committee**

**3.2.1** A finance committee should be set up to consider strategic financial issues on behalf of the governing body and its remit and membership should be reviewed annually.

#### **3.3 Limits of Delegated Authority**

**3.3.1** The governing body should establish the financial limits of delegated authority, in compliance with these Financial Regulations.

#### **3.4 Financial Information for Governors**

**3.4.1** The governing body should agree with the Head Teacher the minimum frequency, level of detail and general format of the financial information to be provided to it, especially in relation to budget monitoring reports.

#### **3.5 Minutes**

**3.5.1** Minutes should be taken of all meetings of the governing body and its committees and include all decisions and by whom action is to be taken. The agreed minutes should be signed and dated.

**3.5.2** All signed minutes should be retained for 6 years.

#### **3.6 Gifts and Hospitality**

**3.6.1** All offers, gifts, hospitality as inducements for favour should be refused. All refused items should be recorded by a member of staff or governor and reported at the next meeting of the Governing Body where it should be minuted.

**3.6.2** Each School Governing Body shall maintain a register of all gifts and hospitality received by individual members of staff and Governors in their School. Any hospitality or gifts accepted must be recorded in the relevant register. Governors should set a reasonable minimum value that would be excluded from registering when received from pupils and parents.

### **3.7 Raising Concerns in Schools**

- 3.7.1 The Corporate Raising Concerns (Whistleblowing) Policy should be referred to for all raising concerns within a school. Copies of this document have been issued to all Bromley maintained schools and will be available on request from the Local Authority.
- 3.7.2 The principles and procedures set out in the Corporate Raising Concerns (Whistleblowing) Policy should be followed but the roles and responsibility will need to be adapted for schools. For Officer responsibilities detailed in the Policy the school should identify their own hierarchy of responsibility and any reference to Members would be substituted by Governors.
- 3.7.3 The Director of Education and the Liberata Schools Team will be the first points of contact for any guidance required and the Council's Human Resources Division would also be able to offer advice.

### **3.8 Register of Business Interests**

- 3.8.1 Schools are required to maintain a register for all governors and those staff with financial responsibilities which should detail any business interest they may have which could be relevant to goods and services supplied to the school. This register should be reviewed on an annual basis.
- 3.8.2 Where it has not been possible to gain register entries from individuals, the school should retain documentation to demonstrate what efforts have been made to ensure compliance.
- 3.8.3 When staff become aware of such interests, they shall notify the clerk of governors or bursar in writing who will enter it into the register.
- 3.8.4 Please see [Appendix 2](#) for a template register of business interests.
- 3.8.5 If it comes to the knowledge of any member of staff employed by the school *that* they have a business interest, whether direct or indirect, in a current contract or a contract due to be entered into by the school, they shall as soon as practicable give written notice of the interest to their Head Teacher, who should notify the Chair of the Governing Body.
- 3.8.6 In the case that the interest relates to a Head Teacher or member of the governing body, written notice should be given as soon as practicable to the Chair of the Governing Body. They shall maintain a record of all such notifications of staff and governors interests in contracts

## 4 BUDGETS

Contacts: **Schools' Finance Team**

### 4.1 Preparation of Budgets

#### **School Budget Share**

- 4.1.1 Each school is required to submit a budget plan to the Local Authority in accordance with the Scheme for Financing Schools. This should show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. Further revised budget monitoring reports may have to be provided at quarterly intervals to the LA as stipulated in the Scheme for Financing Schools.
- 4.1.2 There should be a clear, identifiable link between the school's annual budget and its school development plan.
- 4.1.3 The school's budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget.
- 4.1.4 The governing body should ensure that the main elements of the school's budget are periodically reviewed to ensure that historic spending patterns are not perpetuated.
- 4.1.5 The Head Teacher should profile the budget and forecast cash flow to take account of likely spending patterns.
- 4.1.6 Any budget surpluses should be earmarked for specific future needs to ensure that pupils benefit from a planned approach to spending that does not deprive them of resources in a given year.
- 4.1.7 The governing body should endeavour to approve the school's budget and School Development Plan after careful consideration and before the beginning of the relevant financial year.

#### **Capital**

- 4.1.8 It is determined in the Scheme for Financing Schools the responsibilities for school premises repairs and maintenance. The scheme determines which categories of work are the responsibility of governing bodies to finance from their delegated budget shares and which repairs and maintenance expenditure is deemed to be capital and is to be retained by the LA (where applicable).

## 4.2 Allocation of Budgets to Budget Managers

4.2.1 Dependent on the size of the school and the complexity of the budgetary control system required, there will be a need to create cost centres in order to allocate budgets to Budget Managers. The responsibilities of each Budget Manager should be clearly defined. The Budget Manager will then become responsible for controlling expenditure within the relevant budget heading. The following budgets will be required in all schools:

- Staff costs
- Educational supplies
- Premises, central costs and other costs.

Schools may consider additional budget headings. However it is important that the budget responsibility aligns with the management structure.

4.2.2 The budget managers may divide their budgets between a number of budget holders who will then be responsible for all expenditure incurred against their budget. The budget holders would then be answerable to the budget manager who would monitor expenditure incurred by each budget holder. Dependent on the size of the school, the educational supplies budget may be divided between either subject area, key stage or year co-ordinator.

## 4.3 Monitoring

4.3.1 The Head Teacher is responsible for producing monthly budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts, against the approved budget. Income and expenditure should be monitored in accordance with the “Scheme of Financial Delegation” (For a template scheme of delegation see [Appendix 1](#)).

4.3.2 The Head Teacher is responsible for providing budget monitoring reports to the school finance committee at least once a term. These should show any significant variances against the budget with explanatory notes and, where necessary, remedial action plans including virements. The LA will permit schools to plan for a deficit budget only with the prior permission of the Director of Education. The details as stipulated in the Scheme for Financing Schools must be complied with.

4.3.3 The Head Teacher should monitor expenditure on the initiatives set out in the School Development Plan. Even if there is insufficient budgetary provision a School Governing Body may incur expenditure for exceptional items required under the school’s statutory obligation or to carry out any repair, replacement or other work which is of such extreme urgency that it must be done immediately. When such an occasion arises, the Head Teacher shall advise the LA promptly.

4.3.4 Head Teachers (or delegated officers such as Bursars) are responsible for producing monthly cash flow forecasts to ensure that the school bank accounts do not go overdrawn.

## **4.4 Reporting**

- 4.4.1 An annual financial return should be submitted by the Head Teacher to the Director of Education as soon as practical after the end of each financial year but within a timescale determined by the Local Education Authority as stipulated in the framework of the scheme for Consistent Financial Reporting (CFR).

## **4.5 Approved Banks and Building Societies**

- 4.5.1 The banks and building societies which may be used for the purpose of receiving budget share payments are specified below:

- Royal Bank of Scotland Group (includes Nat West).
- HSBC.
- Barclays.
- Lloyds TSB Group (includes Bank of Scotland).
- Santander (includes Abbey National and Alliance & Leicester).
- Nationwide.

## 5 ORDERS FOR GOODS, WORKS & SERVICES

Contact: **Schools' Finance Team/Internal Audit**

### 5.1 Responsibilities

- 5.1.1 The governing body should determine which staff in their school *should* be allowed to be Initiating Officers and raise and sign orders on their behalf. (For more information on the separation of duties see FR 7.3). Head Teachers are normally responsible for the control of all orders held and issued by their school.
- 5.1.2 It shall be the responsibility of a member of staff issuing an order to ensure, as far as is responsible and practicable, that value for money is obtained in respect of each transaction.
- 5.1.3 All goods, works and services ordered shall be for the exclusive use of the school.
- 5.1.4 All leasing arrangements must have the governing body's prior approval.
- 5.1.5 The school will retain ownership of any goods or equipment purchased and has the ultimate responsibility for ensuring that contracts are fulfilled and invoices paid.

### 5.2 Raising an Official Order

- 5.2.1 An official order, or its equivalent, must be raised for all goods, works and services except:
- (i) where a specific formal contract exists which does not incorporate any facility for the regular draw-down of services;
  - (ii) rents, business rates, council tax and utility services as supplies of a continuous and obligatory nature;
  - (iii) petty cash payments.
  - (iv) inspection copy for books delivered to school
- 5.2.2 In urgent cases only, an oral order may be made. In such cases the serial number of the written order which must be issued as confirmation should be quoted to the supplier, together with details of the ordering establishment. The confirmation order should be despatched the same day where possible and certainly no later than within two working days and should be clearly marked "confirmation only".
- 5.2.3 Where a school utilises Order Requisitions as well as Orders, then this may be regarded as the initiating document. All controls and requirements hereby placed on Orders should be taken to also apply to Order Requisitions.



### **5.3 Requirements of an Official Order**

5.3.1 Official orders, or their equivalent, shall as a minimum:

- (i) be clearly identifiable as an order from the School, including invoice address, staff contact etc.;
- (ii) be serially numbered;
- (iii) be physically or electronically signed by an authorised signatory;  
N.B. The method by which an official order is issued is at the discretion of the initiating officer. This may be via post or (with the Governing Body's initial approval) by internet e-mail or via the supplier's web site. A copy of all authorised orders should be retained.
- (iv) include sufficient information, and any appropriate terms and conditions, on the goods, works or services being ordered (including prices and quantities) to enable adequate pre-payment checks to be undertaken in accordance with Section 7 of these Financial Regulations.

### **5.4 Orders and Authority**

5.4.1 Before an order is raised for the purchase of goods or services, you need to ensure that there are sufficient funds available, not already committed for the purchase of other items, to meet the estimated cost of the order.

5.4.2 However, there are specific circumstances (e.g. urgent repair or maintenance) where these conditions may not be met – For further guidance on such circumstances, please see FR 4.3.3.

### **5.5 Value for Money**

5.5.1 The Governing Body and Head Teacher are responsible for obtaining value for money when purchasing goods works and services.

5.5.2 Before placing an order the Initiating Officer shall estimate the probable cost of the goods, works or services required. This estimate cost will determine the normal procedures to be followed in obtaining quotations or tenders. These procedures are outlined in the Council's Contract Procedure Rules which have been issued to all schools.

5.5.3 In order to ensure best value, at least three competitive quotes must be obtained in writing or via authorised e-mail where costs exceed £5,000. Where this is not practical to do so, the reasons must be submitted to the Finance Committee and/or governing body, in writing.

5.5.4 Schools are required to inform the Finance Committee of any expenditure incurred over £5,000 where quotations were not sought.

5.5.5 In determining the estimated cost of goods, works or services the following shall apply:

- (i) staff shall not sub-divide work which could reasonably be treated as a single contract;
- (ii) the total estimated value of orders for a year for a given type of goods, works or services should, wherever practicable, be amalgamated when determining purchasing procedures.
- (iii) if a contract / arrangement is for a period greater than one year then the estimated value of orders to be placed over the full period should be used to determine the appropriate procedure;
- (iv) where contracts run year to year with the school or Contractor having the option to terminate on notice the value of the contract shall be calculated over the period prior to the date when the break clause may first be exercised;
- (v) where leasing arrangements are used, the total amount payable over the life of the lease shall determine the appropriate procedure;
- (vi) where contracts entail both revenue and capital costs (e.g. acquisition and support for IT systems) the revenue costs shall be estimated according to paragraph (iii) above;
- (vii) if the lowest quote obtained exceeds the upper limit applicable to the procedure selected, the Head Teacher should consider whether the procedures for the higher category should be applied. If this is not considered appropriate, the reasons for not applying higher category procedures should be recorded.

## **5.6 Insufficient Quotations**

5.6.1 For orders valued at between £5,000 - £100,000, if at least two quotations are received the relevant Head Teacher shall have authority to accept a quote which they consider represents best value to the school and is within 10% of the approved budget subject to agreement of the school governing body.

5.6.2 Where the selected quote exceeds the approved budget by more than 10% the Head Teacher shall determine whether to seek further quotes or seek approval of a supplementary budget from the relevant governing body sub-committee.

## **5.7 Exceptions to Quotations for Goods, Works and Services**

In the following circumstances, competitive quotations are not required:

5.7.1 If the Head Teacher and Chair of the Governing Body consider that there are special circumstances which justify the need to waive the requirement for competitive quotes, they may, upon documenting the reasons and with the specific approval of the Chair of the Governing Body, award the contract by way of negotiating or re-

negotiating.

- 5.7.2 Where the goods, work or services required by the school are of such an urgent or specialised nature that in the opinion of the Head Teacher it is not reasonably practicable to obtain such quotations.
- 5.7.3 Where a contract has been entered into with another local or public authority for the supply of goods, services or works e.g. consortium, it shall not be necessary to seek competitive quotations provided the said local or public authority can satisfy the Head Teacher that they have done so in initially selecting their supplier / provider.

## 6 CONTRACTS

Contacts: **Head of Procurement**

- 6.1.1 The Corporate Contract Procedure Rules should be referred to for all matters relating to Contracts. Copies of this document have been issued to all Bromley maintained schools and will be available on request from [procurement@bromley.gov.uk](mailto:procurement@bromley.gov.uk).
- 6.1.2 The principles and procedures set out in the Corporate Contract Procedures Rules must be followed but the roles, responsibility and authorisation will need to be adapted for schools. References to the Legal, Procurement and Finance Teams should be substituted by the school with the resources available in the school and to fit in with the established decision-making and governance processes. School Governors will deliver the governance and scrutiny role undertaken by Members for Corporate contracts. The school's Finance Committee and the Full Governing Body replace any references to the Authority's Committees. For Officer responsibilities detailed in the Contract Procedure Rules, the school should identify their own hierarchy of responsibility, but the Head Teacher has overall responsibility for the financial management and is therefore seen as the budget holder.
- 6.1.3 The Council's Procurement Team will be the point of contact to offer advice and guidance but the responsibility for all procurement will be with the school.

## 7 PAYMENT OF ACCOUNTS

Contacts: **Internal Audit / Schools' Finance Team**

### 7.1 Payment Arrangements

- 7.1.1 The governing body is responsible for making safe and efficient arrangements for all payment of accounts. All payments on behalf of the school *shall* therefore be made by the governing body or under arrangements approved by them.
- 7.1.2 Payments should normally only be made against official invoices received from suppliers, and not against statements, delivery notes etc.
- 7.1.3 Payment against copy invoices (i.e. duplicates / photocopies) should only be made where detailed checking has confirmed that no payment has been made against an original and the member of staff should endorse the copy invoice to that effect. E-mailed invoices are acceptable. E-mailed invoices must contain the full company name and details, as with standard invoices.
- 7.1.4 The Governing Body shall be responsible for deciding the most appropriate method of payment for categories of invoice. Payments may be made via cheques or electronic transfer (e.g. BACS) where appropriate controls are in place. Cheques should be despatched independently of ordering or payments staff.
- 7.1.5 Payments in advance should only be made where there is no practical alternative, and the reasons should be recorded. Any invoice subsequently obtained should be filed with the original payment documentation, and endorsed appropriately to prevent duplicate payments.

### 7.2 Authorised Signatories

- 7.2.1 Each Governing Body shall determine persons in their School *authorised* to sign for all main financial transactions on their behalf. These should as a minimum include:
- i orders for goods, works or services;
  - ii payment of accounts;
  - iii travel, subsistence and special assistance claims;
  - iv payroll documents (e.g. overtime claims, timesheets)
  - v recommendations for write-off
- 7.2.2 The governing body shall maintain up to date lists of all authorised persons together with copies of their specimen signatures, initials and any financial limits that apply. Additionally, copies of these lists and specimen signatures shall be provided to the Director of Finance and Director of Education where prime documents are processed under procedures within his control (i.e. in the event of financial delegation being withdrawn).

## 7.3 Separation of Duties

7.3.1 Each Governing Body is responsible for ensuring, so far as is reasonably practicable, that there is adequate internal separation of duties in their department in relation to significant financial transactions. For example:

- staff responsible for calculating, checking and recording monies due to or due to be paid by the school shall not receive or make such payments;
- staff examining and checking the accounts of cash transactions shall not carry out (i.e. process) such transactions;
- staff who sign orders, confirm receipt of goods or services, and certify payments shall not perform more than one function for the same transaction.

7.3.2 Head Teachers should ensure that all invoices input onto the school financial database for payment have been properly authorised and certified, with evidence in the form of signatures of at least three designated officers having been involved in the whole process (ordering / receipt of goods or services / payment). The Director of Finance must specifically approve exceptions to this requirement e.g. where less than three officers are involved in the process.

7.3.3 Head Teachers may delegate the authority to authorise and certify invoices to members of staff within their establishment. Head Teachers must maintain up to date lists of members of staff in their establishment together with specimen signatures and any financial limits that apply.

7.3.4 All payments of invoices or accounts for payment shall be approved by at least two members of staff (prior to input onto the schools financial database), neither of whom has signed the original order.

7.3.5 Each Head Teacher shall arrange a suitable division of staff duties within their school so that the member of staff who certifies an individual invoice for payment shall not be the person who either approved the order, or has confirmed the receipt of goods or completion of the work concerned.

7.3.6 Employees are not permitted to certify payments to themselves or to another employee who is related.

7.3.7 The following role definitions will normally apply (notwithstanding that different terms may be in common day to day use within schools s):

- (a) Initiating Officer role: a member of staff authorised by their governing body to sign official orders (or order requisitions where utilised) on behalf of the school. They would normally identify the potential supplier, ensure budget provision is available and best value is obtained, by using or their own knowledge and experience, in accordance with Section 5 of these Financial Regulations.

Schools may of course prefer that one member of staff completes an order requisition form for approval by a manager but this is not a requirement of

School's Financial Regulations. In such cases, it may be that the manager takes responsibility for checking budget provision and demonstrating best value. However, the manager who signs the order is deemed the Initiating Officer and he/she therefore cannot authorise or certify the invoice.

- (b) Authorising Officer role: a member of staff other than (a) or (c), who passes an invoice for certification, having confirmed receipt of goods or services and checked arithmetical accuracy, quantities, prices etc. to the original order. This member of staff may in practice be the person who requested the goods / services as they will often be best placed to confirm the order has been delivered accurately.
- (c) Certifying Officer role: a member of staff other than (a) or (b), designated by the School Governing Body to certify individual invoices for payment. In certifying an invoice for payment the Certifying Officer is indicating that all relevant Financial Regulations have been complied with and evidenced in paying the invoice, prior to input and certification onto school financial system.
- (d) Cheque Signatory role: the school Governing Body should determine a minimum of four cheque signatories of which two should sign each cheque for the school bank account. The cheque signatories may include any of the persons (a) – (c) above.

## **7.4 Checking Required**

- 7.4.1 The overriding principle to be adhered to is that authorisation and certification checks should be meaningful. To this end, they should be carried out and evidenced by those members of staff who are in a position to judge, for instance, whether goods / services have actually been received or whether invoice prices are correct. The evidence should also be unambiguous e.g. an isolated signature on an invoice does not make it clear what has been checked or what is being authorised or certified and is therefore not acceptable.
- 7.4.2 Certifying Officers are responsible for ensuring that adequate checks are performed and evidenced prior to the payment of an invoice to satisfy themselves that the payment is accurate and due to be paid. The following checks are regarded by the Director of Finance to be good practice.
- 7.4.3 For all invoices:
  - (a) where appropriate, a match is made with the official order, agreement, or other document authorising the expenditure;
  - (b) payment details are recorded on the official order or other suitable record;
  - (c) prices are in accordance with quotations or are otherwise reasonable;
  - (d) that the invoice arithmetic is correct

- (e) goods have been received, examined and approved with regard to quantity and quality and / or that work done or services rendered have been satisfactorily carried out or provided
- (f) where VAT is charged that the invoice carries the VAT registration number of the supplier;
- (g) the invoice has not been previously passed for payment;
- (h) the invoice is a proper liability of the school, has been duly authorised and is, to the best of the member of staff's belief, legal expenditure.

## **7.5 Credit Cards**

7.5.1 It is identified that there are circumstances within schools when payment by credit card may be considered more suitable. In circumstances when this payment method is deemed necessary, the following controls should be strictly implemented:

- (a) The governing body should approve a list of authorised users, restrictions on the use of the card's spending limits and written instructions on the scope and use of the cards.
- (b) A member of staff, who is not a card signatory, should be appointed to control the use of the cards and a signing-out procedure implemented for the issue of cards to authorised staff.
- (c) Documentary proof of any goods purchased with the charge or credit card including details of the nature and cost of those goods should be returned to the person responsible for recording charge card transactions as soon after purchase as is reasonably practical.
- (d) Transactions should be reconciled to statements by someone other than the card signatory.
- (e) The school should ensure adequate arrangements are in place to protect them against fraud and corruption by misuse of the card either with the credit card company or through their insurance policy.
- (f) The Local Authority to be notified as soon as possible of any amendments to existing arrangements or any new credit card accounts that are established including details of credit limits and authorised users.

## **7.6 Purchasing on the internet with approved cards.**

7.6.1 The Royal Bank of Scotland are the approved providers of a purchase card. Cards should be allocated to authorised users who sign up to conditions of use.



7.6.2 Controls should include those for use of a credit card as detailed in 7.5.1 (a) to (f) of these Regulations. Conditions of use should include safe storage of the card and adhering to limits that are set, cash withdrawal should not be permitted.

7.6.3 The following step-by-step guide to using a card over the Internet has been devised as good practice.

1. Use secure websites (indicated by a padlock icon, the web address includes "https" rather than "http"). You normally get a message saying that you are being transferred to a secure connection. You can check encryption is being employed by going to **File** and then choosing **Properties**.
2. As long as you use the card wisely, the School is protected from fraud.
3. Employ adequate password security.
4. Use "trusted suppliers" - it should not be difficult to draw up a suppliers list.
5. Ensure supplier has an encryption certificate.
6. Where e-mails are used for notification, the best system has truncated details (do not use suppliers who use the full card number).
7. Print a copy of online transactions. This should include items purchased, total amount, trader name, contact information, unique order number. Note also the telephone number and address.
8. Query anything you are unsure of by telephoning the Company.
9. If you are unsure of whether to pursue, use an alternative form of transaction.

## **7.7 Late Payment of Debts**

7.7.1 Guidance on Late Payment of Debts legislation is set out in [Appendix 3](#)

## **8 PETTY CASH AND IMPREST ACCOUNTING**

Contact: **Schools Finance Team/Internal Audit**

### **8.1 Agreed Level of Petty Cash**

8.1.1 The governing body may, at their discretion and at the request of Head Teachers, make available petty cash floats to facilitate the cost-effective payment of minor items of expenditure on behalf of the school. The governing body should set out in writing an appropriate level for the amount of petty cash to be held. This amount should represent a balance between convenience and the risk of holding cash on the premises.

### **8.2 Control and Operation of Petty Cash**

8.2.1 Any member of staff to whom petty cash has been made available shall be responsible for the control and operation of the petty cash float. In particular, each such member of staff shall:

- (i) ensure that vouchers are obtained and retained to substantiate payments made;
- (ii) ensure that receipts, where possible, relating to expenditure from a petty cash float are attached to the relevant voucher;
- (iii) ensure the safe custody of petty cash monies in their possession;
- (iv) restrict the amount of any individual payment to an agreed amount above which prior approval should be obtained from the Head Teacher. Petty cash holders must not sub-divide payments to a single recipient;
- (v) ensure that the account is reconciled regularly, that regular reimbursement is sought and that the adequacy of the petty cash amount/continuing need for the petty cash is regularly reviewed;
- (vi) where applicable, sign a statement at the end of each financial year confirming the amount of the imprest held. This should also be counter-signed by a senior member of staff.

8.2.2 If it becomes apparent that the current level of petty cash is insufficient, the items on which the petty cash is expended should be reviewed. If it is clear that there is no reasonable alternative to expenditure through the petty cash float, a formal approval to have it increased should be granted by the governing body.

8.2.3 No member of staff shall authorise their own claims from a petty cash float.

8.2.4 Expenditure which should form part of the payroll system, e.g. car allowances, shall not be processed through petty cash accounts.

### **8.3 Security of Petty Cash**

8.3.1 All schools' holding petty cash should ensure that, at all times, cash is adequately secured. As a minimum this should be in a cash box within a lockable drawer.

### **8.4 Imprest Accounting**

8.4.1 The encashment of personal cheques and the advancing of loans from an imprest account is strictly forbidden.

8.4.2 The general principle of imprest accounting is that at any time the cash and bank balance, together with the aggregate value of any receipts on hand, non-reimbursed claims and cheques not credited should total the approved imprest account balance. At no stage should the cash balance be allowed to fall below zero.

## **9 VAT**

Contact: **Principal Accountant – Chief Executives Department**

### **9.1 General**

9.1.1 Head Teachers must ensure that VAT is identified and correctly accounted for in respect of all income and expenditure (including imprests or petty cash) in accordance with current VAT regulations. Failure to do so can lead to loss of income and/or imposition of penalties by Revenue and Customs

9.1.2 All limits shown in these Regulations exclude VAT.

9.1.3 Members of staff responsible for instigating income collection for the school shall satisfy themselves that the school has complied with the relevant VAT legislation with regard to the supply of its services.

### **9.2 Payment of VAT**

9.2.1 VAT should not be paid unless the supplier's VAT registration number is shown on the invoice. Members of staff responsible for authorising payments (as defined in Section 7 of these Regulations) shall satisfy themselves that all suppliers' invoices for goods, works or services have complied with relevant VAT legislation.

9.2.2 VAT should only be accounted for on imprest or petty cash payments where the supplier's VAT registration number is shown on the receipt.

### **9.3 VAT Returns**

9.3.1 All schools should complete and return their monthly VAT returns to the Chief Executives Department by 15<sup>th</sup> of each month following the month in question (e.g. April's return due 15<sup>th</sup> May). In the event of any problem which may cause delay, schools should notify Schools Finance Team or the Chief Executives Department as soon as possible.

9.3.2 For Secondary Schools, the VAT return should include a brief summary of VAT on all returns exceeding £10,000  
For Primary schools, the VAT return should include a brief summary of VAT on all returns exceeding £5,000  
Schools should attach copies of any invoices, which include VAT of more than £1,000 to their VAT returns.

### **9.4 Further Information**

9.4.1 Further guidance and advice on VAT matters is contained at [Appendix 4](#) and is also available from the Chief Executives Department Accountancy Section.

## **10 SALARIES, WAGES & PENSIONS**

Contact: **Internal Audit**

### **10.1 Payments**

- 10.1.1 All payments of salaries, pensions, compensation and other emoluments to all employees shall be made by the governing body or under arrangements approved by them.
- 10.1.2 All payments, including travel, subsistence and other allowances shall be made in accordance with current legislation, Revenue and Customs Regulations and relevant decisions of the LA and School Governing Body.

### **10.2 Authorisation**

- 10.2.1 Each governing body should nominate those members of staff within their school who will be authorised to certify timesheets, overtime claims and claims for travelling and subsistence. A list of such members of staff, together with specimen signatures, shall be maintained by the Head Teacher. Changes shall be notified promptly as they occur.

### **10.3 Notifications to HR and Payroll**

- 10.3.1 Each Head Teacher, or their nominated representative, shall notify their payroll and/or HR provider as soon as is practicable of all matters affecting the payment of emoluments by the school and in particular:
- (i) appointments, resignations, retirements, dismissals, suspensions, secondments, transfers and deaths, and for pensions, changes in marital status, dependants and deaths;
  - (ii) amounts to be recovered from pay e.g. repayment of training expenses on leaving;
  - (iii) absences from duty for sickness or other reason (e.g. jury service), apart from approved paid leave;
  - (iv) changes in remuneration (either permanent or temporary), other than normal increments, pay awards and agreements of general application;
  - (v) information necessary to maintain records of service for pensions, income tax, national insurance etc. This will include information on benefits in kind necessary to complete Inland Revenue forms P11D for employees e.g. leased cars;
  - (vi) all time sheets affecting payments due.
- 10.3.2 Notification may be by on-line entry into systems where appropriate.

#### **10.4 Disclosure of Officers' Emoluments**

10.4.1 The school shall disclose to the LA the number of officers whose emoluments in the year were £50,000 or more, grouped in rising bands of £10,000. It is a requirement of the CIPFA Accounting Code of Practice and Accounts and Audit Regulations (Regulations) 2015 that this is included in the LA annual statement of accounts.

#### **10.5 Self-Employed Status**

10.5.1 All payments to individuals, who consider themselves to be self-employed in respect of services provided to the school, shall still be processed through the payroll system unless the status of the individual has been confirmed as self-employed in accordance with the latest HMRC Guidelines. All casual and part-time employees will nevertheless be included on the payroll.

#### **10.6 Travel, Subsistence & Other Allowances**

10.6.1 All claims for the payment of car allowances, subsistence allowances, travelling and incidental expenses in relation to the performance of official duties shall be completed in a form approved by the School Governing Body, and paid in accordance with approved school procedures as currently in force.

10.6.2 Below Head Teacher level, claims by members of staff must be certified by an appropriate line manager, authorised to do so by their Head Teacher. Once claims are authorised, this indicates that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the school.

#### **10.7 Teachers Pensions Returns** (applicable to ex-Grant Maintained Schools and those schools that do not receive payroll via LBB)

10.7.1 In accordance with the School Standards and Framework Act 1998, the LA is responsible for the remittance of all Teachers Pension Agency contributions including Additional Voluntary Contributions (AVC's).

10.7.2 Schools are required to notify the Local Authority by the 28<sup>th</sup> of each month what the total pension and AVC deductions are for each School. Payments will then be paid to Teachers Pensions Agency and Prudential by the Local Authority with a deduction the following month from each school budget share payment. Payments to Teachers Pension Agency and Prudential will be made by the 7<sup>th</sup> each month.

## **11 COLLECTION OF INCOME**

Contact: **Schools' Finance Team/Internal Audit**

### **11.1 Monies Due**

11.1.1 The identification of all monies due to the school is the responsibility of the School Governing Body.

11.1.2 Head Teachers will take prompt action to either:

- (i) collect the income due within arrangements approved by the School Governing Body; or
- (ii) collect all income due or to ensure that appropriate recovery procedures are undertaken where necessary

### **11.2 Receipt of Monies**

11.2.1 Where appropriate (i.e. excluding school dinner monies), every remittance or sum of money received by a member of staff at the school shall immediately be acknowledged by the issue of an official receipt.

11.2.2 If a payer by cheque does not require a receipt, the amount should still be recorded with the receipt being retained. The form of all receipts or other official documents in use should be approved by the Governing Body. Receipt books should be serially numbered and a register should be kept of all receipts and issues of such documents to members of staff, which shall be acknowledged by the signature of the recipient.

11.2.3 All monies received on behalf of the school should be paid forthwith at the Governing Body's instructions either to an appointed contractor or be banked direct to the credit of the school. Every employee who receives monies shall maintain a record, in a form approved by the Governing Body, of all amounts received and deposited.

### **11.3 Transfers of Money**

11.3.1 Every transfer of official money from one member of staff to another will be evidenced in the records of the school concerned by the signature of the receiving officer.

### **11.4 Banking**

11.4.1 All bankings must be made promptly and intact i.e. personal cheques should not be cashed out of money received on behalf of the school and official expenditure should not be incurred (i.e. school meals income) from monies collected and due to be banked.

11.4.2 All members of staff responsible for banking monies should ensure that individual cheques are listed clearly on the reverse of the bank paying-in slip or comprehensive listing. Each member of staff who so banks should also enter on the paying-in slip a reference to the related debt (such as the receipt number or the name of the debtor) or otherwise indicate the origin of the cheque.

## **11.5 Security of money held**

11.5.1 Responsibility for the safe keeping of all school monies must be designated by Head Teachers to specified members of staff within their establishments.

11.5.2 Where monies are held overnight, secure arrangements must exist for their safekeeping. Keys to safes and other secure containers should be carried on the person of the key-holder or kept under secure conditions.

## **11.6 Charges**

11.6.1 All charges determined by the school shall be reviewed at least annually by the appropriate Governing Body Sub-Committee. Such reviews should consider the possibility of introducing charges where none are currently made.

## **11.7 Write-offs**

11.7.1 The Governing Body may write-off bad debts up to £1,000 for Secondary Schools and up to £500 for Primary Schools

11.7.2 Approval for all write-offs should be detailed in committee minutes. No uncollectable amounts above the limits set above including bad debts, should be written off except with the approval of the Director of Finance, whether exercised personally or properly delegated by him to a member of his staff for this purpose.

11.7.3 Any decision to write-off an amount must be taken with the authority of the Director of Finance, as stipulated in the Accounts and Audit Regulations 2015 whether exercised personally or properly delegated by him to a member of his staff. The amounts involved, and approval granted, should be recorded in the accounting records.

11.7.4 For further guidance on write-off procedures see [Appendix 5](#).



## **12 BANKING ARRANGEMENTS**

Contact: **Internal Audit / Schools Finance Team**

### **12.1 LBB Banking arrangements**

- 12.1.1 For schools that bank via LBB banking arrangements, any changes in the formal signatories should be notified to the authority along with a sample of the signature.
- 12.1.2 Schools should consider banking via the authorities main bankers, currently HSBC. Favourable interest rates and reduced charges are advantages to be considered.

### **12.2 HSBC Banking**

- 12.2.1 Schools are able to view their balances and statements on-line
- 12.2.2 All banking arrangements should be made by or via the Head Teacher, who is responsible for liaising with the school bankers in relation to the school bank accounts and the issue of cheques.
- 12.2.3 The Head Teacher shall be authorised to operate such subsidiary bank accounts as they deem necessary. Only the Head Teacher may open or close a bank account for dealing with the school's funds. All bank accounts shall be in the name of the school and never an individual.

### **12.3 Overdraft Facility**

- 12.3.1 School bank accounts shall not be permitted to become overdrawn.

### **12.4 Bank Reconciliations**

- 12.4.1 The Head Teacher shall ensure that the school's main bank account is reconciled at least once a month and subject to independent review, with large or unusual items investigated as appropriate.
- 12.4.2 The Head Teacher shall ensure that all subsidiary accounts under their control are reconciled at least once a month, and subject to independent review, with large or unusual items investigated as appropriate.

### **12.5 Cheques**

- 12.5.1 Cheque stationery shall be ordered only on the authority of the Head Teacher, who shall ensure that adequate bank records are maintained and regularly reconciled to records of cheques issued by the school.
- 12.5.2 Adequate security arrangements shall be maintained by the Head Teacher for all unused cheques for accounts under their control.

12.5.3 Cheques should only be signed by approved signatories after the cheque (including its counterfoil) has been completed in full. They should not be pre-signed under any circumstances.

12.5.4 All cheques must bear the signatures of two signatories approved by the governing body.

## **12.6 Approved Banks and Building Societies**

12.6.1 Accounts for receiving budget share payments and managing the school's financial affairs may only be held at any one of the banks or building societies as determined by the Director of Finance. These banks and building societies are as follows:-

- Royal Bank of Scotland Group (includes Nat West).
- HSBC.
- Barclays.
- Lloyds TSB Group (includes Bank of Scotland).
- Santander (includes Abbey National and Alliance & Leicester).
- Nationwide.

These restrictions do not apply to School Voluntary Fund bank accounts.

## **12.7 Closing Accounts**

12.7.1 Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.

## **13 ASSETS**

Contact: **Internal Audit**

### **13.1 Responsibility of Head Teacher**

13.1.1 Head Teachers are responsible for the safe custody of all assets, including plant, machinery, vehicles, furniture, equipment and other non-consumable property held within their school.

### **13.2 Asset Register**

13.2.1 Each Head Teacher shall maintain either manual or electronic inventories listing all movable equipment (but not furniture, filing cabinets etc) in the custody of their school which:

- (i) cost or is valued in its current condition at more than £1,000; or
- (ii) is attractive and portable; and

13.2.2 The inventory should, where applicable, record details of make, model number etc of equipment held and wherever possible a serial number, and at least one copy should be held separately from the assets that it lists.

13.2.3 Each Head Teacher shall arrange for physical verification of the items on their inventory records to be undertaken at least annually. This verification should be evidenced in writing, signed by the authorised member of staff and retained for audit purposes.

### **13.3 Removal of property from school site**

13.3.1 The school's property shall not be removed except in the normal course of the school's business or used otherwise than for the school's purposes unless specifically authorised by the Head Teacher. Where a Head Teacher authorises temporary removal of property, a formal record shall be maintained indicating where the property can be located and shall be signed by the member of staff responsible for its safekeeping.

### **13.4 Identifying assets**

13.4.1 So far as is practical, all items should be effectively marked (using current security techniques e.g. invisible ink) as school property.

### **13.5 Deletions from the asset register**

13.5.1 Head Teachers may authorise items to be deleted from an inventory of their School where:

- (i) the item has become obsolete and / or is no longer adequate for the purpose intended;

- (ii) the item is broken or worn and of no further useful purpose;
- (iii) the item has become surplus to requirements;
- (iv) has been lost or stolen, in which case the Director of Finance should be informed for insurance requirements (where applicable).

### **13.6 Disposal of assets**

13.6.1 For disposal procedures see [Section 14](#)

## **14 DISPOSAL OF ASSETS**

Contact: **Internal Audit**

### **14.1 Obtaining Best Price**

14.1.1 Each School Governing Body is responsible for ensuring that the best possible price is obtained from the disposal of assets under their control.

### **14.2 Assets under £1,000**

14.2.1 If assets to be disposed are under the value of £1000, they should be disposed of at the discretion of the Governing Body.

### **14.3 Assets £1,000 to £40,000**

14.3.1 Where the estimated current value of the asset exceeds £1,000 but is less than £40,000 the following should be considered:

- (i) offer the item(s) to all schools and then Council Departments
- (ii) sealed tenders or offers;
- (iii) advertising;
- (iv) sale by public auction;
- (v) sales to staff (this method of disposal should be used only where there are good reasons for not pursuing other alternatives and should always be by sealed offers unless otherwise agreed by the Director of Finance).

### **14.4 Assets exceeding £40,000**

14.4.1 Where the estimated value of the asset(s) is over £40,000, the tendering procedures in [Section 6](#) of these Regulations shall be followed.

## **15 LOANS AND INVESTMENTS AND LEASES**

Contact: **Schools Finance Team/Internal Audit**

### **15.1 Loan Agreements**

15.1.1 As schools do not have the legal powers to borrow, the school Governing Body should not enter into any loan agreements, other than with the LA, without the written permission of the Secretary of State for Education and Employment as stipulated in the Scheme for Financing Schools.

### **15.2 Leases**

15.2.1 This prohibition also applies to some types of lease, which are equivalent to borrowing. Therefore, apart from operational leases such as those for photocopiers schools should seek the advice of the Local Authority for other types of leases.

## **16 INSURANCE, SECURITY OF ASSETS AND RISK MANAGEMENT**

Contact: **Insurance**

### **16.1 Introduction**

- 16.1.1 The School Governing Body shall be responsible for effecting or approving the arrangements for all insurance cover on behalf of the school. All such policies should be made available to the Director of Finance for inspection. The School Governing Body will also make arrangements to ensure that appropriate records are kept of all property and risks covered.
- 16.1.2 In accordance with the Standards & Framework Act 1998, the LA will require the school to demonstrate that cover relevant to the LA's insurable assets, under a policy arranged by the School Governing Body, is at least as good as the relevant minimum cover determined by the LA.
- 16.1.3 The School Governing Body is responsible for ensuring that all appropriate employees of the school shall be included in suitable fidelity insurance.

### **16.2 Assets**

*N.B. - The following regulations apply where cover is arranged by the LA*

- 16.2.1 The Head Teacher shall notify the Insurance and Risk Manager promptly in writing of any proposals that will effect insurance arrangements. Any additions, deletions or alterations in the functions of the establishment and any alterations or extensions to the school buildings, that could increase or decrease insurable risk should also be notified in writing. The Insurance and Risk Manager will give advice as appropriate.
- 16.2.2 All overnight cash holdings in safes must in practice be agreed with the Insurance Manager to effect Money Insurance cover, as this is covered internally as a risk rather than with external insurers. A safe schedule will then be maintained containing relevant details e.g. location, type, permitted maximum holding (as determined by the insurance market) and the agreed amount for the particular location. The overnight limit includes cash, postal orders, cheques and anything negotiable as money.
- 16.2.3 Schools will be advised of maximum levels of cash holdings for insurance purposes.
- 16.2.4 Head Teachers must ensure that the Insurance and Risk Manager is kept informed of any changes to the official departmental safe inventory, whether new safes or replacements.

### **16.3 Off-site assets**

- 16.3.1 Any employee of the school who is authorised to make use of their own vehicle in the execution of the school's business shall be responsible for effecting adequate insurance cover for such use and shall produce to their Head Teacher on request evidence of the adequacy of such cover, unless the school's insurance policy specifies otherwise.
- 16.3.2 Schools shall ensure that any item on the asset register taken off-site, are included under the insurance cover arranged either by the school or the LA.

### **16.4 Claims**

*N.B. - The following regulations apply where cover is arranged by the LA*

- 16.4.1 Head Teachers shall immediately notify the Insurance and Risk Manager and, where appropriate, the Police upon the occurrence of any loss, damage, liability or potential liability in connection with their school except that notification is not required if the value is less than £500 and results from malicious damage. Initial notification may be by telephone. Evidence supporting the claim should be provided in such form as may be required by the Insurance and Risk Manager.
- 16.4.2 In respect of liability claims, *no* comment should be made to any third party and *no* action taken without first consulting with the Insurance Section.
- 16.4.3 Head Teachers are responsible for ensuring that insurance limits are not exceeded in their establishments.

### **16.5 Security**

- 16.5.1 Keys to safes and similar receptacles shall be in the safekeeping of those responsible at all times. The loss of any such keys shall be reported to the Head Teacher immediately
- 16.5.2 Each School Governing Body is responsible for maintaining adequate security at all times for all assets under their control. All monies must be locked away when unattended and lockable cupboards should be used in the absence of a safe.
- 16.5.3 Head Teachers and Governing bodies shall take steps to adhere to any financial systems of check in connection with Fidelity Guarantee Insurance.
- 16.5.4 The Governing Body are responsible for maintaining proper security, at all times, for the buildings and assets under their control



## **16.6 Contractors**

16.6.1 It is the responsibility of the Head Teacher to ensure that any contractors appointed by the school provide details of adequate, continuing public and product liability insurance. Seek advice from the Insurance Manager regarding adequate insurance cover for contractors. Where any contract is arranged via the LA , the responsibility for verifying insurance shall fall to the appointing officer

## **16.7 Risk**

16.7.1 The Governing Body should ensure that a risk management process is maintained for the school.

16.7.2 Head Teachers must:

- ensure that adequate risk management controls are implemented, monitored and reviewed;
- notify the Insurance and Risk Manager immediately of any loss, liability or damage that may lead to a claim against the Council or the school;
- notify the Insurance and Risk Manager of all new risks, properties or vehicles that require insurance and of any alternations affecting existing insurances;
- consult with the Insurance and Risk Manager and the Head of Legal on any terms or any indemnity that the Council is requested to enter into on behalf of the school.

## **16.8 Further Contact**

16.8.1 Full details of information regarding insurance can be obtained from the Insurance and Risk Manager , Finance Department

## **17 INTERNAL AUDIT AND INTERNAL CONTROL**

Contact: **Head of Audit and Assurance**

### **17.1 Definition and Responsibilities**

17.1.1 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Charter for Bromley's Internal Audit service is included at [Appendix 6](#).

17.1.2 An adequate and effective system of internal audit of the accounting records and control systems of the Authority will be maintained by the Director of Finance, under delegated authority from the Council.

17.1.3 The Accounts and Audit Regulations 2015 require the Authority ("relevant body") to maintain responsibility for internal audit, rather than the Responsible Financial Officer (RFO) designated under section 151 of the Local Government Act 1972. However, Bromley, like many other local authorities, has delegated this responsibility to the Director of Finance.

### **17.2 Access to documents and information for audit**

17.2.1 Upon production of proof of identity and authority, the Head of Audit and Assurance or his representative shall have the right to enter, without prior notice, every School and require any officer, member, teacher or governor:

- (a) to make available all documents of the School which relate to their accounting and other records as appear to the auditor to be necessary for the purpose of the audit, including any information of a confidential nature;
- (b) to supply such explanations and information as are considered necessary for the purpose of the audit; and require any member of staff, Governing Body or agent of the School to account for assets under his/her control.
- (c) to produce cash, stores or any property of the School in their custody.
- (d) the Head of Audit and Assurance or his representative shall be able to enter any Council premises or land, including the premises of Schools receiving delegated budgets from Bromley Local Education Authority;

### **17.3 The Audit Cycle**

17.3.1 The schools audit cycle is based on an assessment of risks. An annual report is provided to the Audit Sub-Committee which includes the schools' audits carried out during the previous year.

### **17.4 Audit Reports**

17.4.1 All audit reports shall be presented by the Head Teacher to the Governing Body for consideration. Where recommendations are accepted, their implementation shall be overseen by the Governing Body. Recommendations may only be rejected where there are valid reasons for doing so, and these reasons have been notified to Internal Audit.

### **17.5 Internal Control**

17.5.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives.

17.5.2 Head Teachers and Governors must ensure that adequate systems of internal control are established, adhered to, tested and reviewed.

## **18 FRAUD & CORRUPTION**

Contact: **Head of Audit and Assurance**

### **18.1 Reporting Irregularities**

18.1.1 Head Teachers and Governing Bodies under the Schools' Raising Concerns ("whistleblowing") procedure shall inform the Director of Finance immediately of any suspected irregularity affecting income, expenditure, cash, stores or other resource of the Council so that the Director of Finance may, if he considers it appropriate, conduct an independent investigation thereof.

18.1.2 All employees have a responsibility for the security of the School's assets. Any employee or Governor who becomes aware of non-compliance with these Regulations or suspects any irregularity in respect of the Schools' systems and procedures should immediately notify their Head Teacher, normally through their line manager. If for any reason an employee or Governor feels unable to raise their concern through school management, they should do so through a nominated officer referring to the Council's whistleblowing policy as detailed in section 3.7 of these Regulations.

### **18.2 Further Guidance**

18.2.1 Further guidance is contained in the Fraud & Corruption Protocol at [Appendix 7](#).

## **19 INFORMATION SYSTEMS**

Contact: **Information Management / Internal Audit**

### **19.1 Data Protection**

19.1.1 Each School shall ensure that adequate procedures exist to ensure compliance with the Principles of the GDPR and UK DPA Act 2018 in respect of personal data held in computerised and manual information systems. More information on the requirements of the Act can be found at <https://ico.org.uk/>

Each Head Teacher shall nominate a Data Protection Officer

- to inform and advise you and your employees about your obligations to comply with the GDPR and other data protection laws;
- to monitor compliance with the GDPR and other data protection laws, and with your data protection policies, including managing internal data protection activities; raising awareness of data protection issues, training staff and conducting internal audits;
- to advise on, and to monitor, [data protection impact assessments](#);
- to cooperate with the supervisory authority; and
- to be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc).

### **19.2 Freedom of Information**

19.2.1 Each School shall comply with the requirements of the Freedom of Information Act 2000.

### **19.3 Safeguarding Information**

19.3.1 Information should be safeguarded and adequate back-up procedures should be followed. Any copies taken off-site should be stored securely.

19.3.2 All employees have a responsibility to ensure that they do not cause the loss, unauthorised destruction or disclosure of personal data in contravention of such Principles.

19.3.3 Each Head Teacher shall be responsible for ensuring that access to computer systems under their responsibility is properly controlled (e.g. appropriate use of, and regular changing of, confidential passwords)

### **19.4 Disaster Recovery Plan**

19.4.1 The Head Teacher shall establish a disaster recovery plan, which considers the recovery of records and data in the event of a serious incident such as a fire. Where possible this plan should be tested to ensure that school business shall continue as far as is possible.

## **19.5 Further Guidance**

### 19.5.1 Contact the Council's Information Management Team

## **20 VOLUNTARY FUNDS**

Contact: **Schools Finance Team**

### **20.1 Standards of Guardianship**

20.1.1 Voluntary funds often provide schools with a substantial additional source of income. Although such funds are not public money, the standards for the guardianship of these needs to be as rigorous as those for the administration of the school's delegated budget. Parents, pupils and other benefactors are entitled to receive the same standards of stewardship for the funds to which they have contributed.

### **20.2 Voluntary Fund Account**

20.2.1 Where a School operates a Voluntary Fund that incorporates a separate bank account, accounts should be drawn up annually, including:

- A Balance Sheet
- Income and Expenditure Statement

20.2.2 Where the voluntary fund is merged into the main school fund, transactions for voluntary funds should be clearly identified.

### **20.3 Audit of Voluntary Fund**

20.3.1 Voluntary fund accounts should be audited by a suitably qualified individual independent of the fund. The auditor should give assurance that the same standards of financial accounting which apply to income and expenditure for the school's delegated budget are applied to the voluntary fund.

20.3.2 The audited accounts and audit certificate should be presented to Governors as soon as possible after the end of the accounting year and their approval minuted.

20.3.3 Internal Audit reserve the right to review the Voluntary Fund if required.

## **21 RETENTION OF DOCUMENTS**

Contact: **Director of Education and Information Management Team**

### **21.1 Secure Retention**

21.1.1 Head Teachers shall be responsible for ensuring that the accounts and supporting records of the school are maintained securely in accordance with proper practices and for the safe custody and proper use of controlled stationery (i.e. having an implicit monetary value) within their establishment.

Head Teachers shall ensure that accounting records are retained in safe custody for such period as shall be determined by the Director of Finance and no voucher or other document shall be destroyed before the specified period has elapsed. The Director has determined that the Financial, Payroll and Pension records should be kept in line with the Information and Records Management Society of the UK "School's Toolkit". Please follow the link below:

[IRMS Schools Toolkit](#)

### **21.2 Disposal of Documents**

21.2.1 Application of a current year +6 year retention for most financial records related to schools is likely to be an adequate minimum retention period, except for loans and grants and contracts under seal where current year + 12 years minimum is required.

21.2.2 The ultimate disposal of financial records should be arranged by each Head Teacher as "confidential waste" and on no account should sensitive information be disposed of through the normal waste collection process.



**APPENDIX 1: SCHOOL FINANCIAL MANAGEMENT - LINE DELEGATION AND ACCOUNTABILITY**

**Governing Body**

Delegated powers for decision-making to:-

FINANCE COMMITTEE  
(Via Terms of Reference)

**Finance Committee**

Budget Approval  
Virement approval over (amount agreed to be input)  
Monthly Monitoring Reports  
Termly reporting to full Governing Body  
Accountability to LA and Parents  
Delegation to HT

**Head Teacher**

Preparation of Draft Budget Report  
Reporting to Governors  
Virement of monies up to (amount agreed to be input)

Weekly Monitoring  
Delegation to Senior Admin Officer  
Monitoring or Expenditure  
Authorising Orders/Invoices  
Ensure up to date inventories are kept of stock and other assets – checked annually  
Ensure compliance with schools Financial Regulations

**Staff who are Named Signatories**

To sign Cheques

**NB Three people to be involved in the whole payment process through from ordering to signing of cheque.**

Finance Officer or Equivalent

See Tasks

**Tasks for the Finance Committee**

To report to the Governing Body termly, in writing

To agree virement over £..... (AMOUNT AGREED BY GOVERNORS TO BE INPUT)

To participate in Budget Setting

To monitor Monthly Budget Reports

To monitor expenditure against Budget and evaluate the outcomes

### **Tasks for the Head Teacher**

Agreeing Budget Share Allocation with LA

Drafting the Budget with Finance Committee

Consulting the Deputy Head re Curriculum Budget, other Post holders and non teaching staff along with SIP priorities

Monitoring of Budget Spending

Approving Invoices for payment

Signing Cheques in the absence of Deputy Head or other signatories

Presentation of Accounts to Finance Committee (Budget Share Account/Voluntary Fund Account)

Ensure that internal financial procedures and systems are followed

Sign off bank reconciliation when completed

### **Tasks for the Deputy Head**

Participation on the Finance Committee

Signing Cheques

Authorising Orders and Invoices in the absence of the Head Teacher

### **Tasks for the Post holders and Site Manager**

Planning, presentation and monitoring of their particular curriculum and/or management budgets

**Tasks for the Finance Officer or Equivalent**

To be responsible for:-

Recording External Income

Reconciling Bank Statement monthly

Banking of all monies

Raising all Orders

Checking receipt of goods

Checking Invoices – preparing for payment

Payment of Invoices

Signing of Cheques

Checking correct coding to Ledger Code and Cost Centre

Control of Petty Cash Accounts

Monitoring of recording procedures

Finance Committee monthly reports

Monthly reports to Budget Holders re spending

Ensuring regular back-up procedures are followed for computerised financial records

Recording income and expenditure for School Voluntary Fund

Preparing and submitting School Voluntary Fund for auditing

Ensuring 'value for money' when ordering

Chasing up outstanding goods

Reporting damaged or faulty goods to suppliers

**APPENDIX 2: REGISTER OF GOVERNORS AND STAFF BUSINESS INTERESTS**

Example

I set out below any business interests (e.g. directorships, partnerships, see overleaf) which could be relevant to goods and services supplied to the school, and have put “none” where I have no such interests.

Governor/Staff Member (please delete accordingly)

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Close family member i.e. Spouse/Partner

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**I declare that I have not knowingly:**

- omitted any information that I ought to declare;
- provided any information that is false.

**Signed:**

---

**Print Name:**

---

—

**Date:**

---

—  
**Clerk to the Governors:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**BUSINESS INTERESTS**

- 1) We have no set definition of a 'significant interest'. You should consider whether the interest is likely to be regarded as such if it were publicly known. For example, we are not likely to regard £5,000 invested in a major national organisation (eg: Barclays Bank) as significant; whereas £5,000 invested in a smaller company providing local services would be something which you should declare. If in doubt, please tell us.
  - take no part in the consideration or the discussion of the contract or matter,
    - unless the governing body otherwise allow, withdraw from the meeting during such consideration or discussion; and
  - do not vote on any question with respect to the contract or matter.
- 2) A person shall be treated as having an indirect business interest in a contract, proposed contract or other matter within paragraph 1) if:
  - He/she or any nominee of his/hers is a member of a company or other body with which the contract was made or is proposed to be made or which has a direct business interest in the matter under consideration: or
  - He/she is a partner, or is in the employment of, a person with whom the contract was made or is proposed to be made or who has a direct business interest in the matter under consideration.
- 3) A person shall be treated as having a direct or indirect business interest in a contract, proposed contract or other matter, if a relative (including his/her spouse) living with him/her, to his/her knowledge has, or would be treated (under paragraph 2) above) as having such an interest, direct or indirect.

## APPENDIX 3: LATE PAYMENT OF DEBTS

### Background

1. The Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment of Commercial Debts Regulations 2013 provides a statutory right to claim interest on the late payment of commercial debts. Previously, businesses were only able to claim interest on late paid debts if it was included in the contract or if they pursued the debt through the courts and the courts decided to award interest.

### Contracts

2. The legislation gives precedence to contractually agreed provisions. However, the Act contains provisions to prevent parties to a contract “contracting out” of the legislation by setting very low rates of interest on late payments, or by extending credit terms excessively or by any other terms which result in no substantial remedy for late payment. The provisions apply the test of “reasonableness” to such terms.

### Definition of key terms

3. *Late payment*: a payment is “late” when it is received after:
  - the expiry of the contractually agreed credit period (whether agreed orally or in writing); or
  - the credit period in accordance with trade custom and practice or in the course of dealing between the parties; or
  - the default credit period defined in the legislation (30 calendar days).
4. *Commercial debt*: the Act applies to a debt under a contract for the supply of goods or services where the purchaser and the supplier are each acting in the course of a business.

### Size of Debt / Statute of Limitations

5. No minimum level has been set below which a claim for interest cannot be made but claims for interest must be made within six years.

### Credit periods

6. Where no credit period is defined in a contract, or no contract exists, the Act sets a default credit period of 30 (calendar) days from delivery of an undisputed invoice for payment, or delivery of the goods and / or service, whichever is the later.
7. This is also the measure used by the Local Authority for payment of undisputed invoices. Time starts from the date the Local Authority (not the payment section) receives the invoice to the date of:

- despatch of a cheque or other payment instrument;
- notification to bank for BACS payments; or;
- bank processing of the payment if the Local Authority specifies a period after which the bank is to make the payments once it has received the BACS file.

If an invoice is received in advance, the 30 day or agreed term period starts from the satisfactory receipt of goods and/or services. Where the date the Local Authority receives the invoice it allows 2 working days to be added to the date of invoice.

8. Some purchasers and suppliers have a long-standing relationship in which there is no agreed credit period but the purchaser usually pays at the end of the month following the month in which the invoice is received. Where this is standard practice the credit period is considered to end on the last day of the month following the month in which the invoice is received. Interest starts the next day.

**Interest**

9. The Act seeks to recompense creditors for the cost of the payment delay. It provides power for the Secretary of State to set the rate of statutory interest and this is currently set at the Bank of England base rate for business to business transaction + 8%.
10. The current (and past) UK base rate can be found on the Bank of England web site at:

<https://www.bankofengland.co.uk/statistics>  
<https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp>

11. Interest is calculated as simple, not compound, interest as follows:

$$\text{Debt} \quad \times \quad \text{Interest Rate} \quad \times \quad \frac{\text{the number of days late}}{\text{365}}$$

12. Interest stops running on a debt once the principal has been paid. However, unless payment is accepted on other terms, any part payment of the debt will go to reduce the amount of the interest first.

**Separation and assignment of interest**

13. The Act allows the interest to be pursued separately from the principal debt and permits assignment of the interest to third parties, such as factors.

## APPENDIX 4: ACCOUNTING FOR VAT

Schools (excluding Community non-cheque book schools) are responsible for the administration of VAT relating to their own activities.

It is important that each school understands its responsibilities in this regard. Failure to comply with the requirements of HM Revenue and Customs may result in penalties being imposed on the Authority. In this situation the penalty would have to be met from the school's budget share.

The guidance set out below is intended for general guidance only. For more detailed and definitive advice schools should get further information and VAT advice from Maria Wiles in the Chief Executives Department.

### Income

Debtors' invoices raised by Schools need to meet the same requirements as a full tax invoice received from suppliers (see below under "checking that your invoices are valid") and must also include a "unit price". Unit price applies to countable goods or services, for example an hourly rate for services or price per item for goods. If the supply cannot be broken down into countable elements then the total tax exclusive price will be the unit price. The unit price may not need to be shown at all if it is not normally provided in a particular business area and is not required by the customer.

### Expenditure

The VAT element of expenditure should always be coded out separately.

Checking that your invoices are valid

**HM Revenue & Customs lays down strict rules on what constitutes a valid VAT invoice. You must ensure that the invoices processed by your School meet these requirements in order for the Authority to be able to recover the VAT. Details are as follows:**

Full Tax Invoice - (for all Invoices of more than £250)

A full tax invoice must show the following information:

An identifying number for the invoice

The supplier's name, address and VAT registration number

The date and a description of the goods or services supplied

The customer's (the London Borough of Bromley or its representative e.g. School) name and address

The unit price

The total charge made, excluding VAT

The rate of any discount offered, if applicable

The total VAT payable, shown as a separate amount



Less Detailed Tax Invoice - (for Invoices of £250 or less including VAT)

A less detailed tax invoice (e.g. a till receipt) must still show the following information:

The supplier's name, address and VAT registration number

The date and a description of the goods or services supplied

The total charge made, including VAT

The rate of VAT applicable (not all supplies may be standard rated)

Invoices or reimbursements of less than £25 (including VAT) for the following do not require VAT invoices:

Telephone calls from public or private telephones

Purchases through coin operated machines

Car park charges (on-street parking meters are not subject to VAT)

HM Revenue & Customs will allow recovery of the VAT element as long as the supplier is properly VAT registered. Most of the payments will be staff expenses reimbursed via petty cash and schools are reminded that the VAT element of such payments must be separately allocated.

Errors on Tax Invoices

Where errors have been identified on tax invoices e.g. the VAT has been calculated incorrectly, you must not attempt to correct these or amend the invoice in any way.

The supplier must cancel the invoice, usually by way of a credit note, and re-issue a correct tax invoice.

**Pro Forma Invoices**

Pro forma invoices are sometimes used by suppliers to offer goods or services, which may or may not be taken up by the customer. Pro forma invoices cannot be used as evidence for reclaiming VAT and will normally be marked "THIS IS NOT A VAT INVOICE". Where such payments are made the supplier must issue a proper tax invoice.

**Part Payments on Disputed Invoices**

If a part payment is made on a disputed invoice VAT should be calculated on this amount and added to the payment. The original invoice should be retained and any VAT included in the part payment can be recovered in the normal way as long as it does not exceed the VAT shown on the disputed invoice. Where the disputed invoice subsequently turns out to be incorrect the supplier should be requested to issue a credit note, which bears a reference to the identifying number and date of the invoice. The VAT adjustment on the credit note, plus the VAT element on the original invoice, should then equate to the actual payment of VAT.

**Sub-Contractors Invoices**

Where a contractor to the Council who is not registered for VAT employs a sub-contractor who is registered for VAT, the Council cannot recover VAT included on the sub-contractor's invoices even if these are made out to the London Borough of Bromley. This is because the supply for VAT purposes is between the sub-contractor and the main contractor and not the Council.

## Removal Expenses

Where an employee is reimbursed actual removal expenses the School can reclaim the VAT element of those expenses from HM Revenue & Customs even though the original invoice is made out to the employee. The majority of these reimbursements are made through payroll. When schools submit removal expenses claims for reimbursement would they please ensure that the VAT element is identified so that the payroll section/provider can allocate the VAT separately and that valid VAT invoices accompany all claims.

Where a school makes the payment direct please ensure that the VAT element is separately coded

## Monthly VAT Return

All VAT should be accounted for on a payments and receipts basis. When the VAT return is received at Chief Executives Department it will be consolidated into the Authority's overall return to HM Revenue and Customs. Once this has been done a payment will be made to the school for reimbursement for the VAT submittal.

## Penalties

HMRC may impose penalties for misdeclarations of VAT for whatever reason. The penalty may represent 100% of the amount involved. Where the total of all misdeclarations or errors is £10,000 or less no penalty will be imposed as Customs & Revenue allows these misdeclarations to be included in the next VAT return without any specific reference to the local VAT office. However, if the misdeclaration or error in total exceeds £10,000 Schools should not attempt to correct these but should instead notify Maria Wiles in the Chief Executives Department on extension 7565. Generally, errors can only be corrected in the last four years. These will then be referred on a case-by-case basis to the VAT office in London.

Interest will be charged on misdeclarations of VAT even if no penalty is imposed. However, Schools should be aware that they will be charged with any interest or penalty payments that may be payable to Revenue & Customs.

## Supplies of Goods and Services between Local Authorities

Local Authorities are required to charge VAT on the sale of goods to other Local Authorities in the same way, as VAT is chargeable on sales to other organisations. Please remember to charge VAT on such sales at the standard rate (20%).

Certain services between Local Authorities are also subject to VAT if provided in competition with other organisations. However, VAT should not be charged on any services provided under a statutory obligation as these are deemed to be non-business. If you are in any doubt about the correct VAT treatment you should contact Maria Wiles in the Chief Executives Department on extension 7565.

## Guidance Notes

As you are aware VAT is a very complex area of taxation. If your School wishes to issue further guidance notes to staff it is MOST IMPORTANT that all drafts of guidance are cleared by the Chief Executives Department before being issued. Your

draft can be e-mailed to Maria Wiles who will check your guidance against the latest HMRC advice.

**VAT Registration Number**

The London Borough of Bromley's VAT registration number is "205 5959 54"

**Queries**

Any VAT queries should be referred to Maria Wiles in the Chief Executives Department on extension 7565.

## **APPENDIX 5: PROCEDURE FOR WRITE OFFS**

### **Background**

1. The Authority has a duty to maximise revenue collection. However, circumstances may arise in which amounts due must, for all practical purposes, be deemed un-collectable.
2. The Accounts & Audit Regulations 2015 require that in such circumstances a decision to write-off an amount must be taken with the authority of the “section 151 officer” (i.e. Director of Finance), whether exercised personally or properly delegated by him to a member of his staff. The amounts involved, and approval granted, should be recorded in the accounting records.
3. No such provisions apply where debts are “cancelled” i.e. because they were incorrectly raised (e.g. wrong amount, wrong debtor) or “waived” i.e. because an authorised policy decision was taken not to charge or to reduce the charge of an amount otherwise properly payable by a debtor.

### **Bad Debts / Loss of Income**

4. The Director of Finance may approve the write-off of any amounts properly charged, but deemed uncollectable, in the following cases:
  - (i) bankruptcy or liquidation (where every effort should be made to minimise the loss);
  - (ii) the company having ceased trading and there being no assets;
  - (iii) the debtor being untraceable or having moved abroad;
  - (iv) court decisions;
5. Other individual bad debts or loss of income, not falling into these categories, may be written off as follows:
  - (i) By the Governing Body, if it does not exceed £1,000 for secondary schools and £500 for primary schools;
  - (ii) by the Director of Finance, or his delegated officer, if over £1,000 not exceeding £5,000;
  - (iii) by the Director of Finance after consulting with the relevant Executive Member if over £5,000 not exceeding £25,000;
  - (iv) by the Director of Finance with the approval of the Executive if exceeding £25,000.

## **APPENDIX 6: INTERNAL AUDIT CHARTER**

### **Purpose**

Internal auditing is an independent, objective assurance and consulting activity designed to add value to improve the London Borough of Bromley's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit is a statutory requirement. The Accounts and Audit Regulations 2015 require the Council as a "relevant body" to maintain an "adequate and effective system of internal audit of their accounting records and control systems".

The Public Sector Internal Audit Standards (PSIAS) set down the scope, powers and responsibilities of internal audit functions and internal auditors. Internal Audit supports the Director of Finance in undertaking statutory responsibilities for the proper administration of the Council's financial affairs and for reporting unlawful actions under the Local Government Act 1972 Section 151. The Accounts and Audit Regulations (2015) specifically require the provision of an internal audit service.

### **Authority**

Internal Audit, with strict accountability for confidentiality and the safeguarding of records and information, is authorised full unrestricted access to any and all of the organisation's records, physical properties, assets and personnel pertinent to carrying out any engagement. All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. The Head of Audit and Assurance will also have unrestricted access to the Chief Executive and the Chairman of the Audit Sub-Committee.

To enable the external auditors to discharge their responsibilities, Internal Audit will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised.

### **Responsibility**

The Head of Audit and Assurance provides an annual opinion in the Annual Governance Statement to the Council and to the Section 151 Officer, through the Audit Sub-Committee, on the adequacy and the effectiveness of the internal control system for the whole Council. To achieve this, Internal Audit has the following objectives:

- ▶ Provision of an independent and objective audit service that effectively meets the Council's needs, adds value, improves controls and helps protect public resources,
- ▶ Assure management that the Council's business is being conducted in accordance with statutory requirement, internal regulations and procedures,
- ▶ To impact on the effectiveness of governance, risk management and internal control of the organisation,

- ▶ Provision of advice and support to management to enable an effective control environment to be maintained,
- ▶ To promote, in conjunction with the Royal Borough of Greenwich, an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud,
- ▶ To investigate, in conjunction with the Royal Borough of Greenwich, allegations of fraud, bribery and corruption,
- ▶ Co-ordinating the National Fraud Initiative (NFI) exercises for the Council,
- ▶ Liaising with and advising the Royal Borough of Greenwich about other proactive exercises to identify fraud,
- ▶ Advising on and carrying out, as required, the investigation of suspected irregularities and advising on the appropriate action to be taken,
- ▶ Provision of relevant training, fraud awareness, audit controls on key findings and risk management.

Sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal Audit procedures are designed to focus on areas identified by the organisation as being of greatest risk and significance.

#### Counter fraud

The role of Internal Audit in relation to Counter Fraud is set out in the Anti-Fraud and Corruption Strategy. Internal Audit may assist or lead in the identification and investigation of suspected fraudulent activity in conjunction with its partnership with the Royal Borough of Greenwich Fraud Team. This may include referrals through the Council's Whistleblowing Policy (Raising Concerns), the National Fraud Initiative, or matters identified in the course of audit work. The outcomes of counter fraud work are communicated to the Audit Sub-Committee and senior management where appropriate.

#### Risk management

Internal Audit is responsible for co-ordinating risk management work and developing the risk management approach with the Corporate Risk Management Group. These roles, together with authoring risk reports and providing advice, are legitimate roles for Internal Audit so long as safeguards are in place. The Chartered Institute of Internal Auditors' position paper on 'The role of internal audit in Enterprise-wide Risk Management' defines what is considered legitimate. These include:

- Ensuring that overall responsibility for risk management sits with the Corporate Leadership Team, Directors and the Audit Sub-Committee,
- A resource to provide risk management services is made available and reported in the audit plan, agreed by the Audit Sub-Committee,

- Internal Audit do not set the risk appetite for the Council, or take operational responsibility for risk actions and
- Any review or internal audit of the effectiveness of the risk management process will be undertaken independently. This enables independent assurance to be provided to the Audit Sub-Committee.

### Insurance

The Head of Audit and Assurance has line management responsibility for the Insurance service. This is a separate service to the Internal Audit function. Any audit of Insurance will be audited independently and reported to the Director of Finance.

### Advice and consultancy

Internal Audit resources may, occasionally, be better focussed on providing advice and consultancy reviews rather than assurance. Consultancy activities (eg guidance, advice and training) carried out are intended to improve governance, risk management and control processes and add value.

### Management responsibilities

Internal Audit requires the full co-operation of senior management if it is to be effective. In approval of this Charter, the Audit Sub-Committee and the Director of Finance require management to co-operate with Internal Audit in the delivery of their work. This includes, but is not limited to, agreeing the terms of reference for audit assignments, providing access to appropriate records, systems and personnel, responding to draft reports and implementing audit recommendations in line with agreed timescales.

Senior management will also update the Head of Audit and Assurance of significant proposed changes to systems, processes, organisation structures, newly identified significant risks and cases of suspected or detected fraud, impropriety or corruption.

Senior management will also ensure that Internal Audit has sufficient resources to fulfil the Annual Audit Plan agreed by the Audit Sub-Committee.

### **Due Professional Care**

In carrying out our Internal Audit work we are bound by the requirements of:

- UK Public Sector Internal Audit Standards,
- Chartered Institute of Internal Audit's Code of Ethics and
- All Council policies and procedures,
- Bromley's Code of Corporate Governance,
- All relevant legislation,
- Seven Principles of Public Life (Nolan Principles),
- Bromley's Financial Regulations and Contract Procedure Rules.

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies.

### **Independence**

The Head of Audit has free and unfettered access to the following:

- Chief Executive,
- Director of Finance,
- Monitoring Officer (who is the Director of Corporate Services),
- Chairman of the Audit Sub-Committee and
- Chief Officers

Internal Audit staff are required to make an annual declaration of interest to ensure that auditors' objectivity is not compromised in the event of any potential conflicts of interest.

### **Reporting**

The UK Public Sector Internal Audit Standards require the Head of Audit to report at the top of the organisation and this is done in the following ways:

- ▶ The Internal Audit Charter and any amendments to it are reported to the Audit Sub-Committee for formal approval annually,
- ▶ The annual Internal Audit Plan is compiled by the Head of Audit and Assurance taking account of the Council's risk framework and after input from Senior Management. It is then presented to the Audit Sub-Committee for formal approval. The Internal Audit Plan includes timing as well as budget resource requirements for the financial year,
- ▶ The Internal Audit budget is reported to Members and Full Council for approval annually as part of the overall Council budget,
- ▶ The adequacy, or otherwise, of the level of Internal Audit resources (as determined by the Head of Audit and Assurance) and the independence of Internal Audit will be reported annually to the Audit Sub-Committee,
- ▶ Performance against the Internal Audit Plan and any significant risk and control issues arising from audit work are reported to the Audit Sub-Committee periodically. Any significant deviation from the approved Internal Audit Plan will be communicated through this reporting process,
- ▶ Any significant unplanned activity not included in the Audit Plan and which might affect the level of assurance work undertaken will be reported to the Audit Sub-Committee,
- ▶ Any significant findings from Internal Audit's Quality Assurance and Improvement Programme will be reported to the Audit Sub-Committee.

Management will receive a timely written report at the conclusion of each Internal Audit engagement which:

- will have a short management summary,



- will detail any matters of significance that have arisen with priority one issues highlighted,
- will provide an opinion of the adequacy of controls reviewed with one of four assurance opinions given i.e. substantial, reasonable, limited or no assurance,
- will recommend practical ways in which system weaknesses can be addressed.

The distribution of reports will be set out within the terms of reference issued prior to an audit. In the event of major findings, these are reported to Chief Officers, the Chief Executive and Audit Sub-Committee.

**External Auditors**

Internal Audit will closely liaise with the external auditors to ensure maximum coverage, non duplication of audit coverage, sharing of information and the placement of reliance on Internal Audit work

## APPENDIX 7: FRAUD & CORRUPTION PROTOCOL

### Introduction

This protocol specifies how the Director of Finance and Head Teachers and Governing Bodies should manage alleged cases of fraud or corruption. It clarifies responsibilities for carrying out investigations and advises on action to be taken.

Fraud is defined by The Fraud Act 2006 as follows:

A person is guilty of fraud if he is in breach of any of the following:

Fraud by false representation; that is if a person:

- (a) dishonestly makes a false representation, and
- (b) intends, by making the representation:
  - (i) to make a gain for himself or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

Fraud by failing to disclose information; that is if a person:

- (a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and
- (b) intends, by failing to disclose the information:
  - (i) to make a gain for himself or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

Fraud by abuse of position; that is if a person:

- (a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person,
- (b) dishonestly abuses that position, and
- (c) intends, by means of the abuse of that position:
  - (i) to make a gain for himself or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

The Fraud Act 2006 repeals certain offences that are detailed in the Theft Acts of 1968 and 1978. The term “fraud” is usually used to describe depriving someone of something by deceit, which might either be misuse of funds or other resources, or more complicated crimes like false accounting or the supply of false information. In legal terms, all of these activities are the same crime, theft, examples of which include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

Corruption is defined as:

The deliberate use of one’s position for direct or indirect personal gain. “Corruption” covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately.

Theft is defined as:

The physical misappropriation of cash or other tangible assets. A person is guilty of “theft” if he or she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.

Money laundering is defined as:

The process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back.

All employees are instructed to be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council's Money Laundering Policy.

Bribery is defined as:

The Bribery Act 2010 introduces four main offences, simplified as the following.

- Bribing another person: a person is guilty of an offence if he/she offers, promises or gives a financial or other advantage to another person.
- Offences relating to being bribed: a person is guilty of an offence if he/she requests, agrees to receive, or accepts a financial or other advantage. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not.
- Bribery of a foreign public official: a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty or role as a foreign public official.
- Failure of commercial organisations to prevent bribery: organisations, which include the Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business.

Note: A 'financial' or 'other advantage' may include money, assets, gifts or services.

All employees have a responsibility for the security of the Schools assets. Any employee who suspects any irregularity should immediately inform their Head Teacher, normally through their line manager. If for any reason an employee feels unable to raise their concern through line management, then they should refer to the procedure outlined in section 3.7, Raising Concerns in Schools and seek advice from the Director of Education or Liberata Schools Team in the first instance.

Head Teachers and nominated officers, under the Raising Concerns Procedure, have a responsibility to inform the Director of Finance immediately of any suspected irregularity affecting income, expenditure, cash, stores or other resource of the Council. The Director of Finance may, if he then considers it appropriate, conduct an independent investigation.

The Council in consultation with school management, will take legal and/or disciplinary action in all cases of fraud or irregularity where it is considered appropriate.

### **Initial Allegation or Suspicion**

Internal Audit and the Head Teacher should be promptly informed of any allegations or suspicions of fraud or irregularity. To facilitate a speedy and appropriate response to any concerns expressed, initial information provided should, where possible, outline the following:

- The nature of the potential or actual loss to the School
- When and how the matter came to light
- Officers and /or other parties alleged to be implicated (names and designations where appropriate)
- “Organisation” structure showing the position and responsibility of the person(s) allegedly involved
- identify those who are aware of the potential fraud/irregularity

Care needs to be taken to ensure that members of staff who may be involved in the suspected irregularity do not become aware of the situation. Staff should not carry out their own investigation prior to notifying Internal Audit as this can affect any subsequent investigation.

Internal Audit will advise if the circumstances demand immediate action to safeguard evidence or to avoid further loss to the School. This may include removing documentation from the site and /or the suspension of employees.

Internal Audit will also advise on whether, and if so when, the Police should be informed. Initial contact with them should be made by Internal Audit. As a general rule the Council can carry out its own investigations regardless of any police involvement.

(Note: there may be instances where it is not possible to contact Internal Audit promptly e.g. weekends or evenings. At such times, for cases of identified theft rather than suspected fraud or irregularity, it is more appropriate for the matter to be reported immediately to the local police station and a crime reference obtained. In these instances Internal Audit, line management and the Insurance Manager should be informed of the details the next working day.)

### **Investigation**

Responsibility for carrying out independent investigations lies with Internal Audit in partnership with the Royal Borough of Greenwich’s Fraud Team. In some cases, however, it may be more appropriate for staff in the relevant School to carry out the investigation with Internal Audit acting in an advisory capacity. The most appropriate approach will be decided by Internal Audit following the initial contact and may be revised during the investigation.

Any investigation should be carried out promptly and thoroughly. To do this staff may need to be interviewed and documentation reviewed. All stages of the investigation should be thoroughly documented. The investigation should involve, as a minimum, the following:

- a clear understanding of the allegation/suspicion
- a review of all relevant documentation. Note that documents may need to be retained during the investigation
- identification and interviews with all appropriate staff/individuals to determine such things as relevant procedures and practices
- consideration of alternative explanations for the situation
- an evaluation of all the evidence
- a conclusion based on the findings

The findings of the investigation could be used during disciplinary or legal action. Consequently care needs to be taken to ensure that evidence is safeguarded and that the investigation is thorough and the conclusions reached are valid. The findings of the investigation should be treated as confidential.

During the investigation it may be necessary for individuals to be interviewed under caution. This should be carried out by suitably qualified staff following Legislation and relevant guidelines.

There will be instances where documentation is taken away by Internal Audit or the investigating officer for safeguarding during the investigation. The originals should be removed rather than copies. These should be kept secure and a statement prepared stating how, when and who removed the documents and where they will be stored. A decision on the removal of documents needs to be made early on in the investigation to avoid the risk of unauthorised removal or tampering.

The Head Teacher and Head of Audit and Assurance should be kept informed of progress during the investigation. This can be done verbally and/or by preparing written progress reports. At the end of the investigation a report should be prepared for the Head Teacher and Head of Audit and Assurance. This should include all the issues listed above together with any other relevant information. This should form the basis of a decision for any further action to be taken.

### **Action**

It is for the Head Teacher to take appropriate action where there is evidence to support instances of fraud or irregularity. The Head of Audit and Assurance should be kept informed of action taken and relevant outcomes. These could include referral to the police, disciplinary action and/or recovery of any amounts involved.

The Head Teacher is also responsible for ensuring that any system weaknesses identified during the investigation are addressed.

The authority has a detailed anti fraud and corruption strategy that sets out Bromley's expectations. It is suggested that Schools make reference to the Anti-Fraud and Corruption Strategy 2019. Further advice is available from the Head of Audit and Assurance.

Report No.  
CSD20128

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** COUNCIL

**Date:** Monday 7 December 2020

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

**Title:** LOCAL PENSION BOARD - ANNUAL REPORT 2020

**Contact Officer:** Graham Walton, Democratic Services Manager  
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

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

**Ward:** All

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1. Reason for report

- 1.1 The terms of reference of the Local Pension Board require that an annual report is provided to the Council's Pensions Manager each year. Since 2015 the report has also been provided to full Council. The report has already been approved at the Local Pension Board meeting on 4<sup>th</sup> November 2020 and noted at General Purposes and Licensing Committee on 25<sup>th</sup> November 2020. It is due to be considered by Pensions Investment Sub-Committee on 1<sup>st</sup> December 2020.
- 

2. **RECOMMENDATION**

**That the Local Pension Board Annual Report 2020 be received and noted.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund.
  4. Total current budget for this head: £43.9m expenditure; £56.8m Income; £1,000.3m total fund market value at 31<sup>st</sup> March 2020.
  5. Source of funding: Contributions to the Pension Fund
- 

## Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of two Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
  2. If from existing staff resources, number of staff hours: Not Applicable
- 

## Legal

1. Legal Requirement: Statutory Requirement: Local Government Pension Scheme regulations 2013 (as amended)
  2. Call-in: Not Applicable: Full Council decisions are not subject to call-in
- 

## Procurement

1. Summary of Procurement Implications: Not Applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,253 current employees; 5,592 pensioners; 5,945 deferred pensioners as at 31<sup>st</sup> March 2020.
- 

## 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>	Procurement/Personnel/Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	See attached report



**Decision Maker:** LOCAL PENSION BOARD  
GENERAL PURPOSES & LICENSING COMMITTEE  
PENSIONS INVESTMENT SUB COMMITTEE  
COUNCIL

**Date:** 4<sup>th</sup> November 2020  
25<sup>th</sup> November 2020  
1<sup>st</sup> December 2020  
7<sup>th</sup> December 2020

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

**Title:** LOCAL PENSION BOARD - ANNUAL REPORT

**Contact Officer:** Thi Bang Hoang, Pensions Manager  
Tel: 0208 313 4822    E-mail: ThiBang.Hoang@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** Borough Wide

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1. Reason for report

- 1.1 The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report, would be provided to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.
- 

2. **RECOMMENDATIONS**

- 2.1 **Members of the Local Pension Board are asked to approve the draft LPB Annual Report at Appendix 1.**
- 2.2 **Members of the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council are asked to note the contents of the report.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
- 

## Corporate Policy

1. Policy Status: Existing Policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
  2. BBB Priority: Excellent Council
- 

## Financial

1. Cost of proposal: No Cost
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund.
  4. Total current budget for this head: £43.9m expenditure (pensions, lump sums, etc); £56.8m income (contributions, investment income, etc); £1,000.3m total fund market value at 31<sup>st</sup> March 2020.
  5. Source of funding: Contributions to Pension Fund
- 

## Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of two Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
  2. If from existing staff resources, number of staff hours: N/A
- 

## Legal

1. Legal Requirement: Statutory Requirement Local Government Pension Scheme Regulations 2013 (as amended).
  2. Call-in: N/A
- 

## Procurement

1. Summary of Procurement Implications: N/A
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Estimated number of users/beneficiaries (current and projected): 6,253 current employees; 5,592 pensioners; 5,945 deferred pensioners as at 31<sup>st</sup> March 2020.
- 

## Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 The London Borough of Bromley Local Pension Board was established by Council on 23<sup>rd</sup> February 2015. The Board held an introductory meeting on 27<sup>th</sup> July 2015 and its first formal annual meeting on 26<sup>th</sup> October 2015.
- 3.2 In accordance with the Terms of Reference the Board are required to produce a single annual report to the Pensions Manager. This report should include:
- A summary of the work of the Local Pension Board and a work plan for the coming year
  - Details of areas of concern reported to or raised by the Board and recommendations made
  - Details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
  - Any areas of risk or concern the Board wish to raise with the Scheme Manager
  - Details of training received and identified training needs
  - Details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
- 3.3 Members are asked to note the contents of the Local Pension Board Annual Report.

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

N/A

### **5. POLICY IMPLICATIONS**

- 5.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

### **6. FINANCIAL IMPLICATIONS**

- 6.1 Although permitted under Regulations, Local Pension Board members are not paid an allowance. As set out in the terms of reference, remuneration for Board members is limited to a refund of actual expenses incurred in attending meetings and training.
- 6.2 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This is currently done within existing in-house resources.
- 6.3 Any costs arising from the establishment and operation of the Local Pension Board are treated as appropriate administration costs of the scheme and, as such, are chargeable to the Pension Fund.
- 6.4 There were reimbursement claims for cost of travel totalling £10.10 within the relevant period.

### **7. PERSONNEL IMPLICATIONS**

N/A

### **8. LEGAL IMPLICATIONS**

- 8.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014. A requirement is the establishment of Local Pension Boards.

## 9. PROCUREMENT IMPLICATIONS

N/A

<b>Non-Applicable Sections:</b>	Procurement Implications; Personnel Implications; Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013;  Local Government Pension Scheme (Amendment) (Governance) Regulations 2015;  Local Government Pension Scheme Regulations 2013;  Local Pension Board Report, Supplementary Report and Appendices to Pensions Investment Sub-Committee, General Purposes & Licensing Committee and Council 3rd, 10th and 23rd February 2015.



# **LONDON BOROUGH OF BROMLEY**

## **LOCAL PENSION BOARD**

### **ANNUAL REPORT NOVEMBER 2020**

**LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD  
ANNUAL REPORT  
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## **1. Foreword**

- 1.1 The purpose of this London Borough of Bromley Local Pension Board Annual report is to provide information regarding the activities and role of the Board for Scheme Members, Scheme Employers and the Scheme Manager (Administering Authority).
- 1.2 The Local Pension Board was established by the London Borough of Bromley Pension Fund in response to new regulatory requirements introduced into the Local Government Pension Scheme Regulations 2013.
- 1.3 The role of the Local Pension Board is to provide assistance to the London Borough of Bromley in its role as an Administering Authority within the Local Government Pension Scheme in ensuring it remains compliant with the relevant legislation and requirements of the Pensions Regulator.

## 2. Background

- 2.1 The Local Government Pension Scheme Regulations 2013 (as amended) required that the Local Pension Board be established by 1<sup>st</sup> April 2015 to assist the Administering Authority (London Borough of Bromley) to:
- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and the requirements imposed by the Pensions Regulator.
  - Ensure effective and efficient governance and administration of the LGPS
- 2.2 The Local Pension Board is not a decision making body but is expected to support the Council's current committee structure.
- 2.3 The London Borough of Bromley Local Pension Board was approved at Full Council on 23<sup>rd</sup> February 2015.

## 3. Board Membership

- 3.1 The London Borough of Bromley Local Pension Board requires a total of four members. The membership is constituted as follows:
- 2 members representing the interests of the Fund's employers – Employer Representatives.
  - 2 members representing the interests of the Fund's members – Member Representatives.
- 3.2 At the last meeting of Local Pension Board held on 22<sup>nd</sup> January 2020, the board members were:
- Employer Representatives:
- Pinny Borg
  - Emma Downie
- Member Representatives:
- Lesley Rickards
  - Vinit Shukle
- 3.3 On 16<sup>th</sup> March 2020, one of the employer representatives, Pinny Borg resigned from the Board. The term of office for the remaining three members expired on 30<sup>th</sup> June 2023.
- 3.4 Applications were invited from all staff, trade union representatives, departmental representatives, other employers in the Bromley Fund, and from Councillors.
- 3.5 Only one expression of interest were received by the deadline of 18<sup>th</sup> September 2020. On 30<sup>th</sup> September 2020, the General Purposes and Licensing Committee appointed Brayan Bernal-Gil to act in the capacity of employer representative and recommended that Council formally appoint him to act in the capacity of employer representative for a term of 4 years from 1<sup>st</sup> October 2020. This was approved by Council on 12<sup>th</sup> October 2020.



## 4. Board Meetings

4.1 Following an introductory meeting of the Local Pension Board Members which took place on Monday 27<sup>th</sup> July 2015, formal meetings of the Board took place on Monday 26<sup>th</sup> October 2015, Thursday 10<sup>th</sup> November 2016, Tuesday 10<sup>th</sup> April 2018, Tuesday 6<sup>th</sup> November 2018, Wednesday 12<sup>th</sup> June 2019 and Wednesday 22<sup>nd</sup> January 2020. The table below shows the attendance of those meetings:

	Employer Representatives					Member Representatives				
	Mr B Toms	Ms J Harding	Ms J Reynolds	Ms P Borg	Ms E Downie	Mr G Kelly	Mr T Conboy	Mrs L Rickards	Mr G Wright	Mr V Shukle
Introductory Meeting 27-07-15	✓	✓	N/A	N/A	N/A	✓	N/A	✓	N/A	N/A
Formal Meeting 26-10-15	✓	✓	N/A	N/A	N/A	X	N/A	✓	N/A	N/A
Formal Meeting 10-11-16	✓	✓	N/A	N/A	N/A	N/A	X	✓	N/A	N/A
Formal Meeting 10-04-18	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	✓	N/A
Formal Meeting 06-11-18	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	X	N/A
Formal Meeting 12-06-19	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	N/A	✓*
Formal Meeting 22-01-20	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	N/A	✓

\* The member had not been formally appointed and was acting as an observer at the meeting

4.2 At the Local Pension Board meeting held on 10<sup>th</sup> November 2016, Mrs Lesley Rickards was elected by the members of the Board to act as its Chair for a period of 12 months, succeeding Mr Brian Toms, in line with the requirements of the Terms of Reference.

4.3 A meeting of the Local Pension Board was held on 10<sup>th</sup> April 2018 at which Pinny Borg was elected the Chair of the Pension Board. At the meeting on 6 November 2018, it was agreed that Pinny Borg would continue as Chair of the Pension Board until the term of office for all Board Members expires on 30<sup>th</sup> June 2019.

4.4 At the meeting on 12<sup>th</sup> June 2019, Emma Downie was elected the new Chair of the Pension Board, effective from 1 July 2019.

4.5 At the meeting on 22<sup>nd</sup> January 2020, it was agreed that Emma Downie's appointment would be extended to November 2020 to coincide with the next annual meeting of the Board when a new chairman would be appointed.

## **5. Board Activity**

- 5.1 Members of the Board are also invited to attend meetings of the Pensions Investment Sub-Committee and where appropriate meetings of the General Purposes and Licensing Committee.
- 5.2 In accordance with the work plan agreed by the Local Pension Board members, members have been provided throughout the year with monthly Pensions Administration Reports for review. These reports are produced by Liberata UK Ltd, and include a monthly summary of activity, and details of key Performance Indicators (KPI's). To date no issues have been raised by Board members in connection with such reports.
- 5.3 The Pension Act 2004 and the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 require the Administering Authority to hold accurate data on scheme members. It is also essential to hold accurate data for efficient administration.

## **6. Training**

- 6.1 It is a requirement of the Public Service Pensions Act that Board members have the capacity to become conversant with the rules governing the Local Government Pension Scheme and the policy documents of the Administering Authority.
- 6.2 The following training has been made available to the Local Pension Board members:
- The Pensions Regulator e-learning package, covering conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.
  - A presentation on the Introduction to the LGPS was presented to the Local Pension Board Meeting on Tuesday 6<sup>th</sup> November 2018 by the Pensions Manager.
  - A training update on "Pensions Made Simple" was carried out verbally by the Pensions Manager at the Local Pension Board Meeting on Wednesday 22<sup>nd</sup> January 2020.
  - Board members are invited to attend the Members Pension Seminar led by the Director of Finance.
  - Emma Downie and Brayan Bernal-Gil attended the CIPFA's LGPS Local Pension Board Members' Autumn Seminar 2020 on Thursday 1<sup>st</sup> October 2020.
- A training/consultation update will be carried out by the Pensions Manager at the Local Pension Board Meeting on Wednesday 4<sup>th</sup> November 2020.

- 6.3 Members have also been provided with the following documentation;
- The Local Government Pension Scheme Regulations
  - Administration, HR, Payroll and Member Guides to the Local Government Pension Scheme
  - Guidance on the creation and operation of Local Pension Boards
  - Mercer Newsletters 'Local Government Pension Scheme – Current Issues'
  - Agendas and reports for the Pensions Investment Sub-Committee meetings

## **7. Board Observations and Comments**

- 7.1 The Local Pension Board terms of reference set out that the Board should raise any areas of risk or concern with the Scheme Manager in the first instance. No such matters have been raised during the reporting period.

## **8. Conflicts of Interest**

- 8.1 It is explained to each Board member that they are required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the London Borough of Bromley. Members are also required to complete 'The Notification of Disclosable Pecuniary Interests Form', 'The Notification of Non-Pecuniary Interests Form' and a 'Declaration of Acceptance of Office Form'.
- 8.2 No declarations of interests were made at the formal meeting of the Board on 6<sup>th</sup> November 2018, 12<sup>th</sup> June 2019 or 22<sup>nd</sup> January 2020.

## **9. Expenses and Costs**

- 9.1 All costs regarding the administration of the Local Pension Board have been contained within existing resources. There were reimbursement claims for cost of travel totalling £10.10 within the relevant period.

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