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 1 March 2021 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 7th December 2020. (Pages 3 - 44)

4 Questions
(Pages 45 - 56)

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 5pm on Monday 15th February 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 Tuesday 23rd February 2021.**

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

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

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

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

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

6 2021/22 Council Tax
(Pages 57 - 118)

7 Capital Programme Monitoring Q3 2020/21 and Capital Strategy 2021 -2025
(Pages 119 - 148)

8 Treasury Management - Annual Investment Strategy 2021/22 and Quarter 3 Performance 2020/21
(Pages 149 - 198)

9 Property Acquisition Scheme Proposal
(Pages 199 - 218)

10 2021/22 Pay Award
(Pages 219 - 236)

11 Pay Policy Statement 2021
(Pages 237 - 258)

12 Members Allowances Scheme 2021/22
(Pages 259 - 270)

13 To consider Motions of which notice has been given.

14 The Mayor's announcements and communications.

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Ade Adetosoye OBE
Chief Executive

BROMLEY CIVIC CENTRE
BROMLEY BR1 3UH
Friday 19 February 2021
Vol.57 No.5

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the virtual Meeting of the Council of the Borough held at 7.00 pm on 7 December 2020

Present:

The Worshipful the Mayor
Councillor Hannah Gray

The Deputy Mayor
Councillor Stephen Wells

Councillors

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

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Hannah Gray

222 Apologies for absence

Apologies for absence were received from Councillors Marina Ahmad, Peter Dean and Kieran Terry. Councillor Russell Mellor submitted apologies for attending late.

223 Declarations of Interest

There were no declarations of interest.

224 To confirm the Minutes of the meeting of the Council held on 12th October 2020

RESOLVED that the minutes of the meeting held on 12th October 2020 be confirmed.

225 Questions

Thirty-two 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.

Fifteen questions had been received from members of the Council for oral reply, plus one for urgent 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.

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

(1) Property Disposals

A statement from Councillor Graham Arthur, Portfolio Holder for Resources, Commissioning and Contract Management, had been requested by Councillors Ian Dunn and Angela Wilkins on the status of the £30m property disposal programme approved by the Leader in September 2020, and when it would be provided to Executive, Resources and Contracts PDS Committee for Scrutiny.

Councillor Arthur emphasised that the decision had been made with the support of the Executive, Resources and Contracts PDS Committee. Work had begun to identify properties for disposal and there would be quarterly reports to the Executive. Any disposals of individual properties would need to be agreed by the Executive following scrutiny by the relevant PDS Committee. In response to a question from Councillor Simon Jeal, Councillor Arthur confirmed that ward councillors would be consulted before potential disposals were considered by PDS Committees.

(2) Covid-19

The Leader of the Council, Councillor Colin Smith, made a statement on the Covid-19 situation. He emphasised the vital importance of all Councillors carrying out their community champion role to encourage residents to stick rigidly to the rules. Bromley had consistently seen below average levels of infection compared to the rest of London, but, like the rest of outer south London, daily infection rates were now rising again. With the winter-flu period approaching it was crucial that Councillors kept transmitting the message of sticking to the rules.

In response to a question from Councillor Colin Hitchins, the Leader confirmed that communications support was available to support the Council's message on Covid-19 and individual Councillors seeking communications advice. However, he was concerned that, with everyone so tired of the situation, the number of people prepared to ignore the rules was growing and both the general messages and the personal touch of individual communication were needed.

The Leader also confirmed that, following discussions with Conservative members of the Executive, Resources and Contracts PDS Committee, he had decided that the scheduled meeting of the Executive on 13th January 2021 would take place online. Councillor Simon Fawthrop added that he also hoped to see oral replies to public questions re-instated. Councillor Angela Wilkins, while welcoming the re-introduction of oral replies to public questions, queried whether it was appropriate for the chairman of the Executive, Resources and Contracts PDS Committee to be making such a statement. The Leader responded that he too welcomed the re-instatement of oral replies.

227 Council Tax Support/Reduction Scheme 2021/22
Report CSD20124

An amendment to add the following changes was moved by Councillor Simon Jeal and seconded by Councillor Vanessa Allen -

(1) That looked after young people within the borough, up to the age of twenty five, shall be exempt from 100% of Council tax for their first two years of independent living.

(2) That in view of the economic downturn and lob losses as a result of the COVID pandemic and the hardship this has caused to many Bromley residents, the existence of the hardship fund shall be proactively communicated to all those in receipt of council tax support, housing benefit and universal credit.

The proposed amendment was LOST.

A motion to approve the Council Tax Support/Reduction Scheme 2021/22 was moved by Councillor Graham Arthur, seconded by Councillor Colin Smith and **CARRIED.**

228 Housing Finances
Report CSD20125

A motion to approve a capital estimate of £1,764k for the three housing schemes, and to approve revised financing of the schemes as set out in the report, including an internal loan from the General Fund to the Housing Revenue Account of £7,453k, was moved by Councillor Peter Morgan, seconded by Councillor Colin Smith and **CARRIED**.

229 Treasury Management - Quarter 2 Performance 2020/21 and Mid Year Review
Report CSD20126

A motion to note the report and approve changes to the 2020/21 prudential indicators, as set out in Annex B1 to the report, was moved by Councillor Graham Arthur, seconded by Councillor Colin Smith and **CARRIED.**

230 Review of Financial Regulations
Report CSD20127

A motion to approve the updated Financial Regulations and Financial Regulations for Schools was moved by Councillor Pauline Tunnicliffe, seconded by Councillor Stephen Wells, and **CARRIED**.

231 Local Pension Board - Annual Report 2020
Report CSD20128

A motion to receive and note the Local Pension Board Annual Report 2020 was moved by Councillor Pauline Tunnicliffe, seconded by Councillor Stephen Wells and **CARRIED**.

232 To consider Motions of which notice has been given.

(1) Free School Meals

The following motion was moved by Councillor Kevin Brooks and seconded by Councillor Simon Jeal -

“Bromley Council congratulates Marcus Rashford on his successful campaign to ensure children eligible for free school meals are provided for over the holidays. We give thanks to local residents, groups and businesses for their amazing efforts to prevent children going hungry over the October half term and welcome the Government’s U-turn to commit to providing funding to prevent children going hungry over Christmas.

We fully accept the Council’s responsibility in leading on efforts to ensure child food poverty is eliminated across our borough, and to achieve this ask that the Portfolio Holder for Children, Education and Families establishes a taskforce, for the Council to work with local charities, food banks and other voluntary organisations to develop and deliver a strategy to tackle the longer term causes of child food poverty and ensure no child in our borough goes hungry."

The following Members voted in favour of the motion -

Councillors Vanessa Allen, Kathy Bance, Kevin Brooks, Ian Dunn, Simon Jeal, Josh King and Angela Wilkins. (7)

The following Members voted against the motion -

Councillors Gareth Allatt, Graham Arthur, Yvonne Bear, Julian Benington, Nicholas Bennett, Kim Botting, Mike Botting, Katy Boughey, Mark Brock, David Cartwright, Mary Cooke, Aisha Cuthbert, Nicky Dykes, 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, Christopher Marlow, Robert Mcilveen, Russell Mellor, Alexa Michael, Peter Morgan, 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, Harry Stranger, Michael Tickner, Pauline Tunnicliffe, Michael Turner and Stephen Wells. (49)

The Mayor, Councillor Hannah Gray, abstained.

The motion was **LOST.**

(2) Covid-19 Arrangements

The following motion was moved by Councillor Angela Wilkins and seconded by Councillor Ian Dunn -

"This Council's Urgency Committee put arrangements in place in response to COVID19 in March, and subsequently agreed that these arrangements would be reviewed in June.

This review did not happen.

The Council therefore calls for an immediate meeting of its Urgency Committee (to take place before Christmas) in order to conduct this review and to consider priority matters such as the facilitation of members of the public asking oral questions & supplementary questions at all Council or committee meetings."

The motion was **LOST**.

233 The Mayor's announcements and communications.

The Mayor thanked Members who had attended Remembrance Day Ceremonies on behalf of the Borough.

The Mayor invited Members to attend the online Magic Evening on 17th December and reminded Members about the prize draw to win a Spitfire flight – no Member had yet succeeded in selling ten tickets and claiming a free ticket. She also thanked Councillor David Jefferys for his donation.

The Mayor reminded Members about her column in "Orpington Life" magazine, the Mayor's Newsletter, the BR6 magazine and her podcasts.

Sadly, there was no Carol Concert this year, but the Mayor was grateful that she would be attending the Kris Kringle Service at St John the Evangelist Church in Bromley.

The Meeting ended at 9.22 pm

Mayor

Appendix A

COUNCIL MEETING

7th 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?

Reply:

The Building Regulations are meant to be administered and checked whether undertaken by a Local Authority or Approved Inspector. Grenfell brought an issue in relation to fire safety to light and we have had a minor amendment to the regulations introduced last year and a new draft Fire Safety Bill has been published by the government indicating the way they wish to move forward. The main issues with regards to high rise buildings is that any building over 18 metres in height now has to come through a local authority and not an Approved Inspector. There have been other improvements in the fire boarding to be approved on the outside of a structure as well as the total wall construction which should be non-combustible.

The Council's Building Control team deals with all applications to the best of its abilities to ensure that all developments meet the requirements of the legislation in place at that time.

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?

Reply:

Councillors and Senior Officers have met with the Borough Commander of the London Fire Brigade on a number of occasions, including as part of the Safer Bromley Partnership, with these meetings held in public and overall numbers not recorded. As generally homeowners and landlords are responsible for fire safety within their own residential property, it is not a matter which is discussed with the

London Fire Brigade, with the Council's statutory role limited in such matters to a relatively small number of scenarios.

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://cds.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?

Reply:
The highway investment project is nearing completion and a total of 151 footways have been resurfaced at a total cost of £3,450,000. Co-ordination issues have delayed works in three other roads; Centre Common Road, Valley Road and Queen Anne Avenue, which we will look to complete in the New Year. The capital budget is fully committed, and full details of the roads and footways resurfaced can be found in the previously approved reports.

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

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)?

Reply:
The Rights of Way Improvement Plan was originally published in 2007, and the improvement and maintenance priorities detailed in Table 8.1 were aspirational rather than a planned programme.

The document stated that while Bromley Council has a statutory duty under the Countryside and Rights of Way Act 2000 to publish a RoWIP, they do not have to implement it within a specific timescale. Unfortunately, no funds have since been allocated to Highway Authorities in London for this purpose. Maintenance and management tasks (Policy 4) will continue to be funded from existing allocations and the Council will endeavour to source additional funding for future improvements.

Applications for Definitive Map Modification Orders are being considered in preparation for the 2026 cut-off. Details of this process will be discussed with residents and other interested parties when requested, although Bromley Council do not consider it will be necessary to advertise this change in legislation.

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?

Reply:
The Avenue, Beckenham is currently an unadopted public highway, and there are no plans for any parts of this road to be adopted by the Council. A resident may, with the owner's consent, maintain or improve an unadopted highway, but even if this was done to an adoptable standard the Council would not adopt a short length of a road in isolation.

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?

Reply:
Academy Trusts and school governors are responsible for the provision of school food, including free school meals. Under Government guidance, schools should make reasonable adjustments for pupils with particular requirements, for example to reflect medical, dietary and cultural needs.

The Council provides support and guidance to any Bromley school that requires it.

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?

Reply:
The Council will receive £754k for the COVID-19 winter Grant.

£605k will go to Education.

£149k will go to the Hardship Fund in Housing.

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?

Reply:
Yes, families who are eligible will be offered vouchers.

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?

Reply:
No. The Defra grant provided Councils with discretion on how to identify and support those most in need. The funding was required to be spent within 12 weeks.

In line with the grant conditions, the full grant of 279K was split between the shielding and assistance programme in Adult Social Care (£119k) and Children's Social Care (£260k).

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?

Reply:
It is not possible to directly disaggregate this data. Children's Social Care currently has 2,400 open cases, YOS has 109 young people it is supporting and Bromley Children's Project has 900 children it is supporting. The Defra grant was used additionally to the funding provided through financial assistance to children in need under S17 of the Children Act. All the children known have been supported throughout this pandemic with food, essentials and other support including but not exclusive to emotional wellbeing, Mental Health, Domestic Violence, substance misuse and other factors.

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"?

Reply:
Children known to Children's Social Care include children in need or in need of protection. Currently there are:

CSC open cases 2,400
YOS 109
Bromley Children's Project 900

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?

Reply:
These are not Council organisations and will need to be contacted directly for the most accurate figures. The Council refer to numerous organisations and carefully moniter internal statistics and direct help and support where required.

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?

Reply:
Children's Social Care which includes Early Intervention and Family Support Services and YOS ensures that all children are safeguarded in accordance with the Pan London and Working Together to Safeguard children policies without fear or favour. This includes those young people from a range of diverse backgrounds ensuring they supported well, and this includes children and their families with disabilities, mental health, physical and emotional; CSE and exposure to domestic violence and substance misuse.

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?

Reply:
The Defra grant was not provided for meals in the holiday. It was required to be spent to support families before the October half term.

It is not possible to directly disaggregate this data. Children's Social Care currently has 2,400 open cases, YOS has 109 young people it is supporting and Bromley Children's Project has 900 children it is supporting. The Defra grant was used additionally to the funding provided through financial assistance to children in need under S17 of the Children Act. All the children known have been supported throughout this pandemic with food, essentials and other support including but not exclusive to emotional wellbeing, Mental Health, Domestic Violence, substance misuse and other factors.

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?

Reply:
All of the Defra Grant was used for C-19 purposes and not 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?

Reply:
It would be and is more appropriate to continue supporting the most vulnerable families and children, which is precisely what we are doing. We will continue to monitor and reflect on what we do and the services we provide, making improvements where we can, as we will with any of our services. Our message that we are here to consistently support families and children is the right one and we are reminding families of this in different ways. In fact, our feedback from families facing difficult circumstances is that they are not picking up messages on social media and on the assumption they have online access at all, then valuable data is kept understandably for other matters including to maintain school contact and the like.

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?

Reply:
The Council is working with schools to provide vouchers for vulnerable children, including all those eligible for Pupil Premium in time for the Christmas holiday period. It is anticipated that the Council will use approximately £585k of grant funding to meet this cost.

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 November2020.

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?

Reply:
There were 5,232 pupils eligible for free school meals at the Spring Census 2019. Updated Census data will be published by early 2021.

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?

Reply:
The guidance does not stipulate that the Council should contact families directly. The Council is working with schools to provide support for-vulnerable children, including all those eligible for Pupil Premium in time for the Christmas holiday period.

The MASH number is for families who are not known and require support and help and we do this all year round.

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?

Reply:
£119k was allocated to Adult Social Care to operate the Shielding and Assistance Programme.

The funding of £160k provided to Children’s Social Care included the £100K which was required and used to support those families with children with complex disabilities where short breaks and the residential unit managed by the CCG was closed due to Covid-19 – those health staff were deployed to front line NHS services. This increase in care was to prevent breakdown in families and children entering public care.

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?

Reply:
Breakdown attached – appendix 1.

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.

Reply:
It is not possible to directly disaggregate this data. Children's Social Care currently has 2,400 open cases, YOS has 109 young people it is supporting and Bromley Children's Project has 900 children it is supporting. The Defra grant was used additionally to the funding provided through financial assistance to children in need under S17 of the Children Act. All the children known have been supported throughout this pandemic with food, essentials and other support including but not exclusive to emotional wellbeing, Mental Health, Domestic Violence, substance misuse and other factors.

The Covid Winter Fund will be used by the Council to provide support to families through Bromley schools, including over the Christmas period.

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?"

Reply:
The grant provided for two extra staff in the referral and assessment team to support vulnerable families who do not meet the statutory threshold and to support a sustainable solution to identify families who are most in need.

£5k was used to fund the graded care profile to support the professional network to identifty emerging needs due to the impact of lockdown – in accordance with the grant criteria.

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?

Reply:
No, the use of the grant was Covid-19 related and used to support families during this period.

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?

Reply:
It is not possible to directly disaggregate this data. Children's Social Care currently has 2,400 open cases, YOS has 109 young people it is supporting and Bromley Children's Project has 900 children it is supporting. The Defra grant was used additionally to the funding provided through financial assistance to children in need under S17 of the Children Act. All the children known have been supported throughout this pandemic with food, essentials and other support including but not exclusive to emotional wellbeing, Mental Health, Domestic Violence, substance misuse and other factors.

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?

Reply:
The Defra grant was not provided for free school meals and was required to be spent to support families within 12 weeks, which was before the October half term.

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?

Reply:
Updated Census data is expected by January 2021. I would expect a moderate increase on the number of pupils eligible for free school meals since the last Census data in Spring 2020.

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?

Reply:
The Council already works with partners across the Borough and coordinates on a strategic level to improve outcomes for children and young people across a range of issues.

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?

Reply:
All Bromley schools work to support families in hardship and do an excellent job of doing this. Many have hardship policies and provide a range of support, including access to food. Some will work in partnership with local orgainsations and other schools have elected to make provision within the school. We do not record a breakdown of this.

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?

Reply:
Yes. The number was updated to ensure that any caller who wished to contact children social care would go through the MASH – this relates to no wrong door – families can often ring this number on a ruse of information when in fact they are disclosing DV or other issues and qualified social workers are best placed to make judgement on this. Families have complimented the service in supporting them and picking up issues in confidence when there is a safeguarding issue.

CSC has 7 teams in the Referral and Assessment Team made up of 5 social workers and a team manager in each and therefore resource was available to support the MASH line, together with 2 extra social workers as extra capacity through the Covid-19 funding to support any increase. 40 qualified social workers and admin support in total.

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?

Reply:
No.

We have had a high number of compliments from families contacting our MASH line stating that not only did they receive support but in many cases they received advice and guidance including some families who confirmed they rang on the premise of food vouchers but were actually suffering domestic violence and were able to use this as a reason to contact services.

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?

Reply:
In line with the grant conditions, the full Defra grant of 279K was split between the shielding and assistance programme in Adult Social Care (£119k) and Children's Social Care (£260k).

The English Indices of Deprivation measure relative levels of deprivation in small areas or neighbourhoods, called Lower-layer Super Output Areas. 39 separate indicators, organised across seven distinct domains of deprivation are combined and weighted to calculate the Index of Multiple Deprivation, these domains include Income, Employment, Education, Health, Crime, Barriers to Housing, Living Environment. LSOA level outputs are often aggregated and used to describe relative deprivation for higher-level administrative geographies, such as local authority districts. Bromley is ranked 230th out of 317 local authorities in the 2019 Indices of Multiple Deprivation, with the 1st being most deprived. Twenty-three thousand children live in the worse 20% Lower-layer Super Output Areas in Bromley, these areas are Bromley Common and Keston, Cray Valley East and West, Crystal Palace, Mottingham and Chislehurst North, Orpington, Penge and Cator.

Appendix 1 (Question 21)

Service Area	Item	Rationale	Unit Price	# Units	Cost £	Sub total £	£'000
Equipment							
EIFS	Marquee/Gazebos	To enable socially distanced outside events	£459.00	4	1,840		
EIFS	Board Games for All Ages		£100.00	1	100		
EIFS	Language and Numeracy packs		£100.00	1	100		
EIFS	Personal and emotional skills Games		£100.00	1	100		
EIFS	Sports Equipment		£500.00	1	500		
EIFS	Tablets and Apps	Cognitive educational activities	£550.00	1	550		
EIFS	Camera Eqipment and Training	To enable online storytelling and activities	£1,000.00	1	1,000		
YOS	Outdoor Sports Equipment	To encourage physical activity	£1,500.00	1	1,500		
YOS	Art Materials	Individual art sets required due to C-19, to allow CYP to try something relaxing	£2,000.00	1	2,000		
YOS	Laptops and a Colour Printer	To assist with job applications and NEET activity	£2,500.00	1	2,500		
CLA/LCT	Camera Equipment	For socially distanced photography project and film project on race and identity	£6,000.00	1	6,000		
Fostering	Equipment for CLA Football Team		£500.00	1	500.00	500	
Fostering	New Eqipment for THRIVE (Therapy Service)		£1,000.00	1	1,000.00	17,690	18

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Appendix B

COUNCIL MEETING

7th December 2020

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR ORAL REPLY

1. From Cllr Nicholas Bennett to the Portfolio Holder for Resources, Commissioning and Contract Management

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

Reply:
The figures have been circulated (see Appendix 1.) What they show is the fundamental truth, which is as old as time, that if you live within your means you do not become hostage to your lenders. It is entirely sensible to borrow to finance investment on occasion to secure future yields, but not to subsidise income or to avoid taking hard spending decisions. The policies of our Council, established over many years, of innovation and prudence, have stood us in good stead. Releasing our housing stock, outsourcing our leisure services, partnership working with a variety of specialist providers – they have all contributed, but the core is prudence, living within your means, taking the tough decisions early and all these have been the key.

Supplementary Question:
The figures show that Bromley has no debt and no interest charges. Neighbouring Croydon has £1.5bn of debt and neighbouring Lewisham has £46m interest charges, which are charged to the Council tax payer each year – I believe it is over £700 per Council Tax payer. What conclusions does he draw between the behaviour of neighbouring boroughs and Bromley?

Reply:
Fundamentally, for me, it is a betrayal of trust. To rack up debts of £1,500m and to saddle the next generation with an annual debt being 20% of their Council tax just to service that debt is something that needs to be answered for. I think that people who are in a position of trust are handling moneys that are given to them in trust by their residents, and if they betray that trust then I think they deserve a come-uppance.

Additional Supplementary Question from Cllr Angela Wilkins:
In what category, and how would you describe, the London Borough of Bexley, given their particular problems at the moment?

Reply:
To be very clear in what I am saying, I do not believe that incompetence and betrayal is the province of any particular party. I think that it crosses all parties and if you look at some councillors, be they Northamptonshire or if you look at the way that Bexley currently have got issues I think that everybody needs to look at the way they are running their business and ask whether they are living within their means and if they

are showing true innovation and true prudence. I do not think that is the province of any particular party.

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?

Reply:
The short answer to both of those questions is none. There is a fantastic story underpinning the local arrangements which should be showcased. Whilst other boroughs have indeed reached directly for taxpayer’s cash to hire-in additional resource, in Bromley the challenge has been taken up by fifty-six volunteers drawn from amongst our existing workforce in addition to their other duties, all of whom are keen and eager to serve far over and above what is ordinarily expected of them out of commitment and dedication to the local community that over 60% of Bromley staff call their home. I know from discussing this phenomena at length with the Chief Executive that, especially building as it does on the Council’s staggering army of four and a half thousand rapidly assembled volunteers in response to wave 1 of the pandemic, many other London boroughs sit in awe of those accomplishments. I also know that I am not alone amongst Members in feeling very proud of the length the Council staff are going to during these unprecedented times to help see us through this ongoing crisis, and I thank all those involved on behalf of all Members.

Supplementary Question:
Please accept that this is in no way a criticism of our staff – I applaud our staff and accept that they are working way beyond their normal jobs, but that is the very point. I would like to know how many staff you have actually talked to, because a number of them will openly tell you that they are not able to do their day jobs, and that is clearly costing the Council. I was asking the question how much the financial opportunity cost was, which has not been answered, and can I also ask if any of these staff have been compelled to work outside their normal hours to try to do their day jobs alongside the work in response to Covid?

Reply:
I do not know what part of none Councillor Wilkins did not think the answer to the was was, but let me repeat it for her. The Chief Executive is very clear, the staff are happily volunteering to perform these extra functions, not least because many of the Council staff live here, which rather sets us out as a borough and makes them very special. It is a borderline unique attribute of Bromley’s which I am very proud to be a part of.

(At this point Cllr Wilkins protested that her question had not been answered, and in a point of personal explanation requested that the Leader should not patronise her.)

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?

Reply:
In both cases the contents of the papers related to commercially sensitive information regarding pricing and bid submissions which are normally debated in a Part 2 format. Following publication of the reports the position was reviewed and it was decided that in both cases the decisions in principle could be taken in a Part 1 format and subsequently Part 1 Reports were issued. This model is regularly applied to contract reports and a similar approach is now being taken for property reports. It should be noted that it is an officer decision to decide whether or not to place a report in Part 1 or Part 2 and a Member decision on whether it considers the report in Part 1 or Part 2.

Supplementary Question:
Why were these public papers not published initially, and what are you going to do to make sure that this does not happen again?

Reply:
As far as the last part of that is concerned, I answered that in my original answer, and we have said that in the future a similar approach of trying to put it all in part 1 is being taken for property reports. Why wasn't it part 1 in the first place? It was an officer decision, they made that decision – if we make it again we will make a different decision.

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?

Reply:
The Welfare Fund eligibility criteria was adopted by the Executive in October 2019 to provide essential household iitems to set up home in the community for those households who are on low income and/or experiencing financial hardship who could not otherwise afford essential household items. The Scheme has been kept under annual review to ensure effective use of funds to support those most vulnerable financially excluded households as this is a finite pot of money – as such no material changes have been made to the elegibility critieria during this time. The full policy setting out eleigibility criteria can be found on our website:

https://www.bromley.gov.uk/downloads/file/1634/bromley_welfare_fund

Supplementary Question:
Is he aware that many families are ineligible to claim under the Welfare Fund on the basis that they have lived in the property for longer than eight weeks, and if appliances like cookers and fridges break down they cannot be covered by the Welfare Fund. Would he commit to reviewing this eligibility criteria particularly on the basis that under current circumstances the pandemic is creating great hardship for families in the borough?

Reply:
I will commit to do that – I will speak to my officers and see if there is any basis to make it better for them.

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 these remote locations?

Reply:
Sadly I cannot make an absolute guarantee. There is an insufficient supply of affordable, local, self-contained temporary accommodation. Taking into account all known and relevant facts officers will endeavour and do endeavour to place all households within, or as close as possible to, the London Borough of Bromley. Our approach is set out in our Temporary Accommodation Placement Policy (link to the website below). Due to the numbers of households requiring temporary accommodation, whilst we make every effort to keep all vulnerable people as close as possible to their existing family and friends and to place every applicant in borough as we would wish it is not always possible and it would not be practical to amend the policy in the manner suggested as we do not have access to sufficient accommodation to deliver on such an approach. We hope that our Housing Strategy will be instrumental in helping us on the supply side by increasing the number of affordable homes that are delivered in the borough. We also continue to focus on taking preventative action to prevent homelessness from occurring in the first place wherever possible.

https://cds.bromley.gov.uk/documents/s50035837/App.%202%20for%20Updated%20Temporary%20Accommodation%20Procurement%20Strategy%20and%20Placement%20Policy.pdf

Supplementary Question:
How many authorisation levels are required before making such remote, one-only offers to Bromley residents of all ages?

Reply:
I do not know the answer to that question, but I will discover and let you know by email.

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?

Reply:
Following the initial issues caused by the Covid-19 pandemic, the Council will shortly be restarting its installation programme for public electric vehicle charging points. Locations will be decided based on demand and projected usage in conjunction with the Council’s preferred delivery partner – Source London.

The Council will also continue to work in conjunction with Transport for London and strive to install ‘Rapid’ charge points when possible and where appropriate. This follows the successful deployment of such points in Nichol Lane, Bromley, Main Road, Biggin Hill and Maple Road Penge.

However, as with all emerging and fast-moving technologies, the Council is fully aware of potential obsolescence and bears this in mind with all schemes. Especially given the Government’s recent announcement and the impact this is likely to have on existing fuel providers. It is worth noting for instance that Source London’s parent company Bluepoint, has recently been purchased by Total.

Supplementary Question:
Does the Portfolio Holder agree that having public charging points is important to the future of the borough so that it is a destination for shopping and business and not somewhere which people pass through, and that the provision of a variety of charging points, including trickle and rapid are provided?

Reply:
I think as you alluded to there are different reasons for different types of charging points, but in particular for people who might visit the borough to have charge points. We have rapid charge points, the fast charge points installed by Bluepoint, however a number of points installed some years ago seem to be unused, probably due to the obsolescence issue that I previously mentioned.

Additional Supplementary question from Cllr Simon Fawthrop:
Is the Portfolio Holder aware that Cllr King, on numerous occasions when there has been applications at Planning Committees to provide electric car charging points, has voted against?

Reply:
I was not particularly aware of them.

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?

Reply:
The Council has an established methodology for autumn leaf clearance that has been developed over a number of years. This programme involves the Service Provider, Veolia, who clear leafing from the borough's highways as part of their street cleaning duties, and idverde who clear leafing from greenspaces and local parks. Both service providers have pre-prepared programmes of leafing removal that are agreed with client officers in preparation for the seasons event.

During the autumn months, Veolia employ additional seasonal resources over a 12-week period, that work in conjunction with and are supplementary to the routine street cleansing operations. The programme is drawn up in a dynamic manner, utilising datasets from previous leafing programmes, and information from our Arboriculture team regarding streets with tree canopy coverage that was based upon an aerial photography exercise which captured trees on both public and private land. With local knowledge fed in from our Neighbourhood Officers and public/Member enquiries, the programmes of leafing removal are reviewed annually to ensure it is as up to date as possible. Dependent on local needs, some streets will have several attendances across the period, subject to the anticipated timing of their expected leaf fall. So far this season over a thousand tonnes of leafing material has been collected for recycling.

Supplementary Question:
This came from an enquiry from a resident living in Oakfield Road in Penge. They had been indoors in the lock-in, and they said that they had not seen anyone go down their road collecting any leaves for over month – I wondered whether you felt this was usual, especially as when I visited the road leaves were clogging up the drains?

Reply:
As I indicated, we do have a programme that is supplementary to street cleansing. Ttypically, depending on the road and the number of trees, leaves are collected by the normal street cleansing operation and some by additional rounds, based on the tree canopy, to collect the largest bulk of leaves.

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 cycle 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.

Reply:
Thank you for drawing my attention to this paper. I am now aware of the paper and so far have read the summary. I note that one of the pape's conclusions was that "More research is necessary to determine whether such investment in cycling infrastructure constitutes good or equitable value for money." Another conclusion was that there was a strong correlation between spend on cycle infrastructure and increases in commuter cycling, arriving at a figure of less than £5K per additional commuter cycling. As Cllr Fawthrop and I regularly state when commenting on reliance of PTALs in planning, of course commuting is not the only reason residents and visitors travel and we also support residents to travel for essentials and leisure. Many of our LIP funded schemes are not just aimed at cyclists but also at pedestrians which was not considered in this report.

Given the many suggestions that there will be a new normal following this pandemic, it would be particularly brave to predict future trends even based on past data.

In the summer the Government published "Gear change: a bold vision for cycling and walking", which sets out a comprehensive, long term vision. This may well form part of a future Environment and Community Services PDS Policy Development activity so it is directed to be most relevant to our Borough.

There needs to be a balanced investment in our streets as we all rely on them for our travel.

Supplementary Question:
Just putting in context that reply, has he also read the recent report from Wandsworth Council that shows that where they introduced low traffic neighbourhoods, on eleven cases out of eleven when they took the low traffic neighbourhoods away air pollution actually got better?

Reply:
I am aware of that research. I do note the comment; I also note that some of the warnings that were linked to that data related to the limited period of time that the data was collected. There are many reasons why any borough will implement road schemes and air poluution may be one of them but not the only one, bearing in mind that there is road safety, amongst others.

Additional Supplementary Question from Cllr Ian Dunn:
Is the Portfolio Holder aware that there is other research that shows that cycle schemes give very strong returns to society and I would like to ask what he is going to do to ensure that Bromley gets as much money as possible to enhance the cycling facilities in the borough for the benefit of our residents?

Reply:
As Councillor Dunn knows, as he sits on Environment and Community Services PDS Committee, it is not only down to myself it is up to the policy development activity of this borough to determine which schemes are most appropriate for the London Borough of Bromley context. We have always developed schemes which are supported by Members and fit our London Borough of Bromley context and that will continue to be the case.

Urgent question from Cllr Melanie Stevens to the Portfolio Holder for Renewal, Recreation and Housing

In light of the Government's announcements on 23 November, can the Portfolio Holder explain what he is doing to find the reasonable and short term sum of money, £5K per month, requested by Mytime Active to re-open the Biggin Hill swimming pool.

The re-opening of the pool surely fits within the Government's policy particularly relating to obesity, and this administration's strategy of maintaining and supporting the health and well being of local communities. This community extends and includes Darwin Ward, parts of Bromley Common & Keston Ward and Chelsfield & Pratts Bottom Ward as well as Biggin Hill Ward.

Reply:
This is obviously an important issue and that is why an urgent question has been allowed. Mytime have undertaken a review of the financial implications of Lockdown 2.0 and new arrangements for phased re-opening under recently announced tier 2 restrictions. The impact of COVID has had a significant impact upon all leisure providers and the outlook still remains uncertain. At this stage I confirm that there is no specific request for financial support in relation to the reopening of any particular site and Mytime are currently working to plan a phased re-opening for all sites. However any wider request for support across the leisure portfolio as a whole may come forward in due course for consideration and is likely to continue to be reviewed due to the uncertainty and changing nature of the current situation.

Supplementary Question:
Can you confirm there is no foreseeable date on which the pool at Biggin Hill will be re-opening?

Reply:
They have given us a date, but due to all the uncertainties I hesitate to announce it in public to give people false hope. I am extremely hopeful that it will not be too long.

9. From Cllr Nicholas Bennett to the Portfolio Holder for Environment and Community Services

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?

Reply:
In the Summer of 2020, Transport for London did not undertake any consultation with the London Borough of Bromley, save to inform us that they were to be introducing social distancing measures in West Wickham High Street, which forms part of the Transport for London Road Network.

Bromley was also informed, rather than consulted, by the London Borough of Croydon that they were introducing a Low Traffic Neighbourhood on the border with Bromley in Crystal Palace.

Supplementary Question:
Is the Portfolio Holder aware that it was the combined efforts of the ward councillors and Gareth Bacon, our GLA Member, that got the barriers removed from certain parts of West Wickham High Street after they had put them up firstly by one of our electric charging points and secondly blocking off the disabled bays. Can he explain how it helps cyclists to narrow the roads so that they are put into closer proximity to other vehicles?

Reply:
It is not really for me to explain how TfL came to that decision. Their decision-making is often quite mysterious, as we have seen throughout the summer. I do believe that TfL were responsive to adjusting the scheme in West Wickham High Street in certain respects. I would correct him that it was not one of our charging points – it was one of TfL's own charging points, but the point is well made.

Additional supplementary question from Cllr Angela Wilkins:
Would the Portfolio Holder agree with me and recognise that TfL are only responsible for their own roads, so consulting is not really a relevant question – it is somewhat spurious. In the case of Crystal Palace, would he also agree with me that the only road for which TfL are responsible is the A212 and none of Bromley's roads that form part of that category are part of the low traffic neighbourhood in that area?

Reply:
We would normally expect TfL to consult us before they implement changes on their roads, not least because of the impact that it may have on our roads. TfL do typically consult us, for example, before making changes at particular lights. As far as TfL roads outside our borough are concerned, that is not something that I am fully familiar with as the only two roads in our borough are the A232 and the A21.

Cllr Colin Smith added that Cllr Wilkins' point that the Croydon roads immediately adjacent to the Bromley roads that are affected is taken. I think she overlooks the fact that Fox Hill is in both boroughs so it is not true to say that no Bromley roads are included in the low traffic neighbourhood put in by Croydon with no consultation.

(At this point the time allowed for questions expired and written replies were provided for the remainder of the questions.)

10. From Cllr Angela Wilkins to the Portfolio Holder for Adult Care and Health

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

Reply:
Officers have confirmed that Bromley is a local authority participating in the pilot of the "Asymptomatic Targeted Testing Programme."

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?

Reply:
The long-term trend remains downward, with the council's education and engineering programmes supporting this. The award-winning education programme will continue to target road users, particularly the most vulnerable, whilst engineering measures have focussed on casualty cluster sites where maximum collisions might be prevented.

I agree that after three years of little downward movement in the number of serious road injuries in the Borough, there is no room for complacency and the Council's Traffic and Road Safety teams will be continuing to focus on maximising casualty reduction. Sadly, this lack of downward movement in the number of serious injuries and deaths on the roads, over recent years, is also reflected nationally and across London.

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?

Reply:
The Council continues to invest in targeted walking and cycling infrastructure and will continue to consult affected residents and road users as part of each proposal, to ensure that the best solutions are implemented. This may mean that some schemes take many months to come to fruition, but Bromley would rather install schemes that will be well used and supported.

In respect to the recently installed emergency active travel measures, these are experimental in nature which means that the consultation for these is very much ongoing.

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?

Reply:
I can advise that Bromley Council employs ~24% of its staff from BAME communities compared to ~ 22% of the population.

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

Reply:
We are not about to join a national pressure group or endorse a campaign but we are supportive of local residents facing this situation. It is a matter of public record that the Council was in contact with Government to ask for funding for local residents to enable cladding to be removed, which did come forward. As Bromley Town Councillors are aware, the Council has kept in contact with their local residents about this and Sir Bob Neill MP has continued to raise this matter in parliament, which is the correct forum for this matter to be discussed.

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?

Reply:
I am not familiar with the assertion that Bromley Well is overwhelmed and limited in the support they can offer. As with everyone else they are certainly busy in responding to the pressures of Covid but no one from Bromley Well has advised officers that they are overwhelmed.

It is right to say that recent changes have led to a reduction in the number of day centres providing respite for older people and adults with disabilities. Prior to Covid our residents who use these services, whether funded by the Council or whether self-funding, were increasingly choosing not to use day centres in favour of other forms of respite and short breaks.
I do however accept that the closure of buildings-based day and respite services due to Covid has put pressure on carers and that some carers are finding it difficult.
In response to the Covid pressures which have clearly compounded this difficulty the Council has acted to support residents and respite providers in a number of ways:

- Carers and residents have been offered and taken up Direct Payments so they might purchase respite support independently and away from indoor group activities.

- Providers with block contracts to deliver respite services have continued to be paid whilst their day centres are closed.
- In all cases respite and other day support providers have continued to keep in touch with their customers and deliver a range of support where possible to carers and those they care for.

For Members information I asked the Director of Adult Services and the Director of Public Health several weeks ago to support the reopening of day centres on a limited basis in order that respite support can be provided along with support to people who might otherwise be living in isolation. This will be subject to providers being able to meet standards set by the Director of Public Health and will be in line with the government guidance on Covid published last month.

Looking to the future the Council has a number of plans in train to develop respite services. These will be developed with people that currently use services, their carers and providers.

Appendix 1 (question 1)

Total Debt by London Borough Council as at 30/9/20

	Borough	Total Debt £000
1	Croydon	1,521,501
2	Barking & Dagenham	946,746
3	Enfield	927,884
4	Newham	818,202
5	Southwark	809,134
6	Ealing	663,400
7	Lambeth	591,658
8	Haringey	514,443
9	Brent	508,679
10	Harrow	422,261
11	Barnet	394,080
12	Greenwich	378,109
13	Islington	370,109
14	Waltham Forest	351,558
15	Redbridge	330,740
16	Sutton	329,521
17	Camden	329,436
18	Kingston upon Thames	307,376
19	Hillingdon	290,568
20	Hammersmith & Fulham	283,142
21	Kensington & Chelsea	263,832
22	Havering	240,585
23	Bexley	227,971
24	Westminster	221,166
25	Lewisham	213,120
26	Hounslow	205,850
27	Richmond upon Thames	134,048
28	Hackney	121,886
29	Merton	113,010
30	Tower Hamlets	72,289
31	Wandsworth	61,456
32	Bromley	0

Source: MHCLG Quarterly Statistics

Total External Interest Paid during 2018-19[1]

	Borough	Interest Paid £000
1	Newham	46,668
2	Lewisham	26,796
3	Lambeth	26,183
4	Ealing	23,369
5	Croydon	22,639
6	Tower Hamlets	21,907
7	Waltham Forest	20,925
8	Brent	20,680
9	Harrow	19,542
10	Barking & Dagenham	19,529
11	Greenwich	16,695
12	Haringey	16,249
13	Kensington & Chelsea	11,776
14	Kingston upon Thames	10,887
15	Bexley	9,982
16	Hounslow	9,142
17	Redbridge	9,109
18	Havering	7,802
19	Hackney	7,789
20	Enfield	7,604
21	Southwark	6,863
22	Merton	6,315
23	Barnet	5,011
24	Wandsworth	4,945
25	Richmond upon Thames	4,360
26	Islington	3,031
27	Hillingdon	1,695
28	Westminster	1,381
29	Hammersmith & Fulham	1,291
30	Sutton	940
31	Camden	711
32	Bromley	0

Source: MHCLG Quarterly Statistics

[1] This is the last year for which a full dataset is currently available

Appendix C

COUNCIL MEETING

7th 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?

Reply:
Subject to the views of other Members, I would certainly be inclined to mark the occasion myself.

Forgoing the fees for temporary street closures to host street parties for applications received in time by a specified date, most certainly.

Ideas beyond that might be something worthy of considering on a case by case basis too.

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 9th what is the position regarding the construction of housing on the Station Road Car Park in West Wickham?

Reply:
A contract for site plans has just been commissioned, with detailed design options like to be ready for March 2021.

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.

Reply:
Please see the attached document - Appendix 1.

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.

Reply:
The information requested is provided below. Unfortunately it is not possible to provide a breakdown at ward level at this stage in respect of the wider planning applications– this issue had already been identified and work planned for further development on the IT system to enable such reports to be generated going forward.

2019:

Total planning applications received: 2921
Total planning applications received in first 3 quarters of calendar year: 2283
Total Tree applications received: 924

Permitted development applications 2019:

Bickley	11
Biggin Hill	7
Bromley Common and Keston	14
Bromley Town	24
Chelsfield and Pratts Bottom	18
Chislehurst	12
Clock House	21
Copers Cope	24
Cray Valley East	9
Cray Valley West	22
Crystal Palace	4
Darwin	13
Farnborough & Crofton	9
Hayes & Coney Hall	8
Kelsey & Eden Park	31
Mottingham & Chislehurst North	8
Orpington	11
Penge & Cator	16
Petts Wood & Knoll	17
Plaistow & Sundridge	19
Shortlands	5
West Wickham	17
Total	**320**

2020:

Total planning applications received in first 3 quarters of calendar year: 2047
Total Tree applications received: (up to 03/12/2020): 1033

Permitted Development Applications 2020 (up to 03/12/2020)

Bickley	12
Biggin Hill	5
Bromley Common and Keston	18
Bromley Town	25
Chelsfield and Pratts Bottom	11
Chislehurst	12
Clock House	23
Copers Cope	26
Cray Valley East	13
Cray Valley West	17
Crystal Palace	4
Darwin	12
Farnborough & Crofton	13
Hayes & Coney Hall	11
Kelsey & Eden Park	31
Mottingham & Chislehurst North	5
Orpington	17
Penge & Cator	27
Petts Wood & Knoll	11
Plaistow & Sundridge	15
Shortlands	7
West Wickham	16
Total	**331**

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?

Reply:
Please see the attached document - Appendix 2.

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?

Reply:
Covid-19 did impact our tree planting programme. In relation to the submitted photos of young trees we have concluded a borough wide survey of all trees planted within the past 10 years. This has resulted in the creation of a works programme to resolve issues. In addition, we are updating our young tree maintenance and tree planting procedures to ensure better care is given while our trees establish in the future, which should avoid this particular issue reoccuring.

Regarding general tree inspections, this is a rolling process wherein we survey approximately one third of the borough’s trees each year as set out in our Tree Management Strategy. This surveying is undertaken primarily in winter when other seasonal demands on the service abate. As the schedule year runs from April-March we will have a clearer picture in terms of performance in the new financial year.

Appendix 1 (Question 3)

Year	Date	Month	Group Name	Calc. Days	Hours	Ave. Daily Rate	Net Amount	VAT Amount	Gross Amount	Employee FTE as at last day of month
2019	4	April	1. Adult Social Care	1,072.36	7,721.00	223.45	239,623.30	47,924.76	287,548.06	191.92
2019	4	April	2. Childrens Social Care	1,414.41	10,183.75	306.60	433,651.40	86,730.23	520,381.63	326.39
2019	4	April	3. Other ECHS	279.38	2,011.50	487.57	136,215.09	27,243.02	163,458.11	336.18
2019	4	April	4. ECS	728.40	5,244.50	175.72	127,995.12	25,599.15	153,594.27	246.48
2019	4	April	5. Other	195.17	1,405.25	196.11	38,275.09	7,655.04	45,930.13	162.82
2019	5	May	1. Adult Social Care	1,358.13	9,778.50	221.48	300,799.84	60,160.03	360,959.87	194.46
2019	5	May	2. Childrens Social Care	1,727.19	12,435.75	298.58	515,708.11	103,141.72	618,849.83	331.42
2019	5	May	3. Other ECHS	408.26	2,939.50	414.87	169,377.28	33,875.53	203,252.81	340.88
2019	5	May	4. ECS	857.60	6,174.75	191.21	163,982.62	32,796.64	196,779.26	244.91
2019	5	May	5. Other	290.66	2,092.75	203.76	59,225.45	11,845.07	71,070.52	163.62
2019	6	June	1. Adult Social Care	1,109.20	7,986.25	227.48	252,317.10	50,463.50	302,780.60	194.86
2019	6	June	2. Childrens Social Care	1,352.29	9,736.50	289.93	392,068.64	78,413.72	470,482.36	333.14
2019	6	June	3. Other ECHS	285.10	2,052.75	380.08	108,363.70	21,672.81	130,036.51	343.17
2019	6	June	4. ECS	760.83	5,478.00	154.39	117,467.34	23,493.60	140,960.94	247.08
2019	6	June	5. Other	312.95	2,253.25	188.26	58,917.49	11,783.49	70,700.98	161.04
2019	7	July	1. Adult Social Care	1,115.63	8,032.50	220.98	246,530.01	49,306.04	295,836.05	192.61
2019	7	July	2. Childrens Social Care	1,318.68	9,494.50	295.42	389,559.97	77,911.97	467,471.94	333.95
2019	7	July	3. Other ECHS	339.20	2,442.25	309.09	104,842.81	20,968.56	125,811.37	347.55
2019	7	July	4. ECS	756.60	5,447.50	179.04	135,458.35	27,091.84	162,550.19	248.19
2019	7	July	5. Other	338.26	2,435.50	176.94	59,853.72	11,970.77	71,824.49	161.04
2019	8	August	1. Adult Social Care	1,181.56	8,507.25	220.11	260,077.05	52,015.45	312,092.50	195.11
2019	8	August	2. Childrens Social Care	1,653.02	11,901.75	292.63	483,719.60	96,743.91	580,463.51	339.89
2019	8	August	3. Other ECHS	348.40	2,508.50	274.84	95,754.82	19,150.94	114,905.76	345.25
2019	8	August	4. ECS	974.58	7,017.00	166.36	162,132.95	32,426.68	194,559.63	247.81
2019	8	August	5. Other	366.11	2,636.00	192.55	70,496.12	14,099.31	84,595.43	160.89
2019	9	September	1. Adult Social Care	886.46	6,382.50	223.10	197,771.66	39,554.34	237,326.00	208.43
2019	9	September	2. Childrens Social Care	1,201.32	8,649.50	283.23	340,248.58	68,049.69	408,298.27	349.62
2019	9	September	3. Other ECHS	269.24	1,938.50	316.01	85,082.06	17,016.42	102,098.48	338.26
2019	9	September	4. ECS	698.44	5,028.75	177.75	124,149.84	24,830.07	148,979.91	250.21
2019	9	September	5. Other	234.97	1,691.75	198.00	46,522.23	9,304.53	55,826.76	161.14
2019	10	October	1. Adult Social Care	803.58	5,785.75	219.71	176,555.55	35,311.13	211,866.68	212.42
2019	10	October	2. Childrens Social Care	1,078.75	7,767.00	280.19	302,252.91	60,450.58	362,703.49	350.53
2019	10	October	3. Other ECHS	283.33	2,040.00	258.81	73,329.03	14,665.86	87,994.89	341.12
2019	10	October	4. ECS	856.81	6,169.00	177.04	151,685.63	30,337.32	182,022.95	248.63
2019	10	October	5. Other	251.74	1,812.50	223.46	56,254.16	11,250.89	67,505.05	157.84
2019	11	November	1. Adult Social Care	871.04	6,271.50	221.76	193,165.86	38,633.22	231,799.08	215.14
2019	11	November	2. Childrens Social Care	1,361.08	9,799.75	278.56	379,141.21	75,828.22	454,969.43	345.94
2019	11	November	3. Other ECHS	369.44	2,660.00	282.93	104,527.63	20,905.45	125,433.08	344.13
2019	11	November	4. ECS	1,054.06	7,589.25	179.23	188,921.00	37,784.39	226,705.39	249.42
2019	11	November	5. Other	407.95	2,937.25	212.43	86,662.01	17,332.46	103,994.47	162.52
2019	12	December	1. Adult Social Care	692.05	4,982.75	217.45	150,486.60	30,097.38	180,583.98	228.07
2019	12	December	2. Childrens Social Care	1,255.59	9,040.25	305.31	383,343.10	76,668.72	460,011.82	343.49
2019	12	December	3. Other ECHS	236.77	1,704.75	296.09	70,105.66	14,021.15	84,126.81	344.59
2019	12	December	4. ECS	822.64	5,923.00	210.86	173,463.09	34,692.68	208,155.77	241.48
2019	12	December	5. Other	341.11	2,456.00	281.70	96,091.54	19,218.33	115,309.87	166.14
2020	1	January	1. Adult Social Care	664.38	4,783.50	217.47	144,484.83	28,897.01	173,381.84	233.57
2020	1	January	2. Childrens Social Care	1,149.86	8,279.00	279.35	321,219.30	64,243.86	385,463.16	358.49
2020	1	January	3. Other ECHS	262.95	1,893.25	288.20	75,783.61	15,156.76	90,940.37	345.28
2020	1	January	4. ECS	806.88	5,809.50	188.85	152,377.34	30,475.63	182,852.97	244.12
2020	1	January	5. Other	367.64	2,647.00	224.66	82,593.69	16,518.83	99,112.52	162.42

2020	2	February	1. Adult Social Care	674.86	4,859.00	221.62	149,560.34	29,912.12	179,472.46	232.2
2020	2	February	2. Childrens Social Care	1,017.85	7,328.50	281.93	286,956.59	57,391.31	344,347.90	357.05
2020	2	February	3. Other ECHS	299.27	2,154.75	272.70	81,612.18	16,322.42	97,934.60	345.83
2020	2	February	4. ECS	801.74	5,772.50	188.87	151,427.20	30,285.54	181,712.74	243.12
2020	2	February	5. Other	373.92	2,692.25	229.55	85,833.36	17,166.68	103,000.04	164.25
2020	3	March	1. Adult Social Care	633.06	4,558.00	219.84	139,173.15	27,834.67	167,007.82	233.48
2020	3	March	2. Childrens Social Care	1,019.58	7,341.00	279.44	284,910.93	56,982.18	341,893.11	358.05
2020	3	March	3. Other ECHS	370.03	2,664.25	270.20	99,984.86	19,996.96	119,981.82	350.28
2020	3	March	4. ECS	745.83	5,370.00	186.11	138,810.50	27,762.23	166,572.73	244.62
2020	3	March	5. Other	346.01	2,491.25	237.19	82,069.37	16,413.87	98,483.24	164.25
2020	4	April	1. Adult Social Care	556.42	4,006.25	243.92	135,721.44	27,144.35	162,865.79	235
2020	4	April	2. Childrens Social Care	908.72	6,542.75	290.03	263,556.53	52,711.33	316,267.86	359.79
2020	4	April	3. Other ECHS	332.53	2,394.25	258.63	86,004.26	17,200.87	103,205.13	351.42
2020	4	April	4. ECS	594.83	4,282.75	193.35	115,012.01	23,002.28	138,014.29	247.26
2020	4	April	5. Other	336.81	2,425.00	245.65	82,736.77	16,547.29	99,284.06	165.82
2020	5	May	1. Adult Social Care	667.53	4,806.25	243.33	162,433.11	32,486.67	194,919.78	237
2020	5	May	2. Childrens Social Care	1,107.50	7,974.00	288.26	319,242.52	63,848.52	383,091.04	358.16
2020	5	May	3. Other ECHS	363.65	2,618.25	248.99	90,543.07	18,108.65	108,651.72	353.98
2020	5	May	4. ECS	726.08	5,227.75	189.61	137,671.51	27,534.40	165,205.91	247.48
2020	5	May	5. Other	400.56	2,884.00	255.93	102,513.10	20,502.70	123,015.80	169.82
2020	6	June	1. Adult Social Care	520.63	3,748.50	244.22	127,145.70	25,429.10	152,574.80	238
2020	6	June	2. Childrens Social Care	1,142.53	8,226.25	289.47	330,735.23	66,147.08	396,882.31	359.16
2020	6	June	3. Other ECHS	231.88	1,669.50	320.77	74,379.21	14,875.87	89,255.08	354.7
2020	6	June	4. ECS	568.13	4,090.50	194.80	110,672.19	22,134.54	132,806.73	249.11
2020	6	June	5. Other	333.99	2,404.75	246.20	82,227.60	16,445.52	98,673.12	169.18
2020	7	July	1. Adult Social Care	767.78	5,528.00	236.50	181,579.37	36,315.85	217,895.22	238
2020	7	July	2. Childrens Social Care	1,361.04	9,799.50	289.07	393,435.94	78,687.17	472,123.11	359.16
2020	7	July	3. Other ECHS	163.54	1,177.50	407.68	66,672.50	13,334.52	80,007.02	354.7
2020	7	July	4. ECS	778.92	5,608.25	193.08	150,391.30	30,078.34	180,469.64	249.11
2020	7	July	5. Other	414.97	2,987.75	271.29	112,575.41	22,515.08	135,090.49	169.18
2020	8	August	1. Adult Social Care	495.38	3,566.75	235.61	116,718.15	23,343.63	140,061.78	243.02
2020	8	August	2. Childrens Social Care	985.80	7,097.75	289.31	285,201.69	57,040.34	342,242.03	358.84
2020	8	August	3. Other ECHS	91.25	657.00	430.22	39,257.59	7,851.55	47,109.14	359.01
2020	8	August	4. ECS	479.34	3,451.25	200.91	96,302.17	19,260.48	115,562.65	252.48
2020	8	August	5. Other	380.52	2,739.75	277.88	105,738.47	21,147.69	126,886.16	165.7
2020	9	September	1. Adult Social Care	519.38	3,739.50	239.70	124,494.10	24,898.85	149,392.95	243.77
2020	9	September	2. Childrens Social Care	1,009.93	7,271.50	290.82	293,708.34	58,741.72	352,450.06	358.31
2020	9	September	3. Other ECHS	141.18	1,016.50	338.58	47,800.87	9,560.18	57,361.05	363.11
2020	9	September	4. ECS	513.13	3,694.50	197.07	101,120.22	20,224.12	121,344.34	251.03
2020	9	September	5. Other	307.12	2,211.25	277.40	85,194.24	17,038.88	102,233.12	173.12
2020	10	October	1. Adult Social Care	264.93	1,907.50	241.02	63,852.34	12,770.49	76,622.83	242.77
2020	10	October	2. Childrens Social Care	465.59	3,352.25	296.04	137,834.64	27,566.92	165,401.56	362.7
2020	10	October	3. Other ECHS	91.08	655.75	293.78	26,756.66	5,351.34	32,108.00	361.57
2020	10	October	4. ECS	210.03	1,512.25	189.13	39,724.22	7,944.83	47,669.05	252.81
2020	10	October	5. Other	182.15	1,311.50	276.05	50,282.75	10,056.59	60,339.34	171.69

Under the Planning (Listed Buildings and Conservation Areas) Act 1990, Listed Building Consent is required for all works of demolition, alteration or extension to a listed building that affect its character as a building of special architectural or historic interest.

The requirement applies to all types of works and to all parts of those buildings covered by the listing protection (possibly including attached and curtilage buildings or other structures), provided the works affect the character of the building as a building of special interest.

It is a criminal offence not to seek consent when it is required. Not knowing a building is listed is not a defence to any criminal proceedings. A defence is available if the works were urgently necessary in the interests of health and safety.

There are three types of listed status for buildings in England and Wales:

- Grade I: buildings of exceptional interest.
- Grade II*: particularly important buildings of more than special interest.
- Grade II: buildings that are of special interest, warranting every effort to preserve them.

The Historic England National Heritage List for England'[1] shows that Bromley has a total of 412 Listed Buildings, including eight Grade I Listed Buildings in Bromley, 23 grade II* and 381 Grade II Listed Buildings.

The owners of listed buildings are under no legal obligation to maintain their property in a good state of repair; even though it is in their interests to do so.

Individual Councils throughout England do not have a statutory duty to compile lists of Listed Buildings that are at risk or in need of maintenance within their area; however, there are a range of statutory enforcement powers at their disposal including section 215 Notices, Urgent Works Notices, Repairs Notices and other statutory enforcement tools and powers under the various Housing, Planning and Building Acts, to secure the future of historic buildings[2]. It should be noted that these statutory enforcement powers mainly apply to empty properties.

Historic England maintain a 'Heritage at Risk' register[3] of heritage assets (including Listed Buildings, that are most at risk of being lost as a result of neglect, decay or inappropriate development. In conjunction with Historic England, the Conservation Officer is currently involved in several heritage at risk projects, including a large-scale heritage at risk project at Crystal Palace working with colleagues in Regeneration to secure the future of the Park.

[1] Accessed here: https://historicengland.org.uk/listing/the-list/
[2]The Historic England document 'Stopping the Rot' provides useful detail on the powers available. It can be accessed here: https://historicengland.org.uk/images-books/publications/stoppingtherot/
[3] Accessed here: https://historicengland.org.uk/advice/heritage-at-risk/search-register/advanced-search

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4A

COUNCIL MEETING

1st March 2021

QUESTIONS FROM MEMBERS OF THE PUBLIC FOR ORAL REPLY

1. From Stuart Mayer to the Portfolio Holder for Environment and Community Services

Crofton Road Cycle Scheme - Approximately 20% of the road's width has now been allocated exclusively to bicycles, yet cycle usage along this stretch of road is low. If cycle uptake predictions are not met, and bicycle traffic remains below 1% of all traffic along this stretch of road, will you remove the cycle lane?

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

What has the Council done since June 2017 to identify buildings with fire safety risks, what is the plan to make them safe and when was this issue discussed in public by a council committee? How many buildings in the borough have "waking watches "?

3. From Carolyn Heitmeyer to the Portfolio Holder for Environment and Community Services

Can the Albemarle consultation be changed in the following ways: (a) lengthened from 3 weeks to 6 months, as per statutory guidance, (b) modified so it's not just a binary choice (keeping vs removing), (c) supplemented with key contextual information about the long-term goals (i.e. modal shift)? If not, why not?

4. From John V. Powell to the Portfolio Holder for Environment and Community Services

There has been a tsunami of complaints regarding the Orpington to Locksbottom cycle lane with regard to both safety and justification. Does the Council intend to continue ignoring the voting public, especially as now a number of serious road safety concerns are emerging?

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

May I commend Portfolio Holder and team for recent active travel infrastructure improvements supporting the PM's Gear Change strategy. Many more residents are choosing to walk and cycle. Due to wear and tear to footways and public rights of way, would you review highways budget to enable proper maintenance, repair, improvements?

6. From Dermot McKibbin to the Portfolio Holder for Public Protection and Enforcement

How many high-rise buildings in Bromley are currently under construction and have been built since June 2017 and what assurances can the Council give that they will be or have been built without dangerous cladding and with proper safety considerations?

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

Healthy, safe, attractive end-to-end journeys are essential to enable more children and adults to travel by active modes. In Orpington, link from Crofton Road improvement scheme via station underpass to Mayfield Avenue is not fit for purpose. What progress is being made with stakeholders, and what are timescales, for improvements?

4B

COUNCIL MEETING

1st March 2021

QUESTIONS FROM MEMBERS OF THE PUBLIC FOR WRITTEN REPLY

1. From Steve Isted to the Portfolio Holder for Environment and Community Services

Will the Council consider halting the Crofton Road cycle scheme until a new risk assessment has been undertaken to address the numerous and serious safety issues that its implementation has/will create?

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

During the 12 months ending 31 Mar 2020 what percentage of non-paper recycling (e.g. plastics) collected from residents was not recycled, and how was it disposed of?

3. From Suraj Gandecha to the Portfolio Holder for Resources, Commissioning and Contract Management

Secondly, as a member of the LGBTQ+ community, I would like to know what the Council is doing to recognise LGBT History Month and what it has in place to support people from different backgrounds and minorities?

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

The Open Space Consultation list of open spaces did not include Plaistow Green. Also, open spaces within Bromley boundary but managed by others such as Warren Avenue Playing Fields and West Wickham Common were not mentioned. Will these be included in the next version of the consultation document and can you guarantee that these are also safe from disposal?

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

Following the press release by Cllr Huntingdon-Thresher on 8 January promising that the Council "are not about to sell any park" would he now confirm that no open space listed in the Open Space Consultation will face "reassignment (including development or disposal)".

6. **From Julie Ireland to the Portfolio Holder for Children, Education and Families**

How many laptops have Bromley Council received from the Government to help school children access online learning, and how many of these have been given out?

7. **From Julie Ireland to the Portfolio Holder for Children, Education and Families**

How many laptops have schools, academies, colleges and FE institutions in Bromley received from the Government to help students access online learning?

8. **From Christopher Bentley to the Portfolio Holder for Resources, Commissioning and Contract Management**

How many Freedom of Information requests did the Council receive between 01/04/19 - 31/03/20 and how many were answered in the regulatory 20 days?

9. **From Christopher Bentley to the Portfolio Holder for Environment and Community Services**

Recent Imperial College research states that Bromley suffers the highest number of air quality related deaths in London. Has Bromley Council met its AQAP commitment to begin deploying 20 new diffusion tube monitors and will the Council commit to more live monitoring in population centres?

https://www.london.gov.uk/WHAT-WE-DO/environment/environment-publications/health-burden-air-pollution-london

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

The tender for the Beckenham Public Halls provides for 15% community use, how does this compare to the current (notwithstanding COVID issues) space for community use and if there is a shortfall how will this be resolved?

11. **From Chloe-Jane Ross to the Portfolio Holder for Environment and Community Services**

What are the street cleaning provisions around the wards in Albemarle Rd and Bromley Rd cycle scheme (debris is starting to accumulate)?

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

Will the Council now consider wheelie bin style bins or bins with fixed lids for recycled paper to save the cost (both environmental and financial) of wet paper and cardboard put out for recycling being rejected as it is too wet?

13. **From Sam Webber to the Portfolio Holder for Public Protection and Enforcement**

Please supply a list of all high-rise residential buildings in Bromley Borough in the private sector with ACM cladding and identify those where remediation work is either complete or has commenced.

14. **From Jill Hollamby to the Portfolio Holder for Public Protection and Enforcement**

Please supply a list of all buildings in Bromley Borough over 18 metres in height with unsafe non-ACM cladding.

15. **From Jill Hollamby to the Portfolio Holder for Public Protection and Enforcement**

Please supply a list of all buildings in Bromley Borough over 11 metres and under 18 metres in height with unsafe ACM cladding and non-ACM cladding.

16. **From Rick Das to the Portfolio Holder for Environment and Community Services**

How many Snow Friends (groups and/or individuals) are currently authorised in Bromley Borough?

17. **From Rick Das to the Portfolio Holder for Environment and Community Services**

Given the widespread disruption caused by icy roads and pavements during the cold weather in February, will the Council now revise their strategy for keeping all roads and pavements safe?

18. **From Allan Tweddle to the Portfolio Holder for Environment and Community Services**

Given the short notice given to councils to apply for TfL funding and consult with local people, have the Council prepared/are working on other road or active travel schemes and if so what are they?

19. **From Allan Tweddle to the Portfolio Holder for Environment and Community Services**

I understand the Environment Agency is temporarily allowing yellow bag clinical waste to be processed at municipal incinerators due to increased volumes caused by Covid-19. Have Bromley Council's contractors processed additional medical waste locally in this way?

20. From Stuart Benefield to the Portfolio Holder for Children, Education and Families

How many families have received vouchers for food to provide support for children who normally receive free school meals? Please provide number and value between 21 December 2020 and 31 January 2021.

21. From Tony McPartlan to the Portfolio Holder for Renewal, Recreation and Housing

What support is the Council giving for businesses in the Borough who are facing financial difficulties due to the pandemic and will the Council ensure such support is in place for a suitable length of time to avoid a cliff edge in the future?

22. From Tony McPartlan to the Portfolio Holder for Renewal, Recreation and Housing

What will the Council be doing to support residents who have lost their jobs during the pandemic to continue to be able to live in Bromley rather than be forced out of the area to find affordable housing?

4c

COUNCIL MEETING

1st March 2021

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR ORAL REPLY

1. From Cllr Kieran Terry to the Portfolio Holder for Renewal, Recreation and Housing

Recent news reports suggest Sadiq Khan, the Mayor of London, is planning a 'border tax' that will charge anyone driving in to Bromley from outside of London £5.50 per day. What impact could this have on the vitality of Bromley's Town Centres?

2. From Cllr Tony Owen to the Chairman of the Pensions Investment Sub-Committee

How much has membership of the London CIV (Collective Investment Vehicle) cost Bromley pensioners?

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

What has the Council done in response to the Homes (Fitness for Human Habitation) Act 2018 and what use has the Council made of the powers granted to it by the Act?

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

Given the combined backlog and future maintenance costs of nearly £480,000 as stated in the tender document for Beckenham Public Hall, does the Portfolio Holder agree that this makes the proposition a very difficult proposition for any bidders who many wish to put forward plans for its future? Can the Portfolio Holder explain why the Council has not pursued an application under the Heritage Lottery Fund?

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

Can the Portfolio Holder please explain why the Draft Open Space Strategy which went out to consultation included the following:-

> "Be brave enough to recognise when open space should be repurposed",
> "The need to increase residential provision though development and balance this with open space provision" and
> "Identify open spaces that require alteration, investment or reassignment (including development or disposal)"?

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

Could you please confirm what consultation will be undertaken, both with ward members and with members of the public, regarding plans considering sites for development in phase 2 and phase 3 of the Council's housing delivery plans, at what stage will residents be able to object to building on Green Belt land, or where the sites are currently used as day centres, youth centres, libraries, car parks or other public buildings?

7. From Cllr Vanessa Allen to the Portfolio Holder for Resources, Commissioning & Contract Management

Please explain why the pay award to Council staff was announced at the February Executive meeting, one day after the GP&L Committee meeting where it should have been considered?

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

Please provide figures as to the Council's in-house youth apprenticeships and the percentage comparison as to our contractors.

9. From Cllr Kieran Terry to the Portfolio Holder for Resources, Commissioning and Contract Management

What can be learned from the submission of a section 114 notice by neighbouring Croydon Council last year, which effectively declared the Labour-run authority to be bankrupt? How has Bromley acted differently over recent years to avoid encountering a similar situation?

10. From Cllr Tony Owen to the Leader of the Council

How much does membership of London Councils cost Bromley taxpayers?

11. From Cllr Angela Wilkins to the Portfolio Holder for Environment & Community Services

What actions is he proposing to reduce excessive traffic caused by rat-running on residential roads in Crystal Palace and why has he been silent on the recent Crystal Palace LTN implemented (and recently removed) by LB Croydon?

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

Can the Portfolio Holder explain why it has taken such a long time to clear the drain blockage at Birkbeck bridge – I made a report on fix my street in August 2020 and the initial response was that it was a Thames Water issue.

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

Can the Portfolio Holder please explain what the Council is doing to support MyTime, while its premises are closed down during Lockdown?

14. From Cllr Simon Jeal to the Portfolio Holder for Adult Care & Health

What action is taken by Council officers in the event of a beach of COVID restrictions by people working or acting for council contractors - particularly where they are engaged in activity which put them into contact with vulnerable residents?

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

Please explain what the Council is doing to support Care Homes across the Borough which are struggling and currently suffering high levels of COVID infection.

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COUNCIL MEETING

1st March 2021

QUESTIONS FROM MEMBERS OF THE COUNCIL FOR WRITTEN REPLY

1. From Cllr Michael Tickner to the Portfolio Holder for Environment and Community Services

Since the first lockdown in March 2020 until the most recent figures available, what changes in air pollution have been recorded, compared with the same period in 2019, at the Council's continuous monitoring sites:

(1) for nitrogen dioxide (NO^2) levels? How does this compare with the Government target of 40 micrograms per cubic meter?

(2) for particulate matter (PM10) concentrations? How does this compare with the World Health Organisation standard of 20 micrograms per cubic meter?

What plans are there to maintain low pollution levels after lockdown?

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

Please provide a list showing all the Heritage Lottery Fund applications the Council has made over the past three years, including whether the application was successful or not and if successful, the amount received.

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

Can the Portfolio Holder please describe the process which is being used to incorporate the over 800 consultation responses on the Council's Open Space Strategy.

4. From Cllr Angela Wilkins to the Portfolio Holder for Environment & Community Services

What were the levels of carbon emissions in the Borough for the last two years?

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

Are members of the public now able to ask oral questions in person at online Council meetings in the same way as they were in person meetings prior to COVID arrangements and is it not time that the Urgency Committee met to review the arrangements made last March, a review that was agreed by this Council should have happened last June?

6. **From Cllr Simon Jeal to the Portfolio Holder for Resources, Commissioning & Contract Management**

How much unspent and unallocated COVID funding from central government is currently held by the Council?

7. **From Cllr Simon Jeal to the Portfolio Holder for Resources, Commissioning & Contract Management**

How much has this Council spent on commercial property investments in the last 10 years and what is the current capital value of that property portfolio?

Report No.
CSD21027

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 1 March 2021**
Decision Type:	Non-Urgent Executive Key
Title:	**2021/22 COUNCIL TAX**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

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1. Reason for report

1.1 At its meeting on 10th February 2021, the Executive considered the attached report on the 2021/22 Revenue Budget and made recommendations concerning the level of the Bromley element of the 2021/22 Council Tax and Adult Social Care precept. At the meeting, the Executive received comments from all PDS Committees on the budgets proposed for their respective portfolios, and amended technical recommendations from the Director of Finance (also attached). The Executive supported the amended recommendations and recommended that they be approved by full Council. The Executive also authorised the Director of Finance to report any further changes directly to the Council meeting on 1st March 2021, including details of the Public Health Better Care Fund which were still awaited.

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2. RECOMMENDATIONS

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

(b) Approve the draft revenue budgets (as in Appendix 2) for 2021/22;

(c) Agree that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 13th January 2021;

(d) Approves a revised Central Contingency sum of £14,925k (see Section 6);

(e) Approves the following provisions for levies for inclusion in the budget for 2021/22:

	£'000
London Pensions Fund Authority *	**464**
London Boroughs Grant Committee	**247**
Environment Agency (flood defence etc.) *	**262**
Lee Valley Regional Park *	**321**
Total	**1,294**

*** Provisional estimate at this stage**

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

(g) Sets a 4.99% increase in Bromley's council tax for 2021/22 compared with 2020/21 (1.99% general increase plus 3% Adult Social Care Precept) and notes that, based upon their consultation exercise, the GLA are currently assuming a 9.5% increase in the GLA precept;

(h) Approves the revised draft 2021/22 revenue budgets to reflect the changes detailed above;

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

(j) Executive agrees that the Director of Finance be authorised to report any further changes directly to Council on 1st March 2021.

(2) Council Tax 2021/22 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011).

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

	2020/21 £	2021/22 £	Increase £	Increase % (note #)
Bromley (general)	**1,153.00**	**1,178.15**	**25.15**	**1.99**
Bromley (ASC precept)	**111.77**	**149.71**	**37.94**	**3.00**
Bromley (total)	**1,264.77**	**1,327.86**	**63.09**	**4.99**
GLA *	**332.07**	**363.66**	**31.59**	**9.51**
Total	**1,596.84**	**1,691.52**	**94.68**	**5.93**

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

(#) in line with the 2021/22 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,264.77 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 1st March 2021.

(3) Council is recommended to formally resolve as follows:

1. It be noted that the Council Tax Base for 2021/22 is 132,026 'Band D' equivalent properties.

2. Calculate that the Council Tax requirement for the Council's own purposes for 2021/2022 is £175,312k.

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

(a) **£586,568k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.**

(b) **£411,256k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.**

(c) **£175,312k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.**

(d) **£1,327.86 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.**

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

5. **That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2021/22 for each part of its area and for each of the categories of dwellings.**

Valuation Bands	London Borough of Bromley £	Greater London Authority £	Aggregate of Council Tax Requirements £
A	885.24	242.44	1,127.68
B	1,032.78	282.85	1,315.63
C	1,180.32	323.25	1,503.57
D	1,327.86	363.66	1,691.52
E	1,622.94	444.47	2,067.41
F	1,918.02	525.29	2,443.31
G	2,213.10	606.10	2,819.20
H	2,655.72	727.32	3,383.04

6. **That the Council hereby determines that its relevant basic amount of council tax for the financial year 2021/22, which reflects a 4.99% increase (including Adult Social Care Precept of 3%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2021/22 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2020/21. Any further changes arising from these Principles will be reported directly to Council on 1st March 2021. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.**

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: See attached report
2. Ongoing costs: Recurring Cost – See appendix 1 to the attached report
3. Budget head/performance centre: Council-wide
4. Total current budget for this head: £175m draft 2021/22 budget (excluding GLA precept)
5. Source of funding: See appendix 2 to the attached report

Personnel

1. Number of staff (current and additional): To be published in the Financial Control Budget
2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

1. Legal Requirement: Statutory Requirement: Local Government Acts 1972, 2000 and 2002, Local Government Finance Act 1998 and the Accounts and Audit Regulations 2015.
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): All residents and customers of the Council

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Ward Councillor Views

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

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

Report No. FSD21008

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker:	**Executive**		
Date:	**10th February 2021**		
Decision Type:	Non-Urgent	Executive	Key
TITLE:	**2021/22 Council Tax**		
Contact Officer:	Peter Turner, Director of Finance Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk		
Director:	Director of Finance		
Ward:	Borough wide		

REASON FOR REPORT

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

1.2 The Provisional Local Government Finance Settlement 2021/22, which covers 2021/22 only, provides the second year (following 10 years of austerity) of real increases in funding although this is mainly reliant on the utilisation of the ASC precept to support cost pressures in social care. It has also provided funding towards the cost of the Covid pandemic continuing in part of 2021/22.

1.3 Although the settlement is to be welcomed there remains uncertainty around the level of Government funding for 2022/23 and beyond, particularly as the Government will need to address the significant increase in public debt due to the pandemic. The longer-term Spending Review has been postponed for a further year (until 2022/23) together with the outcome of the Fair Funding Review and Devolution of Business Rates.

1.4 This report identifies the final issues affecting the 2021/22 revenue budget and seeks recommendations to the Council on the level of the Bromley element of the 2021/22 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept will be reported to the Council meeting on 1st March 2021. The report also seeks final approval of the 'schools budget'. The approach reflected in this report is for the Council to not only achieve a legal and financially balanced budget in 2021/22 but to have measures in place to deal with the medium term financial position (2022/23 to 2024/25).

1.5 With the Government reductions in funding since austerity measures began, the burden of financing increasing service demands falls primarily on the level of council tax and share of business rate income. The financial forecast assumes that the level of core grant funding will remain unchanged in future years.

2. RECOMMENDATIONS

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

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

(b) **Approves the draft revenue budgets (as in Appendix 2) for 2021/22;**

(c) **Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 13th January 2021;**

(d) **Approves a contingency sum of £14,925k (see section 6);**

(e) **Approves the following provisions for levies for inclusion in the budget for 2021/22;**

	£'000
London Pension Fund Authority*	464
London Boroughs Grant Committee	247
Environment Agency (Flood defence etc.) *	262
Lee Valley Regional Park *	321
Total	1,294

*** Provisional estimate at this stage**

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

(g) **Considers the "Bromley element" of the Council Tax for 2021/22 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible 'referendum' issues (see section 16);**

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

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

(j) **Agrees that the Director of Finance be authorised to report any further changes directly to Council on 1st March 2021.**

Impact on Vulnerable Adults and Children

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

Corporate

Policy Status: Existing Policy
BBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 1
3. Budget head/performance centre: Council wide
4. Total budget for this head £175m Draft 2021/22 Budget (excluding GLA precept)
5. Source of funding: See Appendix 2 for overall funding of Council's budget

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Personnel

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2021/22 Financial Control Budget to be published in March 2021
2. If from existing staff resources, number of staff hours – N/A

Legal

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

Procurement

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

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Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2021/22 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council taxpayers) and users of the services.

Ward Councillors Views

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

2. Summary of Ward Councillor comments: Council wide

3. PREVIOUS REPORTING TO MEMBERS

3.1 The ‘Draft 2021/22 Budget and Update on the Council’s Financial Strategy 2021/22 to 2024/25’ was reported to the Executive on 13th January 2021. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 13th January 2021)

(a) Approach to Budgeting, Financial Context and Economic Situation which can impact on Public Finances (Section 3 and Appendix 1);
(b) Provisional Local Government Finance Settlement 2021/22 (Appendix 2);
(c) Council Tax Levels and Government Funding per Head (Appendix 3);
(d) Latest Financial Forecast (Section 5 and Appendices 5-6);
(e) Changes since the 2020/21 Budget that impact on the Financial Forecast (Section 6);
(f) Detailed Draft 2021/22 Budget (Section 7 and Appendix 7);
(g) Options being undertaken with a “One Council” approach including Transformation (Section 8);
(h) Future Local Authority Landscape (Section 9);
(i) The Schools’ Budget (Section 11);
(j) Consultation (Section 16);
(k) Position by Portfolio – Key Issues/Risks (Section 17 and Appendix 8).

All of the above should be considered with this report as part of finalising the 2021/22 Budget and council tax levels.

4. 2021/22 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE EXECUTIVE

4.1 The last report to the Executive identified a balanced budget in 2021/22, assuming an increase in council tax and adult social care precept of 4.99%, and a ‘budget gap’ of £14.1m by 2024/25.The main updates are shown below:

(a) The final Local Government Financial Settlement 2021/22 is still awaited (expected mid February 2021) and any updates will be provided at the meeting;

(b) Various government grant allocations are still awaited. This includes, for example, Rough Sleepers Initiative, Better Care Fund, Independent Living Fund and Public Health Grant. Any changes to be announced, compared with the 2021/22 Budget, will be reflected in an updated 2021/22 Central Contingency Sum;

5. LATEST FINANCIAL FORECAST

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

Variations Compared with 2020/21 Budget	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Changes in Government Core Funding	**-0.4**	**-0.4**	**-0.4**	**-0.4**
Cost Pressures				
Increased costs (2% per annum)	5.5	11.3	17.1	23.1
Reinstatement of highways maintenance (previously capitalised)	0.0	2.5	2.5	2.5
Total Additional Costs	**5.5**	**13.8**	**19.6**	**25.6**
Income / Savings				
Interest on balances	0.0	1.0	1.5	1.5
Release general provision in contingency for significant uncertainty/variables	-1.7	-3.7	-3.7	-3.7
Savings from children's social care linked to invest to save funding	-0.3	-0.3	-0.3	-0.3
Adult social care and children's social care grant	-0.3	-0.3	-0.3	-0.3
Homelessness Prevention grant	-0.3	-0.3	-0.3	-0.3
Transformation Savings	-3.6	-6.0	-6.3	-6.4
Freedom pass saving/reduced usage in 2020/21	-2.2	-3.3	-1.8	0.0
Total Income / Savings	**-8.4**	**-12.9**	**-11.2**	**-9.5**
Other Changes (includes use of non-recurring funds)				
Real Changes and other Variations	0.3	1.1	0.6	0.9
Carbon Neutral Initiatives Fund	-0.9	-0.9	-0.9	-0.9
Total Other Changes	**-0.6**	**0.2**	**-0.3**	**0.0**
COVID Funding				
Additional cost pressures - COVID impact in 2021/22	8.0	0.0	0.0	0.0
Additional Funding to support further COVID cost impact in 2021/22	-8.0	0.0	0.0	0.0
	0.0	**0.0**	**0.0**	**0.0**
Council Tax				
Assumed increase in council tax base number of prop. offset by increase in council tax support claimants	0.0	0.0	0.0	-0.7
Increase in cost of Council tax support (funded by grant)	2.3	0.0	0.0	0.0
Government funding towards additional council tax support costs	-2.3	0.0	0.0	0.0
Increase in council tax (assume 1.99% per annum)	-3.3	-6.7	-10.2	-13.7
Impact of Adult Social Care Precept (assume 3% per annum)	-5.0	-5.0	-5.0	-5.0
Projection of future year collection fund surplus	0.0	-2.0	-1.0	0.0
Provision for unrecoverable 2020/21 council tax collection losses - COVID	2.2	2.2	2.2	0.0
Government funding for 2020/21 council tax collection losses - COVID	-1.6	-1.6	-1.6	0.0
Total Council Tax	**-7.7**	**-13.1**	**-15.6**	**-19.4**
Growth/Cost Pressures including mitigation (see Appendix 6)				
Education	0.9	1.2	1.6	1.9
Children's Social Care	2.8	2.2	2.9	3.4
Adult Social Care	5.5	7.4	9.5	11.7
Housing	1.7	0.2	-1.2	-1.7
Environment	2.3	2.1	1.6	1.1
Reduction in investment property income	1.2	1.1	1.2	1.4
Building Maintenance	1.0	1.0	0.0	0.0
Part funding for loss of fees and charges income (COVID)	-0.5	0.0	0.0	0.0
Total growth/cost pressures	**14.9**	**15.2**	**15.6**	**17.8**
Sub-total	**3.3**	**2.8**	**7.7**	**14.1**
Use of previous Collection Fund Surplus to meet budget gap	**-3.3**	**-2.7**	**-5.1**	**0.0**
Remaining "Budget Gap"	**0.0**	**0.1**	**2.6**	**14.1**

5.2 The above table shows, for illustrative purposes the impact of a council tax increase of 4.99% in 2021/22 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.7m. The financial forecast assumes that any future increases in the Adult Social Care precept cease beyond 2021/22. It should be noted that the current legislation only provided powers for this precept until the end of 2021/22.

5.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative ‘Bromley element’ Council Tax of £1,327.86 (1.99% general increase plus 3% adult social care precept) and Appendix 3 includes the Draft 2021/22 Central Contingency Sum. Appendix 2 is based on draft portfolio budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept.

5.4 Appendix 1 highlights that the Council, on a roll forward basis, has a “structural deficit” as the on-going budget has increasing costs relating to inflation, service pressures and potential future loss of Government grants. These changes are not being fully funded by a corresponding growth in income. The above projection includes savings previously agreed to reduce the ‘budget gap’ and the situation has improved following the 2020 Spending Review.

5.5 The above table highlights that, although it has been possible to achieve a potential balanced budget for the next two years even after allowing for significant cost pressures there remains a “budget gap” of £2.6m in 2023/24 rising to £14.1m per annum in 2024/25. The projections in later years have to be treated with some caution, particularly as the Government’s ‘Fair Funding’ review and Spending Review (multi year) combined with the awaited outcome of the review of business rates income is expected to be implemented from 2022/23 which will include the revised levels of funding for individual local authorities.

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

5.7 Further changes will be required, prior to the report to full Council on 1st March 2021 for the finalisation of the Council Tax, to reflect latest available information on levies and the final GLA precept.

5.8 Even though the draft budget would be broadly balanced next year, the future year’s budget gap is projected to increase to £14.1m per annum by 2024/25. Without any action to address the budget gap in future years, reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.

5.9 The reasons for the budget gap by 2024/25 include, for example:

(a) inflation pressures partly offset by assumed council tax increase (1.99% per annum) and social care precept (2021/22 only) of 3% leaving a balance required of £4.4m;

(b) Growth/cost pressures of £51.7m, partly offset by mitigation of £33.9m, resulting in a net additional cost of £17.8m;

(c) Impact of reinstatement of highways maintenance of £2.5m per annum to revenue budget (previously capitalised);

(d) Full year effect of the Phase 1 Transformation Savings (£1.5m in 2021/22 increasing to £2.0m per annum in 2024/25);

(e) Phase 2 Transformation Savings of £2.1m in 2021/22 increasing to £4.4m per annum in 2024/25;

(f) Savings from reduction in the Council's provision for risk/uncertainty held within the Central Contingency Sum (saving of £3.7m per annum);

(g) Other variations of £0.5m (income).

5.10 The above variations assume that there will not be Government funding reductions over the next four years and that the planned mitigation of growth pressures (see (b) above is realised.

5.11 In the financial forecast, after allowing for inflation, council tax income and other changes, there is an unfunded budget gap from 2023/24 due to net service growth/cost pressures and the fall out of one-off funding. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all must consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

6. DRAFT 2021/22 CENTRAL CONTINGENCY SUM

6.1 Details of the 2021/22 Draft Contingency Sum of £14,925k have been included in Appendix 3. This sum includes a provision for risk/uncertainty in the future included in the base budget. There remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings and mitigation of growth not realised and, as in the past, enable funding of key initiatives and investment opportunities.

6.2 It is important to recognise that this sum also includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2021/22 Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council's overall 2021/22 Budget.

6.3 The updated financial forecast assumes the release of £1.7m in 2021/22 and £3.7m per annum from 2022/23 to directly support the revenue budget.

7. GENERAL AND EARMARKED RESERVES

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

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

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

7.4 The Council had estimated general reserves remaining of £19.9m as at 31/3/2021. A full breakdown of reserves, including earmarked reserves, is detailed in Appendix 4.

8. 2020/21 BUDGET MONITORING AND COVID IMPACT

8.1 The key challenge is the cost of the impact of Covid-19 and the extent to which the Government funds the net cost to the Council. Examples of the financial impact include:

(a) Additional costs relating to direct support, enhancements to contract prices during this interim period (where necessary), additional staffing support, provision of new services, mortuary costs etc;
(b) Planned budget savings which cannot be delivered during this period;
(c) Loss of income which includes, for example, car parking and enforcement, business rates, council tax collection, rent income from investment properties and treasury management.

8.2 The latest financial monitoring position reported to the Leader, following pre scrutiny by Executive, Resources and Contracts PDS Committee on 18th November 2020, showed an overall net overspend of £1,538k within portfolio budgets and a £2,595k credit variation (savings/income) on investment income, central items and prior year adjustments. This represents the impact of the first six months of the financial year and the full year impact of 2019/20 outturn. The most significant financial risk to the Council is the Covid-19 impact.

8.3 The Draft 2021/22 Budget report to the previous meeting provided details of the latest Covid financial position. The financial impact will continue to be monitored on a monthly basis and the Council will continue to seek additional Government funding to reduce the impact on local council tax. The 2021/22 Draft Budget includes specific net additional costs/income losses of £4.1m relating to Covid, compared with the 2020/21 Budget plus additional costs of £2.3m to reflect increased council tax caseloads (funded by Government) and a general provision of £7.8m to meet any further costs not specifically identified in the Draft 2021/22 Budget at this stage – the sum of £7.8m matches the level of additional Government funding provided to meet these uncertain costs. There will the costs relating to the Covid impact in 2021/22 as well as the impact of the ‘new normal’ following the Covid situation. The longer-term impact is expected to result in additional cost pressures, in part, to reflect the impact of a global recession. There will be a global recovery but realistically that may not materialise until at least 2022/23. Apart from the additional costs arising from a recession which can range from council tax support and additional services for vulnerable residents etc, there is likely to be a significant impact on the Council’s income. The Council has sought funding support on the ‘new normal’ impact for future years as reported to the previous meeting of the Executive. The financial impact in 2021/22 (as well as future years) remains unclear at this stage. This will need to be monitored closely.

9. THE SCHOOLS BUDGET

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

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

PROVISIONAL DSG FUNDING					
	Schools £'000	**High Needs £'000**	**Early Years £'000**	**Central £'000**	**Total £'000**
2020/21	218,401	53,042	23,055	1,920	296,418
2021/22	237,832	58,729	23,343	2,134	322,038
Variation	**19,431**	**5,687**	**288**	**214**	**25,620**

9.3 The Schools Block has risen by £19.4m. This is due to an increase in the per pupil unit of funding and increases in the population figures. There is also an element (around £11m of the increase) that relates to teachers pay and pension increases that were paid through specific grants and are now integrated into the overall Schools DSG block calculation.

9.4 The High Needs Block is seeing pressures coming through the system. Nationally the Government were seeing some authorities building up high levels of deficit reserves. This particular funding issue was acknowledged, and funding was committed for 2021/22. The DSG allocation resulted in an increase in high needs block funding of £5.7m for Bromley. This was due to the increases in per pupil funding and the increase in pupils themselves. £939k of the increase relates to pay and pension increases that were paid through specific grants and are now integrated into the overall High Needs block calculation.

9.5 Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, with the Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. Moreover, future funding levels have not yet been announced and so there is uncertainty as to what funding levels will be from 2022/23.

9.6 Early Years funding has increased by £288k. This is due to increases in the allowances for hourly rates payable. Last year’s population figures are being used. Early Years DSG is adjusted in year to take account of take up during the year, so the figure will change as the year progresses.

9.7 The Central Block has increased by £214k. Although the per pupil rate fell by 2.5% (the equivalent of a loss of £48k), £242k of additional grant was received due to the pay and pension specific grant allocation for centrally employed teachers now being integrated into the DSG. The remaining increase of around £20k is due to the increase in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £360k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2021/22 bringing the total Council core funding to £410k.

9.8 The use of DSG is subject to consultation with the Schools Forum and this was reported to the Children, Education and Families Budget Sub-Committee on the 19th January 2021. At the time of writing this report, this is subject to the formal agreement of the Children, Education, and Families Portfolio Holder.

10. LEVIES

10.1 Miscellaneous levies must be charged to the General Fund and shown as part of Bromley's expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 1st March 2021. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

11 COLLECTION FUND

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

11.2 The forecast assumes that the collection fund surplus in 2018/19 of £5.9m has been used to support the revenue budget in 2022/23 and 2023/24.

11.3 The collection fund had a non-recurring surplus of £6.5m reflected in the 2019/20 Provisional Final Accounts report to the Executive, Resources and Contracts PDS on 27th May 2020. The surplus was achieved mainly through good debt recovery levels, an increase in new properties in the borough and the ongoing impact of actions in response to the data-matching exercise on single person discounts. A sum of £5.15m will be allocated to the Council, with the £1.35m going to the Greater London Authority. The financial forecast assumes that the surplus will be used towards reducing the Council's budget gap in 2021/22 (£3,242k) and in 2023/24 (£1,911k) – this reflects an approach adopted previously to smooth out future years budget gaps.

11.4 As a result of the financial pressures associated with the Covid 19 pandemic (including irrecoverable losses through payment failure and an increase in support claimants), the Council is likely to face a worsening financial position on the 2020/21 collection fund. In recognition of this, the government has agreed that deficits arising only in 2020/21 will be spread over the following three years rather than the usual period of a year. On this basis, the draft budget recognises estimated irrecoverable council tax losses of £2.191m for each of the next three years, though this will be compensated by government at a rate of 75% resulting in an estimated net loss of £548k per annum, after funding.

11.5 The financial forecast also assumes additional income of £2m in 2022/23 reducing to £1m by 2023/24, with no additional income in 2024/25.

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

12. THE GREATER LONDON AUTHORITY PRECEPT

12.1 The GLA's 2021/22 Draft Budget has been issued for consultation and the Mayor of London announced a proposed increase of 9.5% in the existing GLA precept levels for 2021/22. This will be subject to confirmation from government that such increases will fall within referendum limits. The final GLA precept for 2021/22 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2021.

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

13.1 The latest estimated general fund (revenue) balance at 31st March 2021, as shown in the 'Budget Monitoring 2020/21' report, considered by the Leader, following pre scrutiny by E,R&C PDS on 18th November 2020

	2020/21 Projected Outturn £Million
General Fund Balance as at 1st April 2020	20.0
Impact of net projected underspends reflected in the 2020/21 budget monitoring report	+1.1
Adjustment to Balances: Carry forwards (funded from underspends in 2019/20)	-1.2
Estimated General Fund Balance at 31st March 2021 (end of year)	19.9

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

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

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

14. CONSULTATION

14.1 Executive, at its meeting on 13th January 2021, requested that the 'Draft 2021/22 Budget and Update on Council's Financial Strategy 2021/22 to 2024/25' report proposals are considered by individual PDS Committees. PDS Committee comments relating to the report in January will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 1st March 2021 where the 2021/22 Budget and Council Tax will be agreed.

14.2 The use of DSG was subject to consultation with the Schools Forum and this also went to the Children Education and Families Budget Sub Committee on the 19th January 2021. At the time of writing this report, this is subject to the formal agreement of the Children, Education, and Families Portfolio Holder.

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

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

15. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

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

15.2 Details of the potential risks which will be faced in future years, as part of finalising the 2021/22 Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

16. COUNCIL TAX LEVEL 2021/22

16.1 The updated GLA’s 2021/22 Draft Budget includes proposals for an increase of 9.5% in existing GLA precept levels for 2021/22. The final GLA Precept for 2021/22 is expected to be announced after the Assembly has considered the Mayor’s draft consolidated budget on 25th February 2021.

16.2 The current overall Council Tax (Band D equivalent) includes the “Bromley element” relating to the cost of the council’s services and various levies of £1,264.77 in 2020/21 and a further sum of £332.07 for the GLA precept (providing a total Band D equivalent Council Tax of £1,596.84).

16.3 For 2021/22, every £1m change in income or expenditure causes a 0.6% variation in the ‘Bromley element’ of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.67m.

16.4 As part of the Localism Act, any council tax increase of 2% or above in 2021/22 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase, then the Council would be required to meet the cost of the rebilling of approximately £100k. The one-off cost of a referendum is estimated to be £700k.

16.5 The Government has enabled the Council in 2021/22 to have a council tax precept of up to 3% per annum to specifically fund adult social care (a 3% increase in council tax equates to £5m additional income per annum). Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 1.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 5 % without the need for a council tax referendum. The financial forecast assumes the precept could not continue beyond 2021/22. The Council’s ability to raise income through an increase in the council tax and the adult social care precept is reflected in the overall level of Government funding received by the Council.

16.6 If the Council chose to agree a Bromley element of a 4.99% council tax increase, including the 3% Adult Social Care Precept, and the GLA Precept was increased by 9.5% there would be an overall combined council tax increase of around 5.93%. This would equate to an overall Council Tax (Band D equivalent) of £1,691.52 consisting of the Bromley element of £1,327.86 and GLA precept of £363.66.

16.7 The table below identifies the changes required to the draft 2021/22 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 4.99%, including 3% for the Adult Social Care Precept, has been assumed in the 2021/22 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2021/22 including Adult Social Care Precept	Additional Income 2021/22 £'m
Freeze	NIL
1.0	1.7
2.0	3.3
3.0	5.0
3.99	6.6
4.99*	8.3
6.0#	10.0

*Assumed in draft 2021/22 Budget. Adult social care precept of 3% equates to additional income of £5m per annum. # Would be subject to a council tax referendum

16.8 Any decision on council tax levels will need to be based on a medium term view and therefore not only consider the financial impact on 2021/22 but also the longer term impact over the four year forecast period.

16.9 The Council Tax Referendum Principles are expected to be confirmed as part of the final Local Government Finance Settlement 2021/22. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.

16.10 Bromley has the second lowest settlement funding per head of population in 2021/22 for the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having a below average cost per head of population in outer London. Further details were reported to the previous meeting of the Executive.

16.11 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2021/22, having regard to all the above factors including the Director of Finance comments in Sections 18.7 to 18.11 and Appendix 4.

17. FUNDING SETTLEMENT

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

17.2 Although the Local Government settlement for 2021/22 represents an improvement in funding from Government (compared with period 2009/10 to 2019/20) it remains a one year settlement only.

18. MEDIUM TERM FINANCIAL PLANNING

18.1 Local Government funding arrangements are set to experience their most significant reform for over two decades. The outcome of the Fair Funding Review (a revised formula for local government funding allocation), the business rates review and the Spending

Review (provides the plan on how the Government money will be allocated across years determining the financial quantum for local authorities) will not be known until autumn 2021. In addition, there are likely to be transitional arrangements that will impact on any ‘winners’ and ‘losers’ amongst Councils.

18.2 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 13th January 2021 and the Draft 2021/22 Budget and future years' forecasts reflect the impact of this approach.

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

18.4 For financial planning purposes, the financial forecast assumes a council tax increase of 1.99% per annum over the following three years to compensate for funding reductions, to meet inflationary costs on social care and provide funding to meet increasing social care costs and demographic cost pressures. As part of the Local Government Finance Settlement 2021/22, the Government’s reported ‘Spending Power’ of local government assumes that Councils will raise alternative funding, to partly determine grant calculations, from council tax increases and utilisation of the Adult Social Care precept. The financial forecast reflects that approach.

18.5 The Budget Strategy has to be set within the context of continuing cost pressures while Government funding remains at ‘standstill’ levels from 2022/23 – transformation savings will be required to offset such cost pressures to ensure a balanced budget. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, recognising that local authorities funding from Government remains ‘unprotected’ compared with NHS and other ‘protected’ services. It is therefore likely that, even if funding levels are maintained, the ongoing demographic and other cost pressures are unlikely to be matched by corresponding increases in Government funding. The wider context includes the Government taking measures, in the medium and longer term, to address the rising national debt due to the Covid pandemic.

18.6 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management together with an improved financial settlement have provided an opportunity to provide a balanced budget for the following two years. To illustrate the benefit of the investment approach the Council has undertaken, budgeted income totaling £13.8m from a combination of treasury management income (£3.6m) and rents from investment and operational properties (£10.2m). Without this income, equivalent service reductions may be required. Utilisation of the remaining uncommitted Growth and Investment Fund monies will be prioritised for housing and local economic recovery. There remains the need to reduce the significant cost pressures on homelessness and the opportunities to help the local economy recover from this pandemic. The Council will continue to explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3 to 5 year period. This could include, for example, funding of joint venture opportunities to support land disposal/key investments. The Council has already undertaken secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.

18.7 Section 25 of the Local Government Act 2003 requires the Council's Section 151 Officer to report on the robustness of the budget calculations and the adequacy of reserves as part of the budget and council tax setting decision. The background to the impact of real reductions in government funding within the local authority landscape was reported to the last meeting of the Executive. Bromley has delivered savings of over £100m since 2011 and has a below average cost base which makes further savings more challenging. At best, there is expected to be a 'standstill' position on future government funding. Therefore future government funding is not expected to meet future year cost pressures and new burdens which will continue over the next four years.

18.8 It is essential that action continues to mitigate the significant cost pressures – the 2021/22 Budget and 2022/23 to 2024/25 forecast assumes net growth pressures of £51.7m offset by mitigation of £33.9m (net increase of £17.8m). In addition transformation savings of £6.4m per annum have been assumed by 2024/25. Without delivery of the combined mitigation and transformation savings of £40.3m per annum by 2024/25, the budget gap would in future years increase – this clearly must be monitored closely with corrective action taken to avoid any significant increase in the budget gap. There is also a risk if the growth pressures assumed in the forecast increase further compared with current projections. Although the 2021/22 Central Contingency Sum and balances (one-off monies) provide a short term 'buffer' it is essential to take action to deliver a sustainable ongoing financial – the Council has a statutory duty to have a balanced budget.

18.9 CIPFA has provided advice to local authorities on the financial stress warning signs:

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

18.10 The Council is 'better placed' than many other authorities due to remaining debt free, has retained adequate level of reserves and maintained adequate provisions in the Council's revenue budget for unforeseen costs and risks. The Council has maintained four year financial planning despite the future funding uncertainty (awaited Spending Review, Fair Funding review and review of business rates from 2022/23) and it remains essential that action is taken to address any in year overspends, recognising that there could be a full year impact which could increase the 'budget gap' further. Continuing the One Council Transformation approach as reported to the previous meeting of the Executive, delivering planned mitigation and transformation savings as well as minimising any further cost/growth pressures are essential to identify options from 2022/23 to address the medium term budget gap and ensure the Council can continue to 'live within its means'. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their 'cash envelope'. Commentary on the level of reserves and robustness of the 2021/22 Budget are provided in Appendix 4.

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

19. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

19.1 The Draft 2021/22 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

20. POLICY IMPLICATIONS

20.1 The Draft 2021/22 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium term financial plan. The Council continues to deliver key services and lives within its means.

21. PERSONNEL IMPLICATIONS

21.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2021/22 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

22. LEGAL IMPLICATIONS

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

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

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

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

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

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

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

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

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

Background documents	Treasury Management – Annual Investment Strategy 2021/22 and Quarter 3 Performance 2020/21, Executive, Resources and Contracts PDS Committee and Council, 3rd February 2021 and 1st March 2021 respectively Capital Programme Monitoring Q3 2020/21 and Capital Strategy 2021 to 2025, Executive, 10th February 2021. Draft 2021/22 Budget and Update on Council's Financial Strategy 2021/22 to 2024/25, Executive, 13th January 2021 Budget Monitoring 2020/21, Leader following pre scrutiny by E,R&C PDS on 18th November 2020 Insurance Fund – Annual Report 2019/20, E,R &C PDS Committee, 18th November 2020 Transforming Property – Creation of a £30m Disposal Programme, Leader following pre scrutiny by E,R&C PDS on 10th September 2020 2019/20 Provisional Final Accounts. Leader following pre scrutiny by E,R&C PDS on 27th May 2020 2020/21 Council Tax, Executive 12th February 2020
Financial Considerations	Covered within overall report

DRAFT 2021/22 BUDGET AND FINANCIAL FORECAST 2022/23 TO 2024/25 **APPENDIX 1**

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2020/21 (before funding from Formula Grant) @	207,409	207,409	207,409	207,409	207,409
Formula Grant and Business Rate Share	-40,426	-40,426	-40,426	-40,426	-40,426
	166,983	166,983	166,983	166,983	166,983
Changes in Government Core Funding		**-448**	**-448**	**-448**	**-448**
Cost pressures					
Increased costs (2.0% per annum)		5,585	11,262	17,117	23,113
		5,585	11,262	17,117	23,113
Reinstatement of highways maintenance (previously capitalised)		0	2,500	2,500	2,500
Total additional costs		**5,585**	**13,762**	**19,617**	**25,613**
Income/Savings					
Interest on balances		0	1,000	1,500	1,500
Release general provision in contingency for significant uncertainty/variables		-1,749	-3,749	-3,749	-3,749
Savings from children's social care linked to invest to save funding		-250	-250	-250	-250
Additional Funding for Social Care in Local Government Settlement 2021/22		-340	-340	-340	-340
Additional Homelessness Prevention Grant		-271	-271	-271	-271
Transformation Savings (full year effect of approvals in 2020/21)		-3,627	-5,942	-6,333	-6,409
Reduction in freedom pass costs to reflect reduced usage in 2020/21		-2,160	-3,312	-1,791	0
		-8,397	-12,864	-11,234	-9,519
Other changes					
Fall out of Contribution to Carbon Neutral Initiatives Fund		-875	-875	-875	-875
Real Changes and Other Variations		282	1,132	639	903
		-593	257	-236	28
COVID Funding					
Provision for additional cost pressures / increase losses (COVID in 2021/22)		7,795	0	0	0
Additional Government Funding towards these (see above)		-7,795	0	0	0
		0	0	0	0
Council Tax					
Increase in cost of Council Tax support to be funded by Government Grant		2,300	0	0	0
Government funding towards additional council tax support costs		-2,300	0	0	0
Estimated increase in council tax base		0	0	0	-750
		0	0	0	-750
Growth/Cost Pressures including mitigation (see Appendix 6)					
- Education		852	1,212	1,572	1,922
- Children's Social Care		2,752	2,249	2,866	3,394
- Adults Social Care		5,522	7,374	9,536	11,698
- Housing		1,735	253	-1,245	-1,701
- Environment		2,300	2,100	1,600	1,100
Building Maintenance		1,000	1,000	0	0
Reduction in investment property income		1,215	1,061	1,242	1,433
Part government funding for loss of fees and charges income (COVID)		-500	0	0	0
Total growth/cost pressures		**14,876**	**15,249**	**15,571**	**17,846**
Budget Requirement		**178,006**	**182,939**	**190,253**	**199,753**
2021/22 Council Tax Income	-166,983	-166,983	-166,983	-166,983	-166,983
Increase in council tax (assume 1.99% per annum)		-3,320	-6,712	-10,169	-13,694
Increase in Adult Social Care Precept (assume 3% per annum)		-5,009	-5,009	-5,009	-5,009
Budget Gap before use of collection fund surplus		**2,694**	**4,235**	**8,092**	**14,067**
Provision for unrecoverable council tax collection losses - COVID (allocated over 3 years)		2,191	2,191	2,191	0
Government funding for contribution towards losses @75% - COVID (allocated over 3 years)		-1,643	-1,643	-1,643	0
Collection Fund surplus 2019/20		-5,153	0	0	0
Collection Fund surplus 2019/20 to meet future years budget gap		1,911	0	-1,911	0
Collection fund 2018/19 set aside to meet future years budget gap		0	-2,700	-3,200	0
Projection of future years collection fund surplus		0	-2,000	-1,000	0
		-2,694	-4,152	-5,563	0
Revised Budget Gap		**0**	**83**	**2,529**	**14,067**

1) The above forecast assumes a council tax increase of 4.99% per annum in 2021/22 (including ASC precept) and 1.99% from 2022/23

2) Assumes continuation of the following income set aside as an earmarked reserve:
(a) In 2020/21 the Budget assumed that the one off money relating to IBCF due to fall out in 2020/21 was utilised to support hospital discharge costs impact on social care costs. As that funding is still available it is proposed that these monies continue to be set aside (£1.68m)
(b) New Homes Bonus monies are estimated at £707k and it is assumed that these monies will continue to be set aside for housing projects

3) The forecast above includes the outcome of the Provisional Local Government Settlement announced on 17th December 2020. There are various elements of funding still awaited including for example public health, better care fund, rough sleepers and troubled families funding.

Appendix 2

SUMMARY OF DRAFT 2021/22 REVENUE BUDGET - PORTFOLIO

	2020/21 Final Budget £'000	Portfolio/Item		2021/22 Draft Budget £'000		2021/22 Band "D" Equivalent £
	85,837	Education		94,789		717.96
Cr	79,506	Less costs funded through Dedicated Schools Grant	Cr	87,281	Cr	661.09
	6,331	Sub total		7,508		56.87
	35,876	Childrens Social Care		38,416		290.97
	69,416	Adult Care and Health		73,985		560.38
	31,136	Environment & Community Services Portfolio		31,750		240.49
	2,434	Public Protection and Enforcement		2,505		18.97
	14,889	Renewal, Recreation and Housing		15,064		114.10
	34,424	Resources, Commissioning & Contracts Management		34,472		261.10
	1,870	Non Distributed Costs & Corporate & Democratic Core		1,888		14.30
	196,376	Total Controllable Budgets		205,588		1,557.18
	9,341	Total Non Controllable Budgets		11,445		86.69
Cr	853	Total Excluded Recharges	Cr	903	Cr	6.84
	204,864	Portfolio Total		216,130		1,637.03
Cr	7,794	Reversal of Net Capital Charges	Cr	9,878	Cr	74.82
Cr	3,591	Interest on General Fund Balances	Cr	3,591	Cr	27.20
	875	Contribution to Carbon Neutral Initiatives Fund		-		-
	1,612	Contribution to Utilisation of New Homes Bonus for Housing		707		5.36
	5,873	Utilisation of Prior Year Collection Fund Surplus/Set Aside		1,911		14.47
	11,799	Central Contingency Sum		14,925		113.05
		Levies				
	447	- London Pensions Fund Authority*		464		3.51
	248	- London Boroughs Grants Committee		247		1.87
	252	- Environment Agency *		262		1.99
	309	- Lee Valley Regional Park *		321		2.43
	214,894	Sub Total		221,498		1,677.69
Cr	40,426	Business Rate Retention	Cr	40,874	Cr	309.59
Cr	5,873	Collection Fund Surplus	Cr	5,153	Cr	39.03
	-	Collection Fund Losses (net of grant)		548		4.15
Cr	1,612	New Homes Bonus	Cr	707	Cr	5.36
	166,983	Bromley's Requirement (excluding GLA)		175,312		1,327.86

* Final allocations awaited

Appendix 3

2021/22 CENTRAL CONTINGENCY SUM

		£'000
General		
Provision for Unallocated Inflation		3,546
General provision for risk/uncertainty		3,500
Provision for risk/uncertainty relating to volume and cost pressure		1,819
Increase in Cost of homelessness/impact of welfare reforms		1,825
Universal credit roll out - impact on claimant fault overpayment recoveries		750
Tackling Troubled Families Grant Expenditure		628
Tackling Troubled Families Grant Income	Cr	628
Growth for Waste services		587
Homeless Prevention funding	Cr	424
Set aside for Homeless Prevention Initiatives		424
Rough Sleeping Initiative - funding	Cr	104
Rough Sleeping Initiative		104
Adult Social Care Expenditure		210
Deprivation of Liberty		118
Planning appeals - changes in legislation		60
Property Valuation		100
Legal support - childcare and adults social care		170
Provision of agency workers contract saving	Cr	260
Provision for increase in National Living Wage		100
COVID Related Cost Pressures / Income Losses		
Adult Placement growth - impact of COVID		1,400
Provision for potential loss in Car Parking income		1,000
Property income recovery/rent variations		500
Loss of fees and charges income - government funding	Cr	500
Additional cost pressures		7,795
Additional cost pressures - government funding	Cr	7,795
		14,925

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

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2021/22 BUDGET

1. Background

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

2. General Reserves

2.1. Bromley has estimated general reserves of £19.9 million as at 31st March 2021 (as reported to Leader following Executive, Resources & Contracts PDS Committee on 18th November 2020), as well as earmarked reserves (Section 3). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:

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

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

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

2.4 Bromley's reserves had reduced from £131m to £54m (general reserves) between 1997 and 2011. The Council had previously agreed to set aside part of these reserves towards an Invest to Save Fund and to fund the Growth Fund and Investment Fund. The latest projected level of general reserves remaining is £19.9m**.**

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

2.6 Latest projections in the capital programme indicate that there will be no requirement to fund capital expenditure from revenue balances until 2024/25 which should enable the current level of balances to be retained. This position depends on the cost of any future proposed scheme not currently included in the capital programme and is also affected by the Council's ability to realise future sales/disposals to generate capital receipts to avoid seeking funding from the Council's revenue budget or reserves.

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

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

(a) As a prudent working balance, the Director of Finance continues to recommend a minimum sum of £20m to reflect the significant financial uncertainty facing the Council and the need to address the medium term 'budget gap' with higher amounts being retained for specific purposes;

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

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

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

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

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

3 Earmarked Reserves

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

Description	Balance at 01/04/20	Estimated Net Movement	Estimated Balance at 31/03/21	Estimated Movement	Estimated Balance at 31/03/22
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
EARMARKED BALANCES					
LPSA/LAA Reward Grant Investment Fund	**231**	0	**231**	0	**231**
Technology Fund	**5,117**	-313	**4,804**	68	**4,872**
Town Centre Improvement Fund (LABGI)	**55**	0	**55**	0	**55**
Transformation Fund	**1,658**	-73	**1,585**	-400	**1,185**
Investment to Community (Resources)	**325**	-20	**305**	0	**305**
Works to Property	**100**	0	**100**	0	**100**
Planning Services Charging Account	**25**	-266	**-241**	0	**-241**
Government Grants (c/fwd from previous years)	**5,267**	-2,966	**2,301**	-413	**1,888**
Invest to Save Fund	**18,195**	334	**18,529**	0	**18,529**
One off Member Initiatives	**858**	-364	**494**	-327	**167**
Infrastructure Investment Fund	**1,426**	-266	**1,160**	-70	**1,090**
Commissioning Authority Programme	**365**	0	**365**	0	**365**
Health & Social Care Initiatives – Promise Programme	**3,953**	0	**3,953**	0	**3,953**
Housing Strategy Trading Account	**25**	0	**25**	0	**25**
Community Right to Bid & Challenge	**46**	0	**46**	0	**46**
Investment Fund	**6,148**	-6,148	**0**	0	**0**
Winter Pressures Reserve	**2,010**	0	**2,010**	0	**2,010**
Refurbishment of War Memorials	**13**	0	**13**	0	**13**
Key Health & Social Care Initiatives	**1,700**	0	**1,700**	0	**1,700**
Integration of Health & Social Care Initiatives	**1,614**	0	**1,614**	0	**1,614**
Collection Fund Surplus Set Aside	**25,919**	5,873	**31,792**	1,911	**33,703**
Healthy Bromley Fund	**3,815**	0	**3,815**	0	**3,815**
Glaxo Wellcome Endowment	**113**	-21	**92**	-21	**71**
Cheyne woods & Cyphers Gate	**141**	-1	**140**	0	**140**
Public Halls Fund	**5**	0	**5**	0	**5**
Future Repairs of High Street Properties	**67**	12	**79**	12	**91**
Parallel Fund	**2,903**	0	**2,903**	0	**2,903**
Growth Fund	**21,420**	-100	**21,320**	0	**21,320**
Health & Social Care Integrated Commissioning Fund	**3,550**	-520	**3,030**	0	**3,030**
Financial Planning & Risk Reserve	**10,000**	0	**10,000**	0	**10,000**
Bromley Welfare Fund	**639**	-221	**418**	-175	**243**
Payment in Lieu Reserve for Temporary Accommodation	**149**	0	**149**	0	**149**
Business Rate Risk Reserve	**4,200**	0	**4,200**	0	**4,200**
Sub Total B/fwd	**122,052**	**-5,060**	**116,992**	**585**	**117,577**

Description	Balance at 01/04/20	Estimated Net Movement	Estimated Balance at 31/03/21	Estimated Movement	Estimated Balance at 31/03/22
	£'000	£'000	£'000	£'000	£'000
Sub Total C/fwd	**122,052**	**-5,060**	**116,992**	**585**	**117,577**
Crystal Palace Park Improvements	**26**	-26	**0**	0	**0**
Various Joint Schemes and Pump Priming Investments	**2,291**	452	**2,743**	-18	**2,725**
Transition Fund	**2,560**	0	**2,560**	0	**2,560**
Environmental Initiatives	**500**	-54	**446**	0	**446**
Planning/Planning Enforcement	**119**	-119	**0**	0	**0**
Apprenticeship Scheme	**171**	-40	**131**	-118	**13**
Civic Centre Development Strategy	**271**	-11	**260**	-3	**257**
Future Professional Advice for Commissioning	**147**	-5	**142**	0	**142**
Utilisation of New Homes Bonus	**2,256**	0	**2,256**	0	**2,256**
Future Pensions Risk on Outsourcing	**897**	173	**1,070**	175	**1,245**
West Wickham Leisure Centre & Library Development	**624**	0	**624**	-624	**0**
Income Equalisation Reserve	**3,790**	0	**3,790**	0	**3,790**
Capital Funding for Property Disposal/Feasibility Works	**78**	-78	**0**	0	**0**
Biggin Hill Airport Project	**124**	-51	**73**	-62	**11**
Transformation Programme	**488**	-109	**379**	0	**379**
Housing Investment Fund	**18,840**	-5,413	**13,427**	-10,440	**2,987**
High Street & Parks Improvement Fund	**71**	-71	**0**	0	**0**
Contribution to YES Funding	**45**	-45	**0**	0	**0**
Day Centre Rent Relief	**6**	-6	**0**	0	**0**
Housing Invest to Save	**3,409**	0	**3,409**	0	**3,409**
Health Facilities Fund	**993**	0	**993**	0	**993**
Health & Social Care Transformation Fund	**1,500**	0	**1,500**	0	**1,500**
Housing feasibility and viability	**250**	-250	**0**	0	**0**
Walnut development	**0**	40	**40**	-40	**0**
Provision for Education Risk Reserve	**0**	500	**500**	0	**500**
IBCF Hospital Discharge Funding Reserve	**0**	1,677	**1,677**	1,677	**3,354**
Carbon Neutral Initiatives Fund	**0**	875	**875**	0	**875**
Utilisation of New Homes Bonus for Housing	**0**	1,612	**1,612**	707	**2,319**
Sub Total	**161,508**	**-6,009**	**155,499**	**-8,161**	**147,338**
PROVISIONS					
Insurance Fund	**4,396**	30	**4,426**	30	**4,456**
OTHER					
School Budget Share Funds	**1,739**	0	**1,739**	0	**1,739**
Total Estimated Reserves	**167,643**	**-5,979**	**161,664**	**-8,131**	**153,533**

3.2 The report highlights the medium term 'budget gap' (see 5.1 of main report) which results in the Council, on an ongoing basis, having a "structural deficit". To respond to this, Members have agreed over the last few years to create new earmarked reserves to support longer term investment and provide a more sustainable longer term financial position. The need for these reserves include setting aside resources to support the Council's future transformation programmes (invest to save), invest to save to include housing the homeless initiatives, support acquisition of investment properties, where appropriate, to generate sustainable income and the funding to support economic development and employment within the borough whilst generating income opportunities. These measures are important to provide sustainable solutions in the longer term.

3.3 A summary of other significant areas are:

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

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

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

4 Budget Assumptions

4.1 Treatment of Interest Rates and Inflation

4.1.1 Despite the previous decrease in the Bank of England base rate from 0.75% to 0.25% and then to 0.1%, there has been only a marginal short term impact on the interest income that the Council is obtaining from lending to banks. The decline in the base rate will mean that any options with regard to the reinvestment of maturing deposits have become seriously limited following bank credit rating downgrades and the general low interest rate environment. However, the Council remains locked in to several fixed-rate two-year lending deals that will yield a higher rate of return until they mature during either 2021/22 or 2022/23. The treasury management strategy had previously been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. Further details are included in the 'Treasury Management – Annual Investment Strategy 2021/22 and Quarter 3 Performance 2020/21' report to Executive, Resources and Contracts PDS Committee on 3rd February 2021.

4.1.2 A general allowance of 2% per annum has been built into the Draft 2021/22 Budget and financial forecast with an assumed 2% in future years.

4.2 Level and Timing of Capital Receipts

4.2.1 Details of the level and timing of capital receipts are included in the 'Capital Programme Monitoring Q3 2020/21 and Capital Strategy 2021 to 2025' report elsewhere on the agenda.

4.3 Budget and Financial Management and 'Demand Led' Budgets

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

4.3.2 There remain significant cost/growth pressures impacting on education, housing, adults and children's social care as well as opportunities for the mitigation of costs. There are additional costs relating to building maintenance as well as the impact of future losses in income, compared with the 2020/21 Budget. Income losses include car park income and rent income mainly due to the Covid impact. The financial forecast elements are summarised below with more details reported to the previous meeting of the Executive.

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Growth/cost pressures	28,037	35.735	42,863	51,713
Mitigation	-12,661	-20,486	-27,292	-33,867
Net additional costs *	15,376	15,249	15,571	17,846

* There is government grant of an estimated £0.5m for loss of fees and charges income due to Covid in first quarter of 2021/22 which has been excluded from the above.

4.3.3 It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2023/24 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

4.3.4 The draft 2021/22 Budget includes reasonable estimates of likely changes in activity in the next financial year. It is important that Chief Officers identify mitigating action to address any in year cost pressures or other mitigation savings not realised to remain within their 'cash envelope'.

4.4 Financial Standing of the Authority

4.4.1 Long-term Council Tax collection rates have been consistently high at around 98/99%, prior to the Covid pandemic. Other external debt collection was also high. The Covid pandemic has created new challenges and the Government has only partly funded consequential income losses. The Council will seek to take measures to assist in maximising the recovery of income, where possible. Maximising income recovery is essential to assist in funding key services. As a debt free authority, Bromley has relatively limited exposure to interest rate movements and changes in interest earnings on external investments have been reflected in the budget based upon likely use of reserves and current interest rates.

4.5 Financial Information and Reporting

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

4.6 Virement Procedures

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

4.7 Risk areas

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

4.8 Link with other plans/strategies

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

4.9 Insurance Fund

4.9.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a significant financial stop loss that prevents the council from having to meet losses in excess of this amount on liability claims in any one year. The 'Insurance Fund – Annual Report 2020/21', considered by the Resources, Commissioning and Contracts Management Portfolio Holder at the meeting of the E,R&C PDS Committee on 18th November 2020, gives more background information.

4.10 Funds and the adequacy of provisions

4.10.1 As is discussed above, the Council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year's capital expenditure and other commitments. It is essential that an adequate level of reserves is maintained to reflect the impact of the future years budget gap of £14.1m by 2024/25, 'balance sheet' liabilities combined with the ongoing cost/growth pressures facing the Council. The "budget gap" may increase or reduce as a result of a number of variables in future years. Bad debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council's external auditors.

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

4.11 Council's Investment Income contributing to supporting key services

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

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

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

4.11.3 The Council's investment income of £13.8m, assumed in the 2021/22 Budget, is shown below:

	£'m
Investment properties and rental income	10.2
Treasury Management Income	3.6
Total investment income	13.8

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

4.11.5 Details of the approach to treasury management is being reported to Executive, Resources and Contracts PDS meeting on 3rd February 2021. 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. The contribution of higher risk and longer term investments within Treasury Management has previously contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. The approach to addressing Security, Liquidity and Yield is addressed in that report.

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

16th January 2021

Email: LGFsettlement@communities.gov.uk

Dear Sir/Madam

Provisional Local Government Finance Settlement 2021/22

The London Borough of Bromley welcomes the opportunity to comment on the Provisional Local Government Finance Settlement 2021/22. It is important that this response is considered in the wider context of historic local government funding challenges and increasing demand for our services.

In 2020/21, Bromley has the 2nd lowest level of settlement funding in the whole of London despite having the 6th highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications are not reflected in our settlement funding. If we received the average level of grant funding, our income would increase by £64m in 2021/22. It is essential that MHCLG reflect an adjustment to the Council's baseline funding position to address historic low funding levels in the future local government settlement, following the Spending Review 2021.

During the period 2010/11 to 2019/20 we have faced government core grant reductions of around £77m per annum and delivered savings of £100m per annum. Although we have delivered further savings, any ongoing funding reduction (or standstill funding position) would become unsustainable for a low cost authority. Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. Bromley has created a low-cost base through many pioneering measures taken including outsourcing on a large scale, transfer of housing stock, creation of leisure trust and relentless cost control. However, this provides a further challenge as our scope to achieve savings through efficiencies is significantly reduced compared with other high cost authorities.

If there were no future cost pressures, then maintaining the level of Government funding and allowing flexibility in raising Council Tax would be financially sustainable. However, it is important to be realistic and recognise that the real challenge is dealing with increasing costs/income losses arising from new burdens not fully funded and increasing demand for services, immense pressure

Peter Turner. Director of Finance

on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures, meeting inflation costs and the ongoing impact of Covid-19 (i.e. ‘New Normal’). To meet these challenges there needs to be a fairer level of funding to Bromley. This would be essential to provide a medium and longer term sustainable financial solution. This would enable the Council to meet the key services that matter to our residents and taxpayers.

We welcome the continuation of the second year of no overall funding reductions, following 10 years of significant funding reductions and the recognition that further financial support is needed for local authorities to deal with the Covid situation in 2021/22, given its impact on local government. The early indications from the Spending Review 2020 of the likely outcome of the Local Government Settlement was also helpful. We welcome how the Government has adapted to address the funding of the Covid situation impacting on local government but this must continue to be kept under regular review because of the financial risk inadequate funding creates.

We recognise the difficulty in providing a longer term financial settlement, given the current economic position and the uncertainty relating to the impact of Brexit and the ‘new normal’ following the Covid situation However, a one year settlement does create uncertainty in future financial planning whilst other key organisations e.g. NHS are provided with a longer term financial settlement.

There is a national recognition that Social Services is underfunded. One of Bromley's high cost pressure relates to adult social care and it remains essential that a fundamental solution is found to address funding. The Council received minimal additional funding for social care, despite the significant cost pressures that must be met, and the main flexibility provided was to fund these costs through the Adult Social Care precept. There should be more Government funding provided rather than a reliance on local taxpayers to meet the significant costs. The NHS is receiving substantial increases in funding and there remains an interdependency between social care and NHS services which would require more funding for social care to ensure the NHS can deliver its key requirements.

New burdens doctrine was expected to be transparent in recognising and funding additional cost pressures for local authorities arising from changes in government policy. Some of the cost pressures include new burdens such as, for example, no recourse to public funds, automatic enrolment, various changes from the Social Work Act, extended support to care leavers to the age of 25 years old, the previous lifting of the public sector pay cap, indexation and equalization of guaranteed minimum pensions, deprivation of liberty, changes to national insurance costs, national living wage and, more recently, the Homelessness Reduction Act which have only been part funded. Many new burdens have not been adequately funded, if at all. MHCLG have recognised some of the pressures on adult social care and provided some limited flexibility to use grant funding for children's social care as well as the continuation of the Adult Social Care Precept for 2020/21. However, the further cost pressures on children's social care and homelessness (consequence of welfare reform, impact of limiting local housing allowances and potential implications of universal credit including benefit cap) have not been fully recognised and have resulted in a significant additional cost burden which is not recognised by the funding provided. To illustrate the activity behind the cost pressure on homelessness facing Bromley, the total number housed in temporary accommodation is around 1,800 and up to September 2020 there was an increase of 9 per month in temporary accommodation requirements – this is now running at an increase of 25 per month.

We welcome the review of children’s social care launched by the Education Secretary this week which ‘will set out to radically reform the system’ and ask that this thoroughly considers the costs pressures on children’s social care and the need for adequate funding to improve children’s lives.

Peter Turner. Director of Finance

We recognise that the Government will continue to work with local authorities to undertake the Fair Funding Review and other significant changes, including the business rate review, which could have a significant impact on future finances for local authorities – the awaited outcome of this work also creates significant financial uncertainty in future financial planning to support key services. We recognise that this review is an opportunity to resolve the long-term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

Key asks for the Spending Review 2021 and Fair Funding Review and its associated impact on funding for Bromley are summarised below:

- It should result in a mechanism to reward more efficient authorities (e.g. financial incentives in the system).

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

- The negative revenue support funding adjustment is clearly not ‘fit for purpose’ and should continue to be removed if it is necessary for the existing funding formula to continue whilst the outcome of the Fair Funding Review is awaited.

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

- It should recognise that authorities with a low-cost baseline should not have to face a higher proportion of cuts to funding as part of any future austerity and thus recognised/compensated in any future funding arrangements.

- Remove restrictions that prevent local authorities from raising or spending their own resources - we need more flexibility in place to make the best use of our resources for our residents.

- Social Care responsibilities (Improved Better Care Fund) should be determined by adult social care formula (e.g. Bromley had lost significant additional funding as a result of the revised formula).

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

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

- Should have mechanisms in place to ensure new burdens are adequately funded.

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

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

- We request that the changes made by previous governments to give local authorities more control over the funding be reconsidered. This includes education funding and various other grant funding. The national formula funding for education reduced flexibility of funding for special educational needs and, whilst the additional High Needs funding is welcomed, there remains a risk of longer-term potential costs being ultimately met by the council taxpayer rather than through schools funding. Extension of legal duties, without additional funding being provided, has increased the cost pressure for the high needs service. This is coupled with the anomaly where the council taxpayer is required to fund special educational needs transport costs of around £6m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.

- Recognises the true financial impact of essential highways maintenance and repair in a geographically large borough with an extensive road network.

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

- Recognition of the medium and longer term impact of Covid-19 on local government costs (expected to increase) and income (expected to reduce). There would be further cost pressures arising from any recessionary impact on the economy from the Covid-19 situation as well the changes arising from the ‘New Normal’. This has had a significant detrimental effect on the Councils budget challenges.

The above does not reflect all the asks and we recognise that the Government will continue to work with local authorities to undertake the Fair Funding Review and other significant changes, including the business rate review, which could have a significant impact on future finances for local authorities – the awaited outcome of this work also creates significant financial uncertainty in future financial planning to support key services. We recognise that this review is an opportunity to resolve the long-term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

We appreciate the ongoing support of Bromley's local MP’s who have highlighted concerns about an ongoing poor financial settlement for Bromley and the need for a fairer system that rewards efficient low-cost councils and provides a 'fairer' level of funding in recognition of the needs of residents and council taxpayers.

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

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

We welcomed the settlement for 2021/22 as providing much needed stability and an initial step towards a more sustainable financial settlement. If this year's Spending Review and future Fair Funding enables a more sustainable funding approach it would be welcomed and enable the Council to provide key services to its residents, support the Government's objectives and support the local economy with a resultant benefit on national economic growth which is key to providing revenues to Government to support services that matter to tax payers and council tax payers.

Responses to specific questions raised through the consultation are attached.

To allow for enough time to meet statutory council tax deadlines and our annual billing deadlines, it is important that the final 2021/22 Local Government Finance Settlement is published before the end of February to enable sufficient time for final key decisions to be made.

Both Members and Officers remain keen to work with the Government to help find positive solutions that work for our residents and taxpayers to meet future service priorities in the shorter term as well as the longer term. Bromley Council appreciates the opportunity to respond to the consultation on the 2021/22 Provisional Local Government Finance Settlement.

Yours faithfully

P. Turner

Peter Turner
Director of Finance

Responses to specific questions

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2021-22?

Given the limited timescale and the awaited Fair Funding Review, we recognise that the proposed approach to distributing RSG is a reasonable interim measure. Low cost and well run authorities should not be penalised with a negative RSG requirement and we are pleased that this is recognised in the provisional settlement. The Fair Funding Review reforms are essential to the effective delivery of important services to the public and must provide a robust system for ensuring that resources are allocated accordingly.

Question 2: Do you agree with the proposed package of council tax referendum principles for 2021-22?

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

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

Question 3: Do you agree with the Government's proposals for the Social Care Grant in 2021-22?

The additional funding for social care is welcome and much needed. We also welcome the fact that the Social Care Grant will not be ringfenced, and conditions or reporting requirements will not be attached.

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

There is an inconsistency in the proposed allocation method for the Social Care Grant, which is partly reduced for Bromley to reflect equalization for what can be raised in the Adult Social Care Precept. If the precept remains solely for adult social care, and the support grant for both children's and adult social care, this is effectively reducing the funding available for children's social care pressures.

This settlement represents a short-term approach to social care funding and await the outcome of the Government's commitment to set out its long-awaited visons for social care reform in 2021 and would wish to actively engage in that process.

Question 4: Do you agree with the Government's proposals for iBCF in 2021-22?

Bromley welcomes the continuation of the iBCF funding which supports social care.

Question 5: Do you agree with the Government's proposals for New Homes Bonus in 2021-22?

We welcome the continuation of funding of New Homes Bonus allocations in 2021/22 but are disappointed with the phasing out of legacy payments. There has been a long series of adjustments over the years that have reduced the incentive provided by the bonus. The number of years for which New Homes Bonus payments are made has been reduced from 6 to 4 years combined with the introduction of a national baseline for housing growth of 0.4% of council tax base from 2017/18 which further reduced any incentive.

We welcome the commitment to consult widely on any future reforms to the New Homes Bonus and would urge the Government to provide certainty over the future of the scheme as soon as possible and retain a realistic incentive to local authorities if the scheme continues in the medium to longer term – this would also assist in financial planning.

Question 6: Do you agree with the Government's proposal for a new Lower Tier Services Grant, with a minimum funding floor so that no authority sees an annual reduction in Core Spending Power?

We welcome the Lower Tier Services Grant and agrees to the no loss principle that a minimum funding floor provides.

Question 7: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2021-22?

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

Question 8: Do you have any comments on the Government's plan not to publish Visible Lines?

Bromley has no comment to add.

Question 9: Do you have any comments on the impact of the proposals for the 2021-22 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside the consultation document? Please provide evidence to support your comments.

Bromley has no comment to add.

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EXECUTIVE COMMITTEE MEETING ON 10th FEBRUARY 2021

2021/22 COUNCIL TAX REPORT

2. RECOMMENDATIONS

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

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

(b) Approves the draft revenue budgets (as in Appendix 2) for 2021/22

(c) Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 13th January 2021;

(d) Approves a revised Central Contingency sum of £14,925k (see Section 6);

(e) Approves the following provisions for levies for inclusion in the budget for 2021/22:

	£'000
London Pensions Fund Authority *	464
London Boroughs Grant Committee	247
Environment Agency (flood defence etc.) *	262
Lee Valley Regional Park *	321
Total	**1,294**

* Provisional estimate at this stage

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

(g) Sets a 4.99% increase in Bromley's council tax for 2021/22 compared with 2020/21 (1.99% general increase plus 3% Adult Social Care Precept) and notes that, based upon their consultation exercise, the GLA are currently assuming a 9.5% increase in the GLA precept;

(h) Approves the revised draft 2021/22 revenue budgets to reflect the changes detailed above;

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

(j) Executive agrees that the Director of Finance be authorised to report any further changes directly to Council on 1st March 2021.

2.2 Council Tax 2021/22 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011).

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

	2020/21 £	2021/22 £	Increase £	Increase % (note #)
Bromley (general)	1,153.00	1,178.15	25.15	1.99
Bromley (ASC precept)	111.77	149.71	37.94	3.00
Bromley (total)	1,264.77	1,327.86	63.09	4.99
GLA *	332.07	363.66	31.59	9.51
Total	1,596.84	1,691.52	94.68	5.93

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

(#) in line with the 2021/22 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,264.77 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 1st March 2021.

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

1. It be noted that the Council Tax Base for 2021/22 is 132,026 'Band D' equivalent properties.

2. Calculate that the Council Tax requirement for the Council's own purposes for 2021/2022 is £175,312k.

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

(a) £586,568k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.

(b) £411,256k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.

(c) £175,312k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.

(d) £1,327.86 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

4. To note that the Greater London Authority (GLA) has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the

table below (NB. the GLA precept figure may need to be amended once the actual GLA budget is set).

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2021/22 for each part of its area and for each of the categories of dwellings.

Valuation Bands	London Borough of Bromley £	Greater London Authority £	Aggregate of Council Tax Requirements £
A	885.24	242.44	1,127.68
B	1,032.78	282.85	1,315.63
C	1,180.32	323.25	1,503.57
D	1,327.86	363.66	1,691.52
E	1,622.94	444.47	2,067.41
F	1,918.02	525.29	2,443.31
G	2,213.10	606.10	2,819.20
H	2,655.72	727.32	3,383.04

6. That the Council hereby determines that its relevant basic amount of council tax for the financial year 2021/22, which reflects a 4.99% increase (including Adult Social Care Precept of 3%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2021/22 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2020/21. Any further changes arising from these Principles will be reported directly to Council on 1st March 2021. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

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EXECUTIVE

10 February 2021

5. 2021/22 COUNCIL TAX – COMMENTS FROM PDS COMMITTEES

EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
6th January 2021

The report sought approval of the initial draft 2021/22 Budget including the full year effect of changes agreed as part of the 2020/21 Council Tax report and savings approved during the year with the resultant impact on the Council's medium term "budget gap". The report also provided details of the Provisional Local Government Finance Settlement 2021/22 which was published on 17 December 2020 and represented a one year settlement only following the postponement of the longer-term Spending Review until 2021. The outcome of the Fair funding Review and Devolution of Business Rates, which could have a significant impact on future funding, had been delayed by one year until at least 2022/23. The Committee noted that there were still outstanding issues and areas of uncertainty remaining. Any further updates would be included in the 2021/22 Council Tax report to the next meeting of the Executive.

In opening the discussion, the Chairman suggested that it would be helpful for service specific PDS Committees to review the individual growth items relating to their committees to ensure that robust plans to mitigate were in place.

In response to a question concerning the Beehive Housing Scheme, the Director of Finance confirmed that it was a finance lease whereby the Council would end up owning the properties at the end.

The Committee noted that in future by default any inflationary increases included in contracts would be linked to the consumer price index (CPI) unless there was a compelling reason otherwise.

The Chairman proposed that in the interests of transparency in future the budget for Members' Allowances should be separated from the Democratic Services budget. This proposal was agreed by the Committee.

In response to a question concerning how likely it was that the Council would be in a position to deliver Phase 2 of its Transformation Programme, the Chairman suggested that it may be helpful for the Committee to undertake a review later in the year. Currently the one-year local government financial settlement and delays around the delegation of business rates and the fairer funding review created a great deal of uncertainty.

The Committee noted that the income and rent in relation to investment property represented the best judgement that could be made at the current time. The Director of Finance confirmed that in his opinion at this stage the assumptions outlined in the report were reasonable and that there was contingency to manage any risks.

Members noted that, in relation the Adult Social Care precept, there was currently no legislation enabling the Council to levy an Adult Social Care precept in future years and the assumption had to be made that the provision would not continue. The Government had undertaken to review funding for adult social care where there were a number of undeniable pressures.

With reference to the concessionary fares credit, the Director of Finance confirmed that the figures in the report were based on usage in the current year and it was therefore possible that the credit may increase if restrictions arising from the Covid-19 pandemic continued.

The Committee noted that the report to the Executive had been produced within a week of the notification of the Local Government Finance Settlement, consequently there may in time be further changes to the proposed budget. As yet, no information regarding the GLA precept or the Business Rate Pool had been received. Once in receipt of this information, the Director of Finance would be providing a further update for the Executive.

RESOLVED: That the Executive be recommended to:

(a) Agree the initial draft 2021/22 Budget detailed in Appendix 7 including continuation of the iBCF hospital discharge funding reserve and setting aside New Homes Bonus funding for housing investment;

(b) Refer the initial draft 2021/22 Budget for each portfolio to the relevant PDS Committees for consideration;

(c) Note the financial projections for 2022/23 to 2024/25;

(d) Note that there are still areas of financial uncertainty which will impact on the final 2021/22 Budget;

(e) Delegate the setting of the schools' budget, mainly met through Dedicated Schools Grant, to the Education, Children and Families Portfolio Holder, allowing for consultation with the Schools Forum (see section 11 of the report);

(f) Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive;

(g) Agree the proposed contribution of £247,274 in 2021/22 to the London Boroughs Grant Committee (see section 10 of the report);

(h) Note the outcome of the Provisional Local Government Financial Settlement 2021/22 as detailed in the report;

(i) **Note the budget gap remaining of an estimated £14.1m per annum by 2024/25 and that any decisions made for the 2021/22 Budget will have an impact on the future year projections;**

(j) **Note that any final decision by Executive on recommended Council Tax and Adult Social Care Precept levels to Council will normally be undertaken at the next meeting of Executive;**

(k) **Note that further details are awaited on arrangements to consider for the pan-London Business Rate Pool 2021/22. Any updates available, following publication of this report will be circulated separately (see section 6.19.7 of the report).**

ENVIRONMENT & COMMUNITY SERVICES PDS COMMITTEE
14th January 2021

Members were presented with a report that outlined the draft Environment and Community Services budget for 2021/22. The Head of Finance for ECS attended the meeting to present the report and answer questions.

The Committee was requested to scrutinise the draft budget for the Portfolio, so that comments could be fed back to the next meeting of the Executive before the Executive made recommendations to Full Council regarding the levels of Council Tax for 2021/22.

A Member asked for more information regarding the review of the £250k running costs. The Head of Finance clarified that this was in respect of various budgets across the department that were no longer required and therefore did not affect service delivery.

The Vice Chairman referred to the matter of paper re-cycling and the fact that there was 426 tons of paper that could not be recycled. He asked for more background information concerning this and asked if residents could be better informed regarding the need to keep paper dry.

The Strategic Manager for Waste Services explained how the moisture tests for paper and card were undertaken at the recycling plants. Any paper that had a moisture content of above 18% would need to be returned and then disposed of. The department was trying to get the message out to the public concerning the need to try and keep paper dry; one of the means that they were undertaking to achieve this was via 'Environment Matters'.

A Member suggested that as paper and card re-cycling was increasing, then it may be a good idea to provide bigger bins for storage. This would avoid waste being burnt rather than re-cycled. The Strategic Manager for Waste Services responded that this was a matter that LBB was continuing to examine.

A Member asked if conversations were taking place with the Planning Department to ensure that with any new builds that were granted planning permission, proper storage areas would be provided.

A Member enquired about unused buildings (like the Pavilion in Biggin Hill) and asked if there were plans to use these buildings so that they could start to generate an income.

The Director for Environment and Public Protection responded that officers from Environment and Community Services and Renewal, Regeneration and Housing were working collaboratively to develop plans in this regard, and this would be a significant piece of work. It was not the best of times for businesses to start up at the moment (because of the Covid Pandemic), but it was important that buildings that were either not being used or under used should be brought back into use. He hoped that with input from the Environment Department, working with officers from the Renewal and Regeneration Department, that significant inroads would be made in the coming months.

The Member hoped that these plans would include Youth Centres. The Director responded that all buildings and services were being looked at as part of the Council's Accommodation and Civic Centre Strategy. Members would be kept informed.

The Vice Chairman enquired how parking income had been affected over the Christmas period, and if any new TfL funding was available. The Assistant Director for Traffic and Parking responded that parking income over the Christmas period was a lot lower than usual, and it was expected similarly that overall parking income for the year would also be adversely affected. The Vice Chairman asked if the Assistant Director for Traffic and Parking could send him the breakdown of the parking figures. The Assistant Director said that if the Vice Chairman could email him detailing the information required, and in what format, then he would do his best to provide him with the data and in the required format.

It was noted that TfL funding expired at the end of March 2021. There had been a partial re-instatement of LIP funding. The Assistant Director for Traffic and Parking hoped that by February, notification would be provided of the following year's funding, so that LBB could plan properly. Normally, funding was provided in three yearly blocks.

RESOLVED that:

(1) The report be noted.

(2) The draft budget for the Environment and Community Services Portfolio be agreed.

(3) The Vice Chairman would email the Assistant Director for Traffic and Parking, and provide details of the parking data he required, and the preferred format for the data to be provided in.   .

PUBLIC PROTECTION & ENFORCEMENT PDS COMMITTEE
19th January 2021

The Head of Finance for ECS and Corporate Services attended the meeting to provide an update regarding the Public Protection and Enforcement Portfolio Draft Budget for 2021/22.

Members noted that the report incorporated future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 13th January 2021.

The Head of Finance for Environment and Corporate Services stated that the report was being presented to the Committee prior to the next meeting of the Executive, so that any comments or suggestions from the Committee could be noted by the Executive before recommendations were made regarding the level of Council Tax for the next financial year.

The Chairman asked if a record of extra costs incurred because of the Covid Pandemic was being kept. It was explained that the Executive received a separate report with respect to costs incurred because of Covid. This had been the practice since April 2019. A particular budgetary issue that related to the Public Protection Portfolio was its contribution into a pan London fund for temporary mortuary provision costs. The contribution from LBB was in the region of £1.4m. The estimated cost for LBB's own local mortuary provision was in the region of £250k. It was also noted that a shortfall in licensing income was projected.

The Chairman asked if there was a backlog of work because of the Pandemic, for example, were there any backlogs of work relating to HMOs or with food licensing. If there were any backlogs, were measures in place to deal with this, and would any new staff be required to deal with any such backlog. The Chairman was concerned that any areas of work that were part of the Council's statutory obligations had a contingency plan in place so that the work could be completed.

The Assistant Director for Public Protection and Enforcement clarified that although there were backlogs—this was something that was being experienced by all councils. As far as food inspections were concerned, the Food Standards Agency understood the impact that Covid had made in affecting targets and these had been modified accordingly. As far as HMO licensing was concerned, the process that was usually carried out by the Council was to inspect premises first, and then grant a licence. However, legislation permitted the granting of a licence as long as the premises was inspected in the first five years, and this was the process that the department was going to adopt for the foreseeable future. The Assistant Director assured Members that it was likely that most of the backlog of work would be able to be undertaken using overtime rather than having to appoint new staff.

The Committee was pleased to note that all statutory responsibilities were being covered.

A Member referred to an item on Appendix 1 where there was a reference to increased costs without an explanation of what the costs related to. He asked for an explanation of what these costs were, as the text referred to costs increasing by £45k. It was clarified that this referred to an allowance for inflation with respect to both pay and running costs. The Member asked what had happened to the money that had been allocated for Covid Marshals and how long this funding was going to be provided for. The Head of Finance answered that a response was being drafted to the Ministry for Housing, Communities and Local Government to show how this funding had been utilised, and it was confirmed that the funding would expire at the end of the current financial year.

The Portfolio Holder stated that the money for Covid Marshals would be run through the Environmental Services Division, and not as part of the Public Protection Portfolio.

A Member asked if food safety inspections were taking place with respect to those businesses that were now serving take-away food. She also asked for clarification regarding the current strength of the Food Safety Team, and as there seemed to be a national shortage of food safety officers, would the section consider developing their own officers in house. The Assistant Director for Public Protection and Enforcement replied that the Food Safety Team had endeavoured to carry out some physical inspections initially, but were soon instructed by the Food Standards Agency to stop doing this because of the Covid Pandemic. Some remote inspections had been undertaken. The Assistant Director for Public Protection and Enforcement promised to check on the current level of staffing within the Food Safety Team and report back to Members. Members were informed that consideration was being applied to developing strength within the Food Safety Team by training apprentices.

A Member expressed the view that consideration should be applied in the budget to allocating some resource to help to engage with dis-engaged young people from ethnic minorities to try and reduce levels of serious violence and knife crime.

RESOLVED that

1) **The financial forecast from 2021/22 to 2024/25 be noted.**

2) **The initial draft 2021/22 budget be agreed as the basis for setting the 2021/22 budget.**

3) **The Assistant Director for Public Protection and Enforcement would report back to the Committee concerning the current strength of the Food Safety Team.**

CHILDREN, EDUCATION & FAMILIES PDS BUDGET SUB-COMMITTEE 19th January 2021

The Sub-Committee considered the Portfolio Holder's draft 2019/20 budget, incorporating future cost pressures and initial draft budget saving options reported to Executive on 16th January 2019. There were still outstanding issues and areas of uncertainty remaining. Any further updates would be included in the 2019/20 Council Tax report to the next meeting of the Executive.

The report detailed the key issues and risks for the Education, Care and Health Services Department which in summary included (further the report to the Sub-Committee provide details of each issue):

Children's Social Care

- Increased referrals and workload
- Recruitment of permanent staff
- Keeping the caseload promise
- Placements of children in care
- Implementation of the social work act
- Increase in the number of unaccompanied minors

Education

- Increase in the number of students eligible for full funding from grant for Adult Education
- Growing pressure on universals services such as Admissions and school attendance resulting from population growth
- Pressure on funding on Alternative Education resulting from increased number of exclusions from secondary schools.
- SEN/D Pressure

In opening the discussion the Chairman sought an update on the issues of Unaccompanied Asylum Seeking Children. The Head of ECHS Finance reported that the Local Authority was about to meet the threshold of 53. Once this threshold was met it was likely that a new threshold would be set and the Local Authority would be placed back on the rota. This budgetary pressure had been reflected in the draft budget and an amount set aside. Members noted that the funding received from central government was generally not enough to cover the costs to the Local Authority.

Members noted that in recent years growth of around £2-3m had been put into the budget for children's social care placements, this included funding for Unaccompanied Asylum Seeking Children.

Members noted that, in relation to placing fewer children with Education, Care and Health plans (ECHPs) in mainstream education, the trust of the Bromley vision was to place children in local mainstream provision. There were some considerations such as parental preference and whether the right provision was available locally, but generally the aim would be to, where possible, place children locally. In terms of parental engagement; Members noted that there was a statutory responsibility to have parental advice services funded by the Local Authority. The Council also funded Parent Voice. The Executive Director conceded that in the recent past there may have been a tendency to have early discussions about "the school" rather than reflecting and defining the child's needs. It could be argued that this may have mislead some parents and allowed them to believe there were more options. The SEND Governance Board was now reviewing the approach taken and the changes that were required were being worked through.

In relation to SEND Tribunals, a Member stressed the importance of ensuring that only the worst cases reached tribunal and that where appropriate negotiations with parents continued up to the last available minute.

The Sub-Committee noted that the outcome of the bid for the SEN Free School in the Borough would not be known until the Spring.

In response to a question, the Head of ECHS Finance reported that the new Transformation Board established by the Interim Chief Executive was undertaken a fundamental review of departments and services across the Council; looking at how and why services were provided.

RESOLVED: That

(1) The update on the financial forecast for 2019/20 to 2022/23 be noted; and

(2) The initial draft 2019/20 budget be noted as the basis for setting the 2019/20 budget.

ADULT CARE & HEALTH PDS COMMITTEE
20th January 2021

The Committee considered a report setting out the draft Adult Care and Health Portfolio Budget for 2020/21, which incorporated future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to the Council's Executive on 13th January 2021. Members were requested to provide their comments on the proposed savings and identify any further action to be taken to reduce cost pressures facing the Local Authority over the next four years. The Chairman noted that there was an extensive list of influences which may impact on the budget.

A Member noted that with regards to increased costs, a rate of 1-1.5% had been allocated to the Adult Social Care budget and queried why this was lower than the overall increase to the Council's budget of 2%. The Head of Finance for Adults, Health and Housing advised that the Director of Finance's report to the Executive assumed contract price increases of 2% inflation across the Council, however it was usual practice for a lower amount to be allocated to the portfolios based on the current CPI level. It was highlighted that all portfolios had been allocated the same percentage increase of between 1-1.5%. The remainder of the inflation amount remained in Central Contingency, which could be drawn down if departments incurred increased inflationary pressures during the year.

The Member further noted that the Shared Lives service was an excellent programme, but as there appeared to be no increase in the numbers on stream, questioned how savings of £0.5m would be achieved. The Head of Finance for Adults, Health and Housing acknowledged that so far this year, there had been not been an increase in uptake. This was partly due to staffing issues, which had been outside of the department's control, as well as the impact of the COVID-19 pandemic. However, there was now a strong plan in place to increase uptake going forward. The Portfolio Holder for Adult Care and Health highlighted that the Information

Briefing provided to the meeting had included a business case for the Shared Lives programme. It was intended to enhance the recruitment process and develop a more robust process for identifying people to provide support. Reassurance was given that this had been carefully considered, and it was anticipated that an improved service would be delivered, with more people willing to take on the role of a Shared Lives carer.

With regards to a question relating to the implementation of savings previously deferred, the Director of Adult Social Care noted that these were saving included in previous years with no clear plans to deliver them. This was now being corrected, and saving targets were built into the budget, and the directorate were working hard to build robust plans to provide these savings. Members were assured that there was now an “owner” for each saving target, and regular monitoring place to look at their delivery. In response to a further question regarding the strength-based provision, the Director of Adult Social Care reminded Members that they had previously been advised of the role out of a new approach. The directorate would be working with social workers and providers to build on people’s strengths and utilise support, rather than just provide services that were static. This work was reflected in the saving, as was the retendering of the home care services which would take a reablement approach to work with providers and ensure they had targets to reduce the ongoing demand for services. The Head of Finance for Adults, Health and Housing highlighted that further details regarding these savings would be included in the regular budget monitoring reports that would be provided to the Committee in the new financial year, and would show any progress made towards delivering them.

A Member noted the reference made in the report to the effect of ongoing population increases and questioned whether current figures should be used. The Assistant Director for Strategy, Performance and Corporate Transformation said there were a number of sources used to gather an understanding of the population. The GLA produced a London-wide prediction based on the number of households in each borough, and Adult Social Care used ‘POPPI’ and ‘PANSI’ data sources, which provided information related to older people. Locally, there was also a 3 to 5-year trend for Adult Social Care, which was also used to make predictions and assumptions, and more recently they had been looking at information around hospital discharges. They had worked with health partners to look at live data relating to the flow of hospital discharges; the proportion that were likely to require support; and any impact on budgets.

In relation to the credit figure of £140k included in the draft revenue budget under the heading of Public Health, a Member questioned whether this money should be spent to help address the ongoing health issues mentioned earlier in the meeting. The Head of Finance for Adults, Health and Housing advised that the Public Health budget was still ringfenced, and that the credit budget of £140k was controllable budget which was effectively used to cover some of the corporate overheads. A Member commented that they were unable to see how the savings within the Public Health budget could be achieved, even if they were overheads. As the budget was ringfenced, it was considered that all this money would be required, and possibly more.

Following the meeting, the Head of Finance for Adults, Health and Housing confirmed that there were no additional savings in 2021-22 in Public Health, and the £140k credit controllable budget was the same as the current 2020-21 budget.

The Head of Finance for Adults, Health and Housing informed Members that due to the degree of uncertainty, an allocation of £1.4m had been included within the Council's Central Contingency which would be available to help address the long-term impact of COVID-19 on Adult Social Care budgets for 2021-22. Government grant funding of £7.8m for COVID pressures had also been announced, which it was noted could increase.

In response to a question, the Director of Adult Social Care said that she would agree that Adult Social Care was underfunded at a national level. However, the directorate was still required to take responsibility to help manage the Council's budget. The demand on this was growing, due to the complexity of the young people coming from children's services into adult services, highlighting the need to ensure best use of the resources available.

A Member noted that there was an anticipated increase in demand for memory and cognition services. This was to be offset by an equivalent level of savings, and it was questioned how these would be made. The Head of Finance for Adults, Health and Housing advised that this had been requested to show the increase in complexity of the care required. This growth was highlighted, but also recognised that the service was managing to mitigate the pressure within budget. It was requested that Members be provided with a further update on how this figure was calculated.

In response to questions from a Member, the Head of Finance for Adults, Health and Housing highlighted that in relation to the overspends being funded in the budget, was the projected full year effect of this years' overspend. This included some of the impact of COVID-19, but as the ultimate long-term impact was not yet known, some funding had been kept in contingency. The overspends that had occurred this year were not related to COVID, and were underlying budget pressures that had arisen due to the high number of new clients, particularly in learning disability and mental health services. It was noted that for learning disability services, work was undertaken early in the year to project growth based on the transition register. However, this year there had been a number of additional clients that had not been included on this list which had caused an in-year overspend. The impact on the budget for 2021-22 would be significantly higher, as the service would have these clients from the beginning of the year, and therefore the full year effect of the overspend was included in the 2021-22 budget growth allocations.

The Head of Finance for Adults, Health and Housing noted they were aware that there would likely be increased spending due to the impact of COVID-19. However, at this point in time, it was not something that could easily be quantified. There had sadly been a significant number of deaths as a result of COVID-19, which would reduce some of the spend on budgets. Due to this uncertainty, the impact on Adult Social Care was not known so money had been kept in Central Contingency, and could be drawn once the pressures became clear.

With regards to the Transformation Programme, the Head of Finance for Adults, Health and Housing advised that all of the £1.2m savings in the current years' budget were included in the baseline budget for 2021-22. Currently, not all savings had been achieved, which had been reported through budget monitoring reports and was mainly due to the impact of COVID-19. Work was ongoing, and a number were on target to be fully achieved for next year's budget. For 2021-22, only a corporate transformation saving relating to training had been included – no additional transformation savings had been included for Adult Social Care, however mitigation savings had been identified. Work was continuing to identify future transformation savings, and they would be considered for future budget reports.

RESOLVED that:

(1) The financial forecast for 2021/21 to 2024/25 be noted;

(2) Members' comments on the initial draft Adult Care and Health Portfolio budget 2021/22 as a basis for setting the 2021/22 budget be noted; and,

(3) Members' comments on the initial draft Adult Care and Health Portfolio budget 2021/22 be provided to the meeting of the Council's Executive on 10th February 2021.

RENEWAL, RECREATION & HOUSING PDS COMMITTEE
2nd February 2021

The Committee considered a report setting out the draft Renewal, Recreation and Housing Portfolio Budget for 2021/22, which incorporated future cost pressures, planned mitigation measures and savings from transformation and other budget options reported to Executive on 13 January 2021. Members were requested to consider the proposed initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.

This Committee were requested to consider the proposed initial draft budget savings and cost pressures for their Portfolio. Members' views would be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2021/22 Council Tax levels.

The Head of Finance reported the growth items, mitigation and transformation savings had been through several rounds of scrutiny and he was confident that the savings could be achieved. Some of the housing savings were more dependent on future schemes being agreed.

In regard to Anerley Car Park and Bushell Way, the Chairman was informed that construction within the factories had already begun and were well under way. Builders and contractors were set up ready to commence in March 2021.

RESOLVED that:-

1) the update on the financial forecast for 2021/22 to 2024/25 be noted;

2) **the initial draft Renewal, Recreation and Housing Portfolio budget 2021/22 budget as a basis for setting the 2021/22 budget be noted; and**

3) **Members' comments on the initial draft 2021/22 budget be provided to the meeting of the Executive to be held in February 2021.**

EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
3rd February 2021

This report identified the final issues affecting the 2021/22 revenue budget and sought recommendations to the Council on the level of the Bromley element of the 2021/22 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept would be reported to the Council meeting on 1 March 2021. The report also sought final approval of the 'schools budget'. The approach reflected in the report was for the Council to not only achieve a legal and financially balanced budget in 2021/22 but to have measures in place to deal with the medium term financial position (2022/23 to 2024/25). The Committee noted that with the Government reductions in funding since austerity measures began, the burden of financing increasing service demands fell primarily on the level of council tax and share of business rate income. The financial forecast assumed that the level of core grant funding would remain unchanged in future years.

Noting the 9.5% increase proposed by the GLA, a Member suggested that rather than raising the precept by this amount, the GLA should consider where savings could be made.

RESOLVED: That Executive be recommended to

1. **Approve the schools budget of £79.506m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;**

2. **Approve the draft revenue budgets (as in Appendix 2) for 2021/22;**

3. **Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 13th January 2021;**

4. **Approve a contingency sum of £14,925k (see section 6);**
5. **Approve the following provisions for levies for inclusion in the budget for 2021/22;**

	£'000
London Pension Fund Authority*	**464**
London Boroughs Grant Committee	**247**
Environment Agency (Flood defence etc.) *	**262**
Lee Valley Regional Park *	**321**
Total	**1,294**

*** Provisional estimate at this stage**

6. **Note the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council;**
7. **Consider the "Bromley element" of the Council Tax for 2021/22 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible 'referendum' issues;**

8. **Approve the approach to reserves outlined by the Director of Finance;**

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

10. **Agree that the Director of Finance be authorised to report any further changes directly to Council on 1st March 2021.**

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Report No.
CSD21028

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 1 March 2021**
Decision Type:	Non-Urgent Executive Key
Title:	**CAPITAL PROGRAMME MONITORING Q3 2020/21 AND CAPITAL STRATEGY 2021 -2025**
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 10th February 2021 the Executive considered the attached report on the Council's capital strategy and agreed a revised capital programme. The report summarised the current position on capital expenditure and receipts following the third quarter of 2020/21 and presented new schemes as part of the annual capital review process. The report had been scrutinised by Executive, Resources and Contracts PDS Committee at its meeting on 3rd February 2021.

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2. RECOMMENDATION

That the new scheme proposals listed in Appendix C to the report be included in the Capital Programme.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: Total net increase of £6.4m over the five years 2020/21 to 2024/25, mainly due to the capital bids in the attached report.
2. Ongoing costs: Not Applicable:
3. Budget head/performance centre: Capital Programme
4. Total current budget for this head: £144.7m over 5 years 2020/21 to 2024/25
5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions

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Personnel

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

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Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

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

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Ward Councillor Views

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

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

Report No.
FSD20099

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**Executive** **Council**
Date:	**Executive 10th February 2021** **Council 1st March 2021**
Decision Type:	Non-Urgent Executive Key
Title:	**CAPITAL PROGRAMME MONITORING Q3 2020/21 & CAPITAL STRATEGY 2021 TO 2025**
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. <u>Reason for report</u>

This report updates the Council's Capital Strategy. It also summarises the current position on capital expenditure and receipts following the third quarter of 2020/21 and presents for approval the new capital schemes in the annual capital review process. The Executive is asked to consider the updated Capital Strategy and approve a revised Capital Programme.

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2. RECOMMENDATION(S)

2.1 The Executive is requested to:

(a) Note the report, including a total re-phasing of £3,764k from 2020/21 into future years, and agree a revised Capital Programme;

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

(i) Increase of £290k to the Disabled Facilities Grant (see para 3.3.1)

(c) Recommend to Council:

(i) The inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.6)

2.2 Council is requested to:

(a) Agree the inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.6)

Corporate Policy

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

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: Estimated Cost: Total net increase of £6.4m over the 5 years 2020/21 to 2024/25, mainly due to the additional capital bids outlined in this report

2. Ongoing costs: Not Applicable

3. Budget head/performance centre: Capital Programme

4. Total current budget for this head: Total £144.7m over 5 years 2020/21 to 2024/25

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

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Staff

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

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

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Legal

1. Legal Requirement: Non-Statutory - Government Guidance

2. Call-in: Applicable

Customer Impact

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

Ward Councillor Views

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

2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Capital Expenditure

3.1.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2020/21 and seeks approval for the new capital schemes submitted as part of the 2020 annual capital review process. The report is divided into two distinct parts; the first (sections 3.2 – 3.4) looks at the Q3 monitoring exercise and the second (sections 3.5 & 3.6) includes details of the capital strategy update and proposed new schemes.

3.1.2 Appendix A sets out proposed changes to the Capital Programme. The base position is the revised programme approved by the Leader on 18th November 2020, as amended by variations approved at subsequent meetings. If all the changes proposed in this report are approved, the total Capital Programme 2020/21 to 2024/25 would increase by £6,375k, mainly due to new capital bids. Estimated expenditure in 2020/21 will reduce by £5,351k due to £3,764k re-phasing of expenditure from 2020/21 into future years, the net reduction of £1,877k previously approved by the Leader and the increase of £290k to the DFG budget (see para 3.3.1 below). Details of the monitoring variations are included in Appendices A and B, and the proposed revised programme, including the additional funding provided, is summarised in the table below.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL 2020/21 to 2024/25 £000
Programme approved by the Leader 18/11/20	51,417	55,095	31,420	2,240	0	140,172
Variations approved by the Leader at subsequent meetings	Cr 1,877	0	0	0	0	Cr 1,877
Approved Programme prior to 3rd Quarter's Monitoring	49,540	55,095	31,420	2,240	0	138,295
Variations requiring the approval of the Executive (Appendix A)						
Disabled Facilities Grant	290	135	0	0	0	425
Variations not requiring approval of Executive:						
Net rephasing from 2020/21 into future years	Cr 3,764	3,156	329	279	0	0
Total Q3 Monitoring variations	Cr 3,474	3,291	329	279	0	425
New Schemes (Appendix C)	0	2,485	1,225	0	2,240	5,950
TOTAL REVISED CAPITAL PROGRAMME	**46,066**	**60,871**	**32,974**	**2,519**	**2,240**	**144,670**
Assumed Further Slippage (for financing purposes)	Cr 15,000	Cr 25,000	Cr 5,000	25,000	20,000	0
Assumed New Schemes (to be agreed)	0	0	3,500	3,500	3,500	10,500
	Cr 15,000	Cr 25,000	Cr 1,500	28,500	23,500	10,500
Total revised expenditure to be financed	**31,066**	**35,871**	**31,474**	**31,019**	**25,740**	**155,170**

3.2 Variations approved by the Leader at subsequent meetings (£1,877k total net decrease)

Following pre-decision scrutiny at the meeting of the Renewal, Recreation and Housing PDS Committee on 25th November 2020, the Leader has approved revised capital estimates for three housing schemes. At the meeting an additional £476k for Housing Supply in Burnt Ash Lane was agreed, as well as a reduction of £2,153k for the Housing Supply schemes in Anerley & Chislehurst (Bushell Way). Furthermore, at its meeting on November 18th, the Executive, Resources and Contracts Policy Development and Scrutiny Committee agreed that the capital programme for a replacement financial system capital scheme would be reduced by £200k to reflect an anticipated reduction in the required budget.

3.3 Variations requiring the approval of the Executive (£425k net increase)

3.3.1 Disabled Facilities Grant (DFG) (£290k increase to 2020/21 budget)

This extra DFG funding is to help support local authorities to deliver more home adaptations for those people with disabilities who qualify for a DFG, and approval is sought to add this to the capital programme.

3.3.2 Section 106 receipts (uncommitted balance) (net increase of £135k in 2021/22)

In July 2015 the Executive agreed that the Capital Programme budget should reflect the total amount of s106 receipts available to fund expenditure. The Executive is asked to agree a net increase of £135k in the capital programme for Education s106 in respect of additional receipts received since the last report.

3.4 Scheme Re-phasings

3.4.1 As part of the 3rd quarter monitoring exercise, a total of £3,764k has been re-phased from 2020/21 into 2021/22 and later years to reflect revised estimates of when expenditure is likely to be incurred. The largest element of these is £2.4m relating to the Basic Need Scheme.

3.4.2 Other schemes rephased into future financial years include the Glebe School expansion programme (£382k), the Capital Maintenance in School (£200k), the Seed Challenge Fund (£100k) and the Customer Service IT System Replacement (£465k). This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

3.5 Capital Strategy update and Annual Capital Review – new scheme proposals

Capital Strategy update

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

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

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

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

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

3.5.3 An annual review of the Capital Programme is undertaken as outlined in section 3.6. The Council's Capital Programme is intended to maintain and improve the quality of life in the borough and help meet its overall priorities as set out in "Building a Better Bromley", and with a four year plan, assists the longer-term planning for capital expenditure and the use of resources to finance it.

3.5.4 In recent years, the Council has steadily scaled down new capital expenditure plans and has transferred all the rolling maintenance programmes to the revenue budget. General (un-earmarked) reserves, established from the disposal of housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £44.4m (including unapplied capital receipts) as at 31st March 2020. The Council's asset disposal programme has diminished, and as set out in section 3.8, it is currently projected that these balances will be around £13.8m by 2028.

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

3.5.6 The Council's policy for borrowing and the investment of balances are set out in the Treasury Management Strategy Statement which will be considered by Executive, Resources & Contracts PDS Committee on February 3rd 2021, prior to submission for Council approval on March 1st 2021.

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

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

3.6 Annual Capital Review: new scheme proposals - (£5,950k total net addition)

3.6.1 As part of the normal annual review of the Capital Programme, Chief Officers were invited to present bids for new capital investment. Apart than the regular annual capital bids (TfL-funded Highway and Traffic schemes and Feasibility Studies) three other bids were submitted, which are summarised in paras 3.6.2 to 3.6.4 below, and outlined in Appendix C. The total amount of funding required from Council resources is £3,750k. New Invest to Save bids were particularly encouraged, but none were received and it is assumed that any such bids will be submitted in due course to be funded through the earmarked reserve that was created in 2011.

3.6.2 Winter Maintenance Service - £350k

This capital estimate will continue the programmed replacement of gritting vehicles and various equipment used for winter service and snow clearance. The selection of suitable equipment will initially focus on replacing three front-line gritters that will further update the fleet, to become compliant for the London Low Emission Zone. This proposal underpins the provision of an effective response to winter weather conditions in the Borough in order to meet statutory duties and to ensure the highway provides a safe means of travel for all users and residents in the borough. No external funding has been identified for this programme, and therefore the Council's own resources will need to be used to finance the scheme.

3.6.3 HR/Payroll System Replacement - £1,650k

This capital estimate will cover the cost to procure and implement a new integrated HR/Payroll System to replace the existing Resourcelink, HR Self Service System & Reporting Functionality. The current HR/Payroll software and support contract ends in June 2023 however to allow for time for parallel run testing of payroll results in new software, any new system needs to be ready for January 2023. No external funding has been identified for this programme, and therefore the Council's own resources will need to be used. The provisional sum of £1,650k has been set aside in the capital programme for planning purposes, however the release of these monies will be subject to a future report to the Executive for approval of the final scheme. Further details are provided in Appendix H.

3.6.4 Civic Centre Improvement - £1,710k

This capital estimate will cover essential works to the building fabric to ensure continued enjoyment of the accommodation. Roofing, windows and pavements are essential to ensure the continued smooth operation of the Civic Centre for staff and visitors and fire detection and prevention works will ensure continued safety. No external funding has been identified for this programme, and therefore the Council's own resources will need to be used to finance the scheme. The provisional sum of £1,710k has been set aside in the capital programme for planning purposes, however the release of these monies will be subject to a future report to the Executive for approval of the final scheme. Further details are provided in Appendix H.

3.7 Capital Receipts

3.7.1 Details of the receipts forecast in the years 2020/21 to 2023/24 are included in Appendix F to this report to be considered under Part 2 proceedings of the meeting. The latest estimate for 2020/21 has increased to £1,045k compared to what was reported in November (excluding "other" capital receipts). The estimate for 2021/22 has decreased by £1.950m in comparison to what was reported in November. A total of £5m per annum is assumed for receipts yet to be identified in later years.

3.7.2 There are a number of sites (Burnt Ash Lane, Bushell Way, Anerley car park, York Rise, West Wickham car park & Chipperfield Road) that were previously assumed for disposal, but the intention is now to transfer these to the Housing Revenue Account and for them to be used for housing purposes. This will lead to additional headroom for capital expenditure in the General Fund, being equivalent to a capital receipt of that value.

3.8 Financing of the Capital Programme

3.8.1 A capital financing statement is attached at Appendix D and the following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections which, as noted above, reflect prudent assumptions on the level and timing of disposals. Total balances would increase from £44.4m (General Fund £20.0m and capital receipts £24.4m) at the end of 2019/20 to £50.9 by the end of 2022/23 and then reduce to £13.8m by the end of 2027/28. It is therefore likely that any significant future capital schemes not funded by grants/contributions or revenue, may have to be funded from external borrowing.

General Fund
Capital Rece

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Total Capital Expenditure	31,066	35,871	31,474	31,019	25,740	155,170
Financed by:						
Usable Receipts	1,365	6,144	10,050	28,490	3,211	49,259
Revenue Contributions	8,266	4,882	329	329	329	14,135
Government Grants	11,122	20,346	2,500	0	0	33,967
Other Contributions	10,314	4,500	2,200	2,200	2,200	21,414
Internal Borrowing			16,395			16,395
General Fund	0	0	0	0	20,000	20,000
Total	**31,066**	**35,871**	**31,474**	**31,019**	**25,740**	**155,170**

3.8.
2

A

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

3.9 Section 106 Receipts

3.9.1 In addition to capital receipts from asset disposals, the Council is holding several Section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held as a receipt in advance on the Council's Balance Sheet, the balance of which stands at £8,516k as at 31st December 2020 as shown in the table below, and will be used to finance capital expenditure from 2020/21 onwards:

Specified Capital Works	**Balance 31/03/2020 £'000**	**Receipts 2020/21 £'000**	**Receipts 21/22 £'000**	**Balance 31/12/2020 £'000**
Housing	3,407	0	0	3,407
Education	4,037	135	0	4,172
Local Economy	932	0	0	932
Community Facilities	0	0	0	0
Highways	0	0	0	0
Other	6	0	0	6
Total	**8,382**	**135**	**0**	**8,517**

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

3.10 **Investment Fund and Growth Fund**

3.10.1 To help support the achievement of sustainable savings and income, the Council has set aside funding in the Investment Fund earmarked reserve (formerly known as the Economic Development and Investment Fund) to contribute towards the Council's economic development and investment opportunities. To date, total funding of £84.50m has been placed in the Investment Fund earmarked reserve, with a further £20.3m of capital receipts earmarked to supplement this, and £39.2m placed in the Growth Fund earmarked reserve. Appendix E provides a detailed analysis of the Funds dating back to their inception in September 2011.to date, schemes totalling £119m have been approved (£92.3m on the Investment Fund, and £26.5m on the Growth Fund), and the uncommitted balances as at the end of October 2020 stand at £12.5m for the Investment Fund and £12.7m for the Growth Fund.

3.11 **Feasibility Works – Property Disposals**

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

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

3.12 **Post-Completion Reports**

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

- Langley Park Boys School (BFS)
- The Highway Primary
- Universal Free School Meals
- The Woodland Improvements Programme
- Upgrade of Core Network Hardware
- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement MD110 Telephone Switch
- Windows Server 2003 Replacement Programme
- Beacon House Refurbishment
- Banbury House Demolition/Site Prep
- Review of Corporate Customer Services IT System
- Upgrade of MS Dynamics CRM System
- Care Homes- improvements to environment for older people
- Performance Management/Children's Services IT scheme
- Manorfield- Temporary Accommodation
- Carbon Management Programme (Invest to Save funding)

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix D is a capital financing statement, which gives a long-term indication of how the revised Programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The financing projections assume approval of the revised capital programme recommended in this report, together with an estimated £3.5m per annum for new capital schemes and service developments from 2022/23 onwards.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Leader 18/11/20) Treasury Management – Annual Investment Strategy 2020/21 (Executive and Resources PDS Committee 03/02/21) The Prudential Code for Capital Finance in Local Authorities (2017 edition) CIPFA publication List of potential capital receipts from strategic property as at 19.01.2021 List of Feasibility monies for property disposal from strategic property as at 19.01.2021

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APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - FEB 2021 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	**Date of Portfolio meeting**	**Revised 2020/21**	**Revised 2021/22**	**Revised 2022/23**	**Revised 2023/24**	**Revised 2024/25**	**TOTAL 2020/21 to 2024/25**	**Comments / reason for variation**
		£'000	**£'000**	**£'000**	**£'000**		**£'000**	
Current Approved Capital Programme								
Programme approved by Leader 18/11/2020	18/11/2020	51,417	55,095	31,420	2,240	0	140,172	
Housing Supply in Burnt Ash Lane	25/11/2020	476	0	0	0	0	476	
Housing Supply in Anerley & Chislehurst	25/11/2020	Cr 2,153	0	0	0	0	Cr 2,153	
Financial System Replacement	18/11/2020	Cr 200					Cr 200	
Approved Programme prior to 3rd Quarter's Monitoring		**49,540**	**55,095**	**31,420**	**2,240**	**0**	**138,295**	
Variations in the estimated cost of approved schemes								
(i) Variations requiring the approval of the Executive/Council								
Disabled Facilities Grant		290	0	0	0	0	290	See section 3.3.1
s106 - unallocated Education			135				135	See section 3.3.2
		290	135	0	0	0	425	
(ii) Variations not requiring approval		Cr 3,764	3,156	329	279		0	See section 3.4 and Appendix B
Net rephasing from 2020/21 into future years		Cr 3,764	3,156	329	279	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		**Cr 3,474**	**3,291**	**329**	**279**	**0**	**425**	
Add: Proposed new schemes			2,485	1,225	0	2,240	5,950	See section 3.5 and Appendix C
		0	**2,485**	**1,225**	**0**	**2,240**	**5,950**	
TOTAL REVISED CAPITAL PROGRAMME		**46,066**	**60,871**	**32,974**	**2,519**	**2,240**	**144,670**	
Less: Further slippage projection		Cr 15,000	Cr 25,000	Cr 5,000	25,000	20,000	0	
Add: Estimate for further new schemes				3,500	3,500	3,500	10,500	
TOTAL TO BE FINANCED		**31,066**	**35,871**	**31,474**	**31,019**	**25,740**	**155,170**	

CAPITAL PROGRAMME MONITORING - FEB 2021 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2020/21	2021/22	2022/23	2023/24	TOTAL	Comments/reason for variation
	£'000	£'000	£'000	£'000	£'000	
Rephasing of schemes						
Glebe School expansion	Cr 382	382	0	0	0	Re-phased from 2020/21 into future years to reflect the latest estimates of when expenditure is likely to be incurred
Seed Challenge Fund	Cr 100	100	0	0	0	Scheme has ended. Following reconcilliation any remaining fund needs to transfer to capital maintenance
Schools Access Initiative	Cr 76	76	0	0	0	Scheme now funded via Basic Need. Any remaining funds to be transferred to Basic Need.
Security Works	Cr 46	46	0	0	0	Scheme has ended. Remaining projects at Poverest and Downe Schools to be delivered in 2021/22
Capital maintenance in schools	Cr 200	200	0	0	0	2020 summer works delayed due to late DfE announcement and Covid. £909k set aside for works at Marjorie McClure to be delivered by DfE in relation to relocation of school.
Basic Need	Cr 2,400	2,400	0	0	0	Current figure does not reflect full year spend although there will be some rephasing.
Financial Systems Replacement	Cr 95	45	50		0	Re-phased from 2020/21 into future years to reflect the latest estimates of when expenditure is likely to be incurred
Customer Services IT System Replacement	Cr 465	Cr 93	279	279	0	Delays were experienced in technical solution sign off and final costings. However, the project is now in a good position to proceed with immediate effect, as scoping, solution analysis and business process mapping have been completed.
TOTAL REPHASING ADJUSTMENTS	**Cr 3,764**	**3,156**	**329**	**279**	**0**	

CAPITAL PROGRAMME REVIEW 2021 - RECOMMENDED TO EXECUTIVE 10/02/21

Capital Scheme/Project	Priority	TOTAL £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25	Revenue effect Running £'000	Revenue effect Financing £'000	Comments
Winter Maintenance Service	HIGH	350		350					
HR/Payroll System Replacement	MED	1,650	775	875					
Civic Centre Improvement	HIGH	1,710	1,710						
Transport for London (Highways and Traffic Schemes)	HIGH	2,200				2,200	0	0	Further Highways and Traffic schemes to be fully funded by TfL on the basis of the bid in the Borough Spending Plan (BSP). The Capital Programme currently includes estimates for 2021/22 to 2023/24 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.
Feasibility studies - block provisions	HIGH	40				40	0	0	Provision for 2021/22 - 2023/24 already in Capital Programme to fund feasibility works in respect of potential new schemes.
GRAND TOTAL NEW CAPITAL BIDS		**5,950**	**2,485**	**1,225**	**0**	**2,240**	**0**	**0**	

COST TO THE COUNCIL (LBB RESOURCES)	20/21 £'000	22/23 £'000	23/24 £'000	24/25 £'000	TOTAL £'000	
Grand total new bids above	2,485	1,225	0	2,240	5,950	
External funding for new bids						
Transport for London (Highway Schemes)	0	0	0	Cr 2,200	Cr 2,200	100% TFL funding
Funding from Council's resources	**2,485**	**1,225**	**0**	**40**	**3,750**	

CAPITAL FINANCING STATEMENT - EXECUTIVE FEBRUARY 2021 - ALL RECEIPTS

(NB. Assumes all capital receipts - see below)

	2019-20 Estimate £'000	2019-20 Actual £'000	2020-21 Estimate £'000	2021-22 Estimate £'000	2022-23 Estimate £'000	2023-24 Estimate £'000	2024-25 Estimate £'000	2025-26 Estimate £'000	2026-27 Estimate £'000	2027-28 Estimate £'000
Summary Financing Statement										
Capital Grants	12,074	9,851	11,122	20,346	2,500	0	0	0	0	0
Other external contributions	8,248	7,050	10,314	4,500	2,200	2,200	2,200	2,200	2,200	2,200
Usable Capital Receipts	909	6,601	1,365	6,144	10,050	28,490	3,211	3,433	3,540	3,540
Internal Borrowing	0	0	0	0	16,395	0	0	0	0	0
Revenue Contributions	4,662	Cr 58	8,266	4,882	329	329	329	107	0	0
General Fund	0	0	0	0	0	0	20,000	0	0	0
Borrowing (external)	0	0	0	0	0	0	0	0	0	0
Total expenditure	25,893	23,444	31,066	35,871	31,474	31,019	25,740	5,740	5,740	5,740
Usable Capital Receipts										
Balance brought forward	29,313	29,313	24,438	27,068	32,674	30,874	2,684	80	4,450	8,399
New usable receipts	3,580	1,727	3,995	11,750	8,250	16,200	607	8,298	7,489	8,906
	32,893	31,040	28,433	38,818	40,924	47,074	3,291	8,378	11,939	17,305
Capital Financing	Cr 909	Cr 6,602	Cr 1,365	Cr 6,144	Cr 10,050	Cr 28,490	Cr 3,211	Cr 3,433	Cr 3,540	Cr 3,540
Repayment of Internal Borrowing	0		0	0	0	Cr 15,900	0	Cr 495	0	0
Balance carried forward	31,984	24,438	27,068	32,674	30,874	2,684	80	4,450	8,399	13,765
Internal Borrowing										
Balance brought forward	0	0	0	0	0	Cr 16,395	Cr 495	Cr 495	0	0
Capital Financing	0	0	0	0	Cr 16,395	0	0	0	0	0
Repaid from new Capital Receipts	0	0	0	0	0	15,900		495	0	0
Balance carried forward	0	0	0	0	Cr 16,395	Cr 495	Cr 495	0	0	0
General Fund										
Balance brought forward	20,000	20,000	20,000	20,000	20,000	20,000	20,000	0	0	0
Less: Capital Financing	0	0	0	0	0	0	Cr 20,000	0	0	0
Less: Use for Revenue Budget	0	0	0	0	0	0		0	0	0
Balance carried forward	20,000	20,000	20,000	20,000	20,000	20,000	0	0	0	0
TOTAL AVAILABLE RESERVES	**51,984**	**44,438**	**47,068**	**52,674**	**50,874**	**22,684**	**80**	**4,450**	**8,399**	**13,765**
Anticipated Capital Financing Requirement (CFR)										
Non housing Housing		9,600	Cr 1,000	Cr 1,600	Cr 2,200	Cr 2,800				
Housing		0	10,000	10,000	10,000	10,000				
Total CFR		9,600	9,000	8,400	7,800	7,200				
Movement in CFR		**8,400**	**Cr 600**	**Cr 600**	**Cr 600**	**Cr 600**				

The future transfer of land from the General Fund to the HRA does not result in a capital receipt, as the HRA is not a separate legal entity but the effect would be similar in that it would mean that the Council can incur more capital expenditure without needing to borrow. Although the accounting arrangements are ‘technical’ in order to meet statutory accounting requirements the effective transfer of land has the same impact as generating a capital receipt of an equivalent value and therefore the equivalent value can be used to fund future capital schemes.

Assumptions:

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

INVESTMENT FUND & GROWTH FUND - 10 February 2021

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

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

Growth Fund:		£'000
Funding:		
Approved by Executive 26th November 2014 (Transfer from Investment Fund)		10,000
Approved by Executive 2nd December 2015		6,500
Approved by Executive 23rd March 2016		6,000
Approved by Executive 15th June 2016		7,024
Approved by Executive 22nd March 2017		4,000
Approved by Executive 14th June 2017		3,311
Approved by Executive 21st May 2018		2,319
Total funding approved		39,154
Schemes Approved and Committed		
Approved by Executive 24th March 2015 (Housing Zone Bid (Site G))	Cr	2,700
Approved by Executive 24th March 2015 ((Site G) - Specialist)	Cr	200
Approved by Executive 18th May 2016 (Feasibility Studies and Strategic Employment Review)	Cr	180
Approved by Executive 18th May 2016 (Broadband Infrastructure Investment)	Cr	50
Approved by Executive 20th Jul 2016 (BID - Penge & Beckenham)	Cr	110
Approved by Executive 1st Nov 2016 (19-25 Market Square)	Cr	10,705
Approved by Executive 1st Nov 2016 (63 Walnuts)	Cr	3,804
Approved by Executive 22nd March 2017 (Bromley Town Centre Public Realm Improvement Scheme)	Cr	2,844
Approved by Executive 7th November 2017 (Bromley Town Centre and Public Realm)	Cr	464
Approved by Executive 17th October 2018 (Bromley Town Centre - Mirrored Canopies & Shops)	Cr	415
Approved by Executive 22nd March 2017 (Project Officer cost Bromley Town Centre Public Realm improvement	Cr	40
Approved by Executive 22nd March 2017 (Community Initiative)	Cr	15
Approved by Executive 24th May 2017 (Feasbility Works/Property Disposal)	Cr	250
Renewal Team Cost	Cr	310
Approved by Executive 28th November 2018 (Housing Development Feasibility)	Cr	100
Approved by Executive 27th March 2019 (West Wickham BID)	Cr	75
Approved by Executive 21st May 2019 (Specialist advice for setting up local Housing company)	Cr	100
Noted by Executive 12th February 2020 - £1.5m of s106 to replace Growth Fund allocation for Bromley Town Centre capital scheme		1,500
Approved by Executive 1st April 2020 - Consultancy services for advice on urban design scheme	Cr	50
Approved by Executive 1st April 2020 - Bromley High St improvements	Cr	800
Noted by Leader May 2020 - £2m of s106 to replace Growth Fund allocation for Bromley Town Centre capital scheme		2,000
Total further spending approvals	Cr	19,712
Schemes Approved, but not committed		
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr	6,790
Uncommitted Balance on Growth Fund		12,652

APPENDIX G - FEASIBILITY WORKS

CAPITAL PROGRAMME MONITORING - FEB 2021

Location	Estimated Feasibility / Viability Cost (£'000)	Description	January 2021 Status
West Wickham Leisure Centre	0	Redevelopment of Facility	Scheme now being progessed by Regeneration Team
The Glades Department Store RENAME to Feasability to re-purposing of High Street Assets	50	Works to identify re-purposing of Investment Properties held as High Street Assets	Options being considered and feasability studies being costed
The Walnuts Centre	0	Redevelopment of Facility	Scheme now being progessed by Regeneration Team
Old Town Hall/Civic Centre	0	Option to utilise Old Town Hall as Council Offices	Old Town Hall sold
Depots Review - Disposal Options	25	Disposal of surplus Depots	Awaiting final ilst of sites to be declared surplus.
Biggin Hill Aviation College - Alternative	0	Creation of an aviation college at BH	BHAL granted consent by Executive awaitibng implimentation by BHAL
Libraries (Chislehurst model roll out)	0	Redevelopment of Facility	Scheme now being progessed by Regeneration Team
Lease standardisation	0	Lease standardisation	Most leases now in standard modern format
	75		

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APPENDIX H

Part 1

A. PROJECT SPECIFICATION

1. Project title and description

Civic Centre Improvement – essential works to the building fabric to ensure continued enjoyment of the accommodation and internal refurbishment to staff welfare and office areas

2. Total estimated capital cost

£1.71m

3. Proposed start date

2021/23

4. Justification for "early" start (i.e. before 2022/23), if applicable

Repairs to external areas – roofing, windows, pavements etc – are essential to ensure the continued smooth operation of the Civic Centre for staff and visitors. Internal areas are dilapidated in part. New floor coverings and decoration to committee rooms, the chamber and associated areas – plus staff kitchens, toilets and office space, will improve the working environment and functionality. Fire detection and prevention works will ensure continued safety.

5. Proposed completion date

March 2022

B. POLICIES AND OBJECTIVES

6. What are the aims and objectives of the project?

To ensure continued safe and effective operation of Civic Centre buildings, to provide improved accommodation for Members, staff and public.

7. Which objective(s) of the Council's Plans and Strategies (specifically Building a Better Bromley, Corporate Operating Principles, Portfolio/Service Plans and Asset Management Plan) will be met by the project, and how?

Under Corporate Operating Principles, these works will help to create a better and more modern working environment for staff and, in part, reduce running costs incurred from maintaining assets beyond their economic lifespan.

8. What are the expected additional outputs and outcomes from the proposed project? (including increase in service users, additional jobs, etc.)

Improvements to the working environment display commitment to staff welfare and engender trust and respect between the Council and employees. New large equipment i.e. council chamber lift will ensure continued functionality of the space.

9. What, if any, statutory requirement or government initiative(s) will the project contribute towards?

Fire safety, energy efficiency, disabled access (lift works).

10. What, if any, partnership working will be involved, and how?

A mixture or working with the incumbent FM provider (Amey) and potentially direct engagement with quality local suppliers.

11. Who are the interested stakeholders and what consultation has taken place with them?

Members, staff and public. No formal consultation, however commitments have been given to staff over the last 5 years that improvements would be made to the Civic Centre accommodation offering.

C. FINANCIAL CONSIDERATIONS

12. Total estimated capital cost: £1.71m

13. Analysis of capital cost (including elements to be funded by other bodies).

	2021/22 (early start)	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000
Land / Property acquisition					
Construction/Works (main contractor)	£1560				
Furniture & equipment					
Consultants' Fees	£150				
Other (please specify)					
TOTAL	£1710				

14. Analysis of potential external funding (see also Q16 re ring-fencing of external funding).

e.g. Government grants, other local authorities, private sector, other (please specify)	2021/22 (early start)	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000
TOTAL					

15. Revenue implications of capital expenditure. (Note: Given the Council's financial outlook, COE has indicated that bids of an "invest to save" nature will be especially welcome).

	2021/22 (early start)	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000
Capital financing (leave blank)					
Employees					
Building maintenance	£1710				
Energy costs					
Rates					
Other (please specify)					
Less: Income					
TOTAL	£1710				

16. Is the external funding in 14 above ring-fenced? If not, please provide a justification for allocating the funding to cover this proposal in preference to allocating to cover general capital expenditure.

N/A

17. Will any capital receipt arise from the proposal? If so, please give details

N/A

D. RISK MANAGEMENT

18. Please identify any potential risks associated with the project. (These could include risks associated with land acquisition, planning, development, management, marketing, etc.)

Programme slipping due to access/scheduling difficulties. Cost creep owing to unforeseen repairs with older elements of the buildings.

19. What contingency arrangements would be in place to address these risk factors?

Specific project management, careful planning and information sharing, cost contingency built in for unplanned expenditure.

20. What, if any, would be the consequences of not undertaking the project?

    a) At all?

Increased costs for repair to external building elements. Statutory compliance failure.

b) In the proposed timescale?

As above, continuing steady failure of building elements, internal finishes and welfare facilities.

E. SUSTAINABILITY

21. Has any consideration been given to social, environmental and financial outcomes arising from the project? Please provide details.

N/A

22. Have the whole life costs of the scheme been fully considered (i.e. have all the key stages of the scheme been considered, from design through to potential disposal), and have the social, environmental and economic impacts and costs, both positive and negative, been identified? Please provide details.

The total comprises 25+ individual building and refurbishment projects. The works represent essential maintenance and repair with improvement to the working environment and statutory compliance.

F. GENERAL

23. VAT IMPLICATIONS
Are there any VAT implications arising from the proposed scheme? (These will need to be signed off by Maria Wiles before the bid can progress).

None

24. ASSESSMENT OF PRIORITY
What would you assess the overall priority for this project to be? (please tick as appropriate).

	High	Medium	Low

Departmental	X		
Public	X		
Council Members	X		

25. PROJECT MANAGER / RESPONSIBLE OFFICER

Name: Matt Wyatt

Job Title: Head of Facilities and Capital Projects

Date: December 2020

Civic Centre works - indicative calculation

Civic Centre - Works	**Budget Estimates**
Replace lift to council chamber	£60,000
Repairs/decorations to colonnade to old palace	£50,000
Dormer windows to old palace	£60,000
Upgrade covered ways	£25,000
New windows to former telephone exchange	£25,000
Re-line mark St Blaze staff car park	£10,000
Kitchens in Stockwell	£30,000
Toilets in Stockwell	£30,000
Kitchens in North Block	£30,000
Toilets in St Blaze	£30,000
Kitchens in St Blaze	£30,000
East / West wing - put toilets on main supply	£15,000
East / West wing coping stones	£10,000
East / West wing doors onto roof	£5,000
Fire doors - general across site	£50,000
Upgrade lighting - general across site	£250,000
Emergency lighting - general across site	£50,000
Fire alarms - general across site	£50,000
Council Chamber roof	£90,000
Roofing - general across site	£40,000
Change doors to Rochester entrance/lobbies	£30,000
Change doors to Stockwell entrance/lobbies	£30,000
Handrail to steps and cleaning - rear old palace	£10,000
Decorations - general across site	£250,000
Flooring - general across site	£250,000
West Wing - refurbishment of committee rooms 1-6, members room and cloakroom, west wing corridor, council chamber and associated areas	£176,000
Pavement repairs	£20,000
Total	**£1,706,000**

Part 2

A. PROJECT SPECIFICATION

6. Project title and description

HR/Payroll System Replacement

7. Total estimated capital cost

£1.65ma

8. Proposed start date

October 2021

9. Justification for "early" start (i.e. before 2022/23), if applicable

The current HR/Payroll software and support contract ends in June 2023 however to allow for time for parallel run testing of payroll results in new software, any new system needs to be ready for January 2023.

10. Proposed completion date

January 2023

C. POLICIES AND OBJECTIVES

8. What are the aims and objectives of the project?

To procure and implement a new integrated HR/Payroll System to replace the existing Resourcelink, HR Self Service System & Reporting Functionality. To investigate whether a fully integrated ERP system could be introduced to join the HR and Payroll functions with Finance to create greater efficiencies and easier reporting and access to management information.

9. Which objective(s) of the Council's Plans and Strategies (specifically Building a Better Bromley, Corporate Operating Principles, Portfolio/Service Plans and Asset Management Plan) will be met by the project, and how?

This will help to ensure we have a fit for purpose HR/Payroll system to support in the continued delivery of effective HR and Payroll services to help meet our priority of being an Excellent Council.

9. What are the expected additional outputs and outcomes from the proposed project? (including increase in service users, additional jobs, etc.)

- A fully supported, more flexible HR/Payroll system with greater integration with the Council's financial system
- Increased resilience by removing the reliance on and risks of using an on-premise data centre (it is anticipated that it will be hosted in the Cloud)
- Ability to implement new reporting functionality to aid internal management reporting, including clearer establishment reporting and production of the Council's statutory returns
- Improve processes for management and control of Council's post and establishment data
- Ability to improve self-service functionality for HR/Payroll.

12. What, if any, statutory requirement or government initiative(s) will the project contribute towards?

13. What, if any, partnership working will be involved, and how?

This will involve working with the Council's IT partner, BT, the Council's Payroll and Pension function partner, Liberata, as well as a specialist system implementer

14. Who are the interested stakeholders and what consultation has taken place with them?

The Council's HR Teams, Liberata Payroll and Pensions, Finance, Audit and all Managers and Employees from a HR Self Service perspective. Discussions have taken place with finance and IT regarding proposals. Wider consultation with relevant staff has not yet taken place; however, this will be undertaken to help determine any areas that could be improved etc

G. FINANCIAL CONSIDERATIONS

23. Total estimated capital cost — £1.65m

24. Analysis of capital cost (including elements to be funded by other bodies).

	2021/22 (early start)	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000
Land / Property acquisition					
Construction/Works (main contractor)					
Furniture & equipment					
Consultants' Fees (System Integrator)	350	350			700
Other (please specify)					
Software	60	130			190
BT/3rd Party IT Costs	50	80			130
Staffing	215	215			430
Contingency	100	100			200
TOTAL	775	875			1,650

At this stage it's difficult to gauge the final costs however more detailed analysis would be included in a full report to be presented at a future meeting. There may be potential savings which would also be considered as part of the detailed report.

25. Analysis of potential external funding (see also Q16 re ring-fencing of external funding).

e.g. Government grants, other local authorities, private sector, other (please specify)	2021/22 (early start)	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000
TOTAL					

26. Revenue implications of capital expenditure. (Note: Given the Council's financial outlook, COE has indicated that bids of an "invest to save" nature will be especially welcome).

	2021/22 (early start)	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000
Capital financing (leave blank)					
Employees					
Building maintenance					
Energy costs					
Rates					
Other (please specify)					
Less: Income					
TOTAL					

27. Is the external funding in 14 above ring-fenced? If not, please provide a justification for allocating the funding to cover this proposal in preference to allocating to cover general capital expenditure.

N/A

28. Will any capital receipt arise from the proposal? If so, please give details

No

H. RISK MANAGEMENT

29. Please identify any potential risks associated with the project. (These could include risks associated with land acquisition, planning, development, management, marketing, etc.)

Lack of internal resources/inability to recruit additional resources to support the project including effective end-user training. Potential slippage. Risk of inaccurate/no payments if improperly implemented/tested Risk of inaccurate/delayed information provided to HMRC Risk of inaccurate/delayed HR/Payroll Management information if improperly implemented.

30. What contingency arrangements would be in place to address these risk factors?

Ensure sufficient staff with knowledge of HR and Payroll processes and technical knowledge are involved throughout and backfilling their current roles if required. Ensure an experienced LBB project manager is involved Allow sufficient time in project timescales for parallel payroll run testing e.g. January to June 2023

31. What, if any, would be the consequences of not undertaking the project?

c) At all?

In order to address and minimize future risks to a critical system, it is important for us to look at a cloud system to give greater flexibility and support agile working. There is currently limited functionality to improve system processes further and a risk of loss of knowledge and expertise of the current system and reporting requirements

d)

As above

I. SUSTAINABILITY

32. Has any consideration been given to social, environmental and financial outcomes arising from the project? Please provide details.

There may be additional cashable and non-cashable benefits as a result of additional/more efficient processes etc, such as the potential introduction of an integrated ERP system with finance which would improve processes and improve the ability to produce management information, potentially reduced costs of future upgrades, improved self-service functionality, automated workflows etc, however these are not quantifiable at this point

33. Have the whole life costs of the scheme been fully considered (i.e. have all the key stages of the scheme been considered, from design through to potential disposal), and have the social, environmental and economic impacts and costs, both positive and negative, been identified? Please provide details.

Yes

J. GENERAL

23. VAT IMPLICATIONS
Are there any VAT implications arising from the proposed scheme? (These will need to be signed off by Maria Wiles before the bid can progress).

No

24. ASSESSMENT OF PRIORITY
What would you assess the overall priority for this project to be? (please tick as appropriate).

	High	Medium	Low
Departmental	X		
Public			X
Council Members		X	

25. PROJECT MANAGER / RESPONSIBLE OFFICER

Name: Emma Downie

Job Title: Head of HR Business, Systems & Reward

Date: 20/01/2021

Report No.
CSD21029

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 1 March 2021**
Decision Type:	Non-Urgent Executive Key
Title:	**TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2021/22 AND QUARTER 3 PERFORMANCE 2020/21**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

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1. Reason for report

1.1 At its meeting on 3rd February 2021, the Executive, Resources and Contracts PDS Committee considered the attached report summarising Treasury Management activity during the third quarter of 2020/21 and presenting the Treasury Management Strategy and the Annual Investment Strategy for 2021/22, which are required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council. The report also includes prudential indicators and the MRP (Minimum Revenue Provision) Policy Statement, both of which require the approval of Council although, as Members will be aware, Bromley does not currently borrow to finance its capital expenditure and, as a result, many of the indicators do not have any real relevance for the Council. The 2020/21 strategy was agreed by Council in February 2020, and there is a change proposed to increase the limit invested with Housing Associations from £50m to £80m.

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2. RECOMMENDATIONS

Council is recommended to note the report and

(1) Approve an increase in the limit to £80m for investments with Housing Associations, as set out in Section 3.5.5 of the report.

(2) Adopt the Treasury Management Statement and the Annual Investment Strategy for 2021/22 (Appendix 4 to the report) including the prudential indicators (summarised on page 47 of the report) and the Minimum Revenue Provision (MRP) policy statement (page 22 of the report.)

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable:
2. Ongoing costs: Not Applicable:
3. Budget head/performance centre: Interest on balances
4. Total current budget for this head: £3,591k (net) in 2020/21, £1,250k surplus currently projected, draft budget for 2021/22 £3,591k
5. Source of funding: Net investment income

Personnel

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

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Legal

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

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

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

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Ward Councillor Views

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

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

Report No. FSD21011	**London Borough of Bromley**

PART 1 - PUBLIC

Decision Maker:	**Resources, Commissioning and Contract Management Portfolio Holder Council**		
Date:	**For pre-decision scrutiny by Executive, Resources and Contracts PDS Committee on 3rd February 2021 Council 1st March 2021**		
Decision Type:	Non-Urgent	Executive	Key
Title:	**TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2021/22 AND QUARTER 3 PERFORMANCE 2020/21**		
Contact Officer:	Katherine Ball, Principal Accountant Tel: 020 8313 4792 E-mail: Katherine.ball@bromley.gov.uk		
Chief Officer:	Director of Finance		
Ward:	All		

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1. Reason for report

1.1. This report summarises Treasury Management activity during the third quarter of 2020/21 and presents the Treasury Management Strategy and the Annual Investment Strategy for 2021/22, which are required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council. The report also includes prudential indicators and the MRP (Minimum Revenue Provision) Policy Statement, both of which require the approval of Council. For clarification, the Council is required by statute to agree and publish prudential indicators, primarily to confirm that the Council's capital expenditure plans are affordable and sustainable. As Members will be aware, Bromley does not currently borrow to finance its capital expenditure and, as a result, many of the indicators do not have any real relevance for the Council. The 2020/21 strategy was agreed by Council in February 2020, and there is a change proposed to increase the limit invested with Housing Associations from £50m to £80m.

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2. RECOMMENDATION(S)

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

a) note the report;

b) **note the Treasury Management performance for the third quarter of 2020/21;**

c) **note the further advances to Project Beckenham Ltd extending the arrangement previously agreed by Members, as set out in Section 3.4.3;**

d) **recommend that Council approves an increase in the limit to £80m for investments with Housing Associations, as set out in Section 3.5.5;**

e) **recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2021/22 (Appendix 4) including the prudential indicators (summarised on page 47) and the Minimum Revenue Provision (MRP) policy statement (page 22),**

2.2. **Council is requested to:**

a) **note the report, and**

b) **agree an increase in the limit to £80m for investments with Housing Associations, as set out in Section 3.5.5;**

c) **agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2021/22 (Appendix 4), including the prudential indicators (summarised on page 47) and the Minimum Revenue Provision (MRP) policy statement (page 22).**

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, £1,250k surplus currently projected, draft budget for 2021/22 £3,591k
5. Source of funding: Net investment income

Staff

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

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Legal

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

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

3.1 General

3.1.1 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year comparing actual activity to the strategy. Until recently, the Director of Finance reported quarterly on treasury management activity as well as reporting the annual strategy before the year and the annual report after the year-end. Following consideration by this Committee, on 10th December 2018 Council approved the non-reporting of treasury management activity quarterly. This effectively means that in-year monitoring will be incorporated into the three reports required by the Code of Practice and that Quarter 1 monitoring will no longer be reported unless there are any matters that officers feel should come before the Committee sooner.

3.1.2 The 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 reported to this PDS Committee and to Council in September and October 2020 and included no proposed changes to the 2020/21 strategy. The mid-year review for 2020/21 was reported to this PDS Committee in November 2020 and was approved by Council on 7th December 2020.

3.1.3 This report includes details of investment performance in the third quarter of 2020/21. Details of treasury management activity during the first two quarters of 2020/21 were incorporated into the mid-year review and reported to this PDS Committee on 18th November 2020.

3.1.4 Changes in the regulatory environment have places a much greater onus on Members to undertake the review and scrutiny of treasury management policy and activities. This report is important in that respect as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

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

- Positive cash flow;
- Monies owed to creditors 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.

3.1.6 Some of the monies identified above are short term and investment of these needs to be highly "liquid", particularly if it relates to a positive cash flow position which can change in the future. Future monies available for Treasury Management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding, which will require the Council to make further revenue savings to balance the budget in future years, there is a likelihood that such actions may be required in the medium term which will reduce the monies available for investment.

3.1.7 The Council has also identified an alternative investment strategy relating to property investment. To date, this has resulted in actual and planned acquisitions which generated £3m income in 2015/16, £4.6m in 2016/17, £5.6m in 2017/18, £5.5m in 2018/19, £5.4m in 2019/20 and is budgeted to achieve £5.4m 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.

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

3.2 Treasury Management Performance in the quarter ended 31st December 2020

3.2.1 **Borrowing:** The Council's healthy cashflow position continues and, other than some short-term borrowing at the end of 2015/16, no borrowing has been required for a number of years.

3.2.2 **Investments:** The following table sets out details of investment activity during the third quarter of 2020/21 and 2020/21 year to date:-

	Qtr Ended 31/12/20		**2020/21 Year to Date**		
	Deposits	**Ave Rate**	**Deposits**	**Ave Rate**	**Paragraph**
	£m	**%**	**£m**	**%**	
Balance of "core" investments b/f	260.00	1.28	220.00	1.25	
New investments made in period	65.00	0.51	200.00	0.99	
Investments redeemed in period	-55.00	1.13	-150.00	1.13	
"Core" investments at end of period	270.00	1.12	270.00	1.28	
Money Market Funds	44.80	0.02	44.80	0.12	3.4.1
CCLA Property Fund*	40.00	8.49	40.00	0.04	3.4.4.5
Multi-Asset Income Funds*	40.00	18.59	40.00	19.00	3.4.4.7
Project Beckenham Loan	2.10	6.00	2.10	6.00	3.4.3
"Alternative" investments at end of period	126.90	8.64	126.90	6.14	
Total Investments at end of Period	**396.90**	3.53	**396.90**	2.84	
* 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					

3.2.3 Details of the outstanding investments at 31st December 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 third quarter of 2020/21 was 0.51%.

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

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

3.2.6 Active UK banks and building societies on the Council's list now comprise only Lloyds, RBS (ring-fenced – including National Westminster Bank), Santander UK, Goldman Sachs International Bank, Close Brothers, and Yorkshire, Principality, Nottingham & Skipton Building Societies, and all of these have reduced their interest rates significantly in recent years. The Director of Finance will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.

3.2.7 The chart in Appendix 1 shows total investments at quarter-end dates back to 1st April 2004 and shows how available funds have increased steadily over the years. This has been a significant contributor to the over-achievement of investment income against budgeted income in recent years.

3.3 Interest Rate Forecast (provided by Link Asset Services)

3.3.1 The latest forecasts are shown in the table below:

Date	LATEST FORECAST (Dec20)				PREVIOUS FORECAST (Nov20)			
	Base Rate	3 month Libid	6 month Libid	1 year Libid	Base Rate	3 month Libid	6 month Libid	1 year Libid
Dec-20	0.10%	0.10%	0.10%	0.20%	0.10%	0.10%	0.10%	0.10%
Jun-21	0.10%	0.10%	0.10%	0.20%	0.10%	0.10%	0.10%	0.10%
Dec-21	0.10%	0.10%	0.10%	0.20%	0.10%	0.10%	0.10%	0.10%
Jun-22	0.10%	0.10%	0.10%	0.20%	0.10%			

3.4 Other accounts

3.4.1 Money Market Funds

3.4.1.1 The Council currently has 7 AAA-rated Money Market Fund accounts, with Prime Rate, Aberdeen Standard (formerly known as Ignis), Insight, Blackrock, Fidelity, Morgan Stanley and Legal & General, all of which have a maximum investment limit of £15m. In common with market rates for fixed-term investments, interest rates on money market funds have fallen considerably in recent years. The Aberdeen Standard, Prime Rate and Fidelity currently offer the best rate at around 0.01%.

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 31st March 2020, to £31.7m at 30th September 2020, £44.8m as at 31st December 2020, and currently stands at £48.8m (as at 7th January 2021). The Money Market Funds currently offer the lowest interest of all eligible investment vehicles along with the Government Debt Management Account Deposit Facility (current indicative rate 0.01%); however they are the most liquid, with funds able to be redeemed up until midday for same day settlement

Money Market Funds	Date Account Opened	Actual Balance 31/03/20	Actual Balance 31/12/20	Ave. daily balance to 30/12/20	Ave. daily rate 01/04/20 to 31/012/20	Latest Balance 07/01/21	Latest Rate 08/01/21
		£m	£m	£m	%	£m	%
Prime Rate (Federated)	15/06/2009	15.00	15.00	13.68	0.15	15.00	0.01
Aberdeen Standard	25/01/2010	15.00	9.50	14.63	0.17	15.00	0.01
Insight	03/07/2009	-	3.40	2.83	0.10	-	0.00
Legal & General (LGIM)	23/08/2012	4.80	1.90	8.87	0.14	3.80	0.00
Blackrock	16/09/2009	-	-	-	-	-	-
Fidelity	20/11/2002	-	15.00	6.12	0.11	15.00	0.01
Morgan Stanley		-	-	-	-	-	-
TOTAL		34.80	44.80	46.13		48.80	

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 25th February 2019, Council approved an increase in the limit for investments with Housing Associations from £25m to £50m. On 28th March 2019 a further investment of £10m was made with Southern Housing Group (A2) for two years at a rate of 1.70%. On 9th April 2019 a £5m investment was made with Thames Valley Housing Association (A-) for 2 years at a rate of 1.73% and on 22nd August with Optivo Housing (A2) for 2 years at a rate of 1.45%. On April 14th 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 12th 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.

3.4.2.2 The Treasury Management Strategy statement (Appendix 4) sets out a proposed increase in the limit for investments with Housing Associations from £50m to £80m, with a limit of £10m for each housing association.

3.4.3 Loan to Project Beckenham

3.4.3.1 On 26th June 2017 Council approved the inclusion in the strategy of a secured loan to Project Beckenham relating to the provision of temporary accommodation for the homeless that had previously been agreed to be advanced from the Investment Fund. A loan of £2.3m was made in June 2017, at a rate of 6%, although that may increase to 7.5% if the loan to value ratio exceeds a specified value. £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. Sums of £0.350m and £0.45m were advanced in August 2020 and December 2020 respectively and the current balance is £2.1m.

Loan for Housing purposes

3.4.3.1 Outside of the Council's Treasury Management arrangements, a partnership proposal is being progressed with a private sector body which will help meet the Council's priorities in relation to housing. This will involve an £20m funding loan to a limited liability partnership that will be part owned by the Council. Funds will be made available directly from the Council's Earmarked Reserves that have been aside for housing schemes. Full details of this scheme, including details of loan repayments, will be reported separately to members.

3.4.4.1 Pooled Investment Schemes

3.4.4.2 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.

3.4.4.3 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%	-25.34%
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	4.58%	2.41%	6.99%
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 - 31/12/20	3.70%	-3.66%	0.04%
Cumulative return	4.45%	-0.70%	3.75%

3.4.4.5.1 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 -0.7%, with the negative capital growth in 2019/20 and the first three quarters of 2020/21 due to market volatility caused by the Covid-19 pandemic.

<u>Multi Asset Income Fund</u>

3.4.4.7 Following approval by Council in June 2017, the limit for pooled investment schemes was increased to £80m and an investment of £30m was made on 12th July 2017 in the Fidelity Multi-Asset Income Fund following the agreement of the Resources, Commissioning and Contract Management Portfolio Holder. The annualised fund return for the year to 31st December 2020 was capital growth of 14.11% and dividends paid of 4.9% resulting in a total return of 19%.

3.4.4.8 Since inception, dividends paid have averaged 4.45% per annum and the capital value has reduced slightly by 0.55% per annum resulting in a net annual return of 3.9%. It should be noted that the Fund represents a longer-term investment of around five years.

Annualised net return	Dividend %	Capital growth %	Total return %
12/07/2017 - 31/03/18	4.24%	-6.02%	-1.78%
01/04/2018 - 31/03/19	4.26%	1.38%	5.64%
01/04/19 - 31/03/19	4.37%	-11.81%	-7.44%
01/04/20 - 31/12/20	4.90%	14.11%	19.00%
Cumulative since start	4.45%	-0.55%	3.90%

3.4.5 <u>Investment with Heritable Bank</u>

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%).

3.4.6 <u>Housing Revenue Account</u>

3.4.6.1 It has been assumed in the accompanying Treasury Management Strategy Statement and Annual Investment Strategy 2021/22 that following the appropriation of land from the General Fund to the Housing Revenue Account, that this will be financed solely through internal borrowing of £10m.

3.5 Treasury Management Strategy Statement and Annual Investment Strategy 2021/22

3.5.1 Appendix 4 sets out the Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22. This combines the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services (revised in 2009 and updated in 2011 and 2017) and the Prudential Code. The Strategy includes throughout details of proposed prudential indicators, which are summarised in Annex 3 (page 47) and will be submitted for approval to the February Council meeting. Many of the indicators are academic as far as the Council is concerned, as they seek to control debt and borrowing (generally not applicable for Bromley), but they are a statutory requirement.

3.5.2 Members will be aware that, since the Icelandic bank crisis in October 2008, the Council has approved a number of changes to the eligibility criteria and maximum exposure limits (both monetary and time) for banks and building societies. The Council also applies a minimum sovereign rating of A- to investment counterparties.

3.5.3 While the Council effectively determines its own eligible counterparties and limits, it also uses Link Asset Services (formerly Capita) as an advisor in investment matters. Link use a sophisticated modelling approach that combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes indicate Link's recommendations on the maximum duration for investments. The Council will use its own eligibility criteria for all investment decisions, but will also be mindful of Link's advice and information and will not use any counterparty not considered by Link to be a reasonable risk. In line with the requirements of the CIPFA Treasury Management Code of Practice, the Council will always ensure the security of the principal sum and the Council's liquidity position before the interest rate.

3.5.4 A number of UK banks have been the subject of credit ratings downgrades in recent years, which has resulted in reductions to the number of eligible counterparties and to monetary and duration limits on the Council's lending list. It should be emphasised that the downgrades were, in most cases, relatively minor and were not an indication of a likely bank default but, nevertheless, they were enough to impact on the Council's lending list. As a result, the total of investments placed with money market funds has increased significantly in recent years, although this has reduced following Council approval to invest in pooled vehicles and increased limits for the part-nationalised banks.

3.5.5 The treasury management strategy is kept under constant review and the following change is being proposed in this report:

- Increase the counterparty limit for housing associations from a total of £50m to £80m; the limit for any one housing association remains at £10m

3.5.6 Details of eligible types of investment and counterparties are set out in the Annual Investment Strategy (Annex 2 of Appendix 4).

3.6 Regulatory Framework, Risk and Performance

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

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

- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing that may be undertaken (although no restrictions have been made to date);

- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;

- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;

- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;

- Under the Act, the CLG has issued Investment Guidance to structure and regulate the Council's investment activities;

- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007, the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

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

4 POLICY IMPLICATIONS

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

5 FINANCIAL IMPLICATIONS

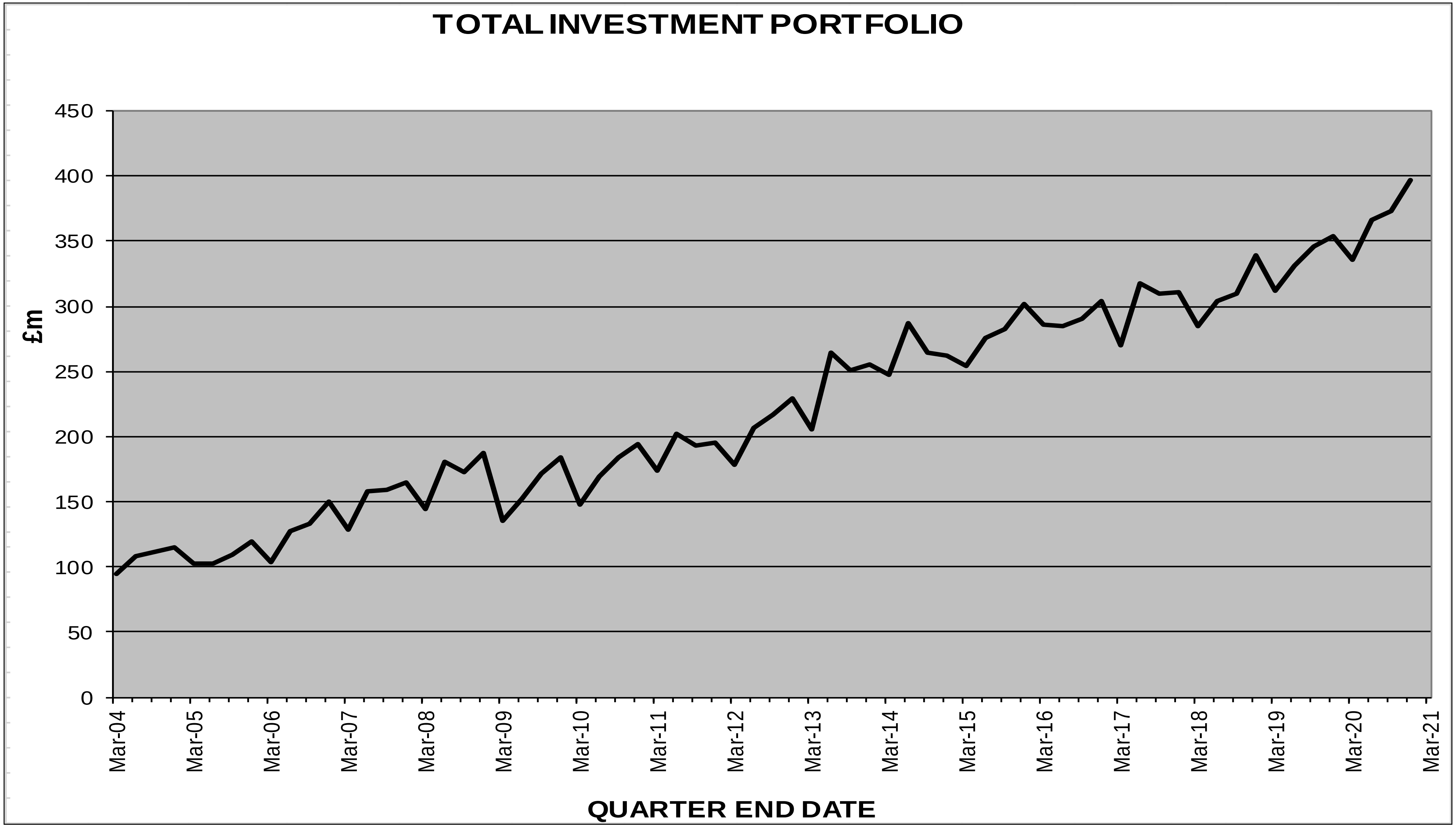
5.1 There has been a decrease in the Bank of England base rate from 0.25% to 0.10%, and this has led to new core investments being taken out at lower rates; this is not forecast to have a substantial impact on the amount of interest received in 2020/21 as most of the rates on the core investments were 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 £1,250k for the year. The projected surplus is also due to higher interest earned on the pooled funds and the Project Beckenham loan.

5.4 With regard to 2021/22, the draft budget has remained at £3,591k, to reflect the increased level of interest earnings from alternative investments as set out above which is in part offset by an expected reduction in balances available for investment as a result of the utilisation of capital receipts and grants/contributions as well as earmarked revenue reserves.

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


TOTAL INVESTMENT PORTFOLIO
£m
450
400
350
300
250
200
150
100
50
0
Mar-04
Mar-05
Mar-06
Mar-07
Mar-08
Mar-09
Mar-10
Mar-11
Mar-12
Mar-13
Mar-14
Mar-15
Mar-16
Mar-17
Mar-18
Mar-19
Mar-20
Mar-21
QUARTER END DATE

INVESTMENTS HELD AS AT 31ST DECEMBER 2020 | **APPENDIX 2**

Counterparty	Start date	Maturity date	Rate of Interest	Amount	Fitch		Moodys		S&P ratings		Fitch		Moodys		S&P ratings	
					Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
			%	£m	Ratings at time of Investment						Ratings as at 31st December 2020					
BIRMINGHAM CITY COUNCIL	20/04/2020	20/01/2021	1.33	15.0	N/A						N/A					
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0	N/A						N/A					
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0	N/A						N/A					
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									
BATH & NE SOMERSET DC	01/04/2020	01/04/2021	1.50	15.0	N/A						N/A					
STOCKTON ON TEES BC	01/04/2020	01/04/2021	1.50	5.0	N/A						N/A					
CHESHIRE EAST COUNCIL	17/09/2020	06/04/2021	0.45	5.0	N/A						N/A					
NATWEST BANK	09/04/2019	09/04/2021	1.35	10.0	A+	F1	A1	P-1	A-	A-2	A+	F1	A1	P-1	A	A-1
THAMES VALLEY HOUSING ASSOCIATION LTD	09/04/2019	09/04/2021	1.73	5.0					A-						A-	
CHESHIRE EAST COUNCIL	21/09/2020	12/04/2021	0.42	5.0	N/A						N/A					
THURROCK COUNCIL	16/04/2020	16/04/2021	1.90	10.0	N/A						N/A					
PRINCIPALITY BUILDING SOCIETY- CARDIFF	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						N/A					
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					
OPTIVO	22/08/2019	23/08/2021	1.45	10.0			A2	P-1					A2			
WARRINGTON BOROUGH COUNCIL	29/10/2019	29/10/2021	1.55	15.0	N/A						N/A					
CLOSE BROTHERS	30/10/2020	29/10/2021	0.70	10.0	A-	F2	Aa3	P-1			A-	F2	Aa3	P-1		
SANTANDER BANK	16/11/2020	16/11/2021	0.45	15.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1
QATAR NATIONAL BANK SAQ	04/12/2020	03/12/2021	0.58	10.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
QATAR NATIONAL BANK SAQ	04/12/2020	06/12/2021	0.54	5.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
NORTHUMBERLAND COUNTY COUNCIL	18/12/2020	17/12/2021	0.40	10.0	N/A						N/A					
SANTANDER BANK	18/12/2020	17/12/2021	0.45	15.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0	N/A						N/A					
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						N/A					
METROPOLITAN HOUSING TRUST	12/06/2020	10/06/2022	1.50	5.0					A-						A-	
THURROCK COUNCIL	12/06/2020	13/06/2022	1.55	5.0	N/A						N/A					
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/2020	20/04/2023	1.68	10.0	N/A						N/A					
TOTAL FIXED INVESTMENTS				**270.0**												
OTHER FUNDS																
FIDELITY MONEY MARKET FUND				15.0												
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				9.5												
INSIGHT STERLING LIQUIDITY FUND				3.4												
LGIM STERLING LIQUIDITY FUND				1.9												
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.0												
CCLA LOCAL AUTHORITY PROPERTY FUND				40.0												
FIDELITY MULTI-ASSET INCOME FUND				40.0												
SPRING CAPITAL LOAN				2.1												
TOTAL INVESTMENTS				**396.9**												

INVESTMENTS HELD AS AT 31st DECEMBER 2020						APPENDIX 3	
	Start Date	**Maturity Date**	**Rate of Interest %**	**Amount £m**	**Total £m**	**Limit £m**	**Remaining £m**
UK BANKS							
CLOSE BROTHERS	17/07/2020	18/03/2021	1.20	10.0			
CLOSE BROTHERS	14/08/2020	16/08/2021	0.80	10.0			
CLOSE BROTHERS	30/10/2020	29/10/2021	0.70	10.0	30.0	30.0	0.0
NATWEST BANK	09/04/2019	09/04/2021	1.35	10.0	10.0	80.0	70.0
SANTANDER BANK	16/11/2020	16/11/2021	0.45	15.0			
SANTANDER BANK	18/12/2020	17/12/2021	0.45	15.0	30.0	30.0	0.0
UK BUILDING SOCIETIES							
PRINCIPALITY BUILDING SOCIETY- CARDIFF	31/07/2020	30/07/2021	0.38	10.0	10.0	10.0	0.0
LOCAL AUTHORITIES							
BIRMINGHAM CITY COUNCIL	20/04/2020	20/01/2021	1.33	15.0	15.0	15.0	0.0
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
BATH & NE SOMERSET DC	01/04/2020	01/04/2021	1.50	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
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
THURROCK COUNCIL	16/04/2020	16/04/2021	1.90	10.0			
THURROCK COUNCIL	12/06/2020	13/06/2022	1.55	5.0	15.0	15.0	0.0
LANCASHIRE COUNTY COUNCIL	05/08/2020	04/08/2021	0.40	10.0			
LANCASHIRE COUNTY COUNCIL	19/08/2020	19/08/2021	0.43	5.0	15.0	15.0	0.0
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
WARRINGTON BOROUGH COUNCIL	29/10/2019	29/10/2021	1.55	15.0	15.0	15.0	0.0
NORTHUMBERLAND COUNTY COUNCIL	18/12/2020	17/12/2021	0.40	10.0	10.0	15.0	5.0
REST OF THE WORLD							
QATAR NATIONAL BANK SAQ	04/12/2020	03/12/2021	0.58	10.0			
QATAR NATIONAL BANK SAQ	04/12/2020	06/12/2021	0.54	5.0	15.0	15.0	0.0
HOUSING ASSOCIATIONS							
PLACES FOR PEOPLE HOMES LTD	14/04/2020	14/04/2022	2.15	10.0	10.0	10.0	0.0
SOUTHERN HOUSING GROUP	28/03/2019	29/03/2021	1.70	10.0	10.0	10.0	0.0
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
OPTIVO	22/08/2019	23/08/2021	1.45	10.0	10.0	10.0	0.0
OTHER INVESTMENTS							
FIDELITY MONEY MARKET FUND				15.0	15.0	15.0	0.0
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				9.5	9.5	15.0	5.5
INSIGHT STERLING LIQUIDITY FUND				3.4	3.4	15.0	11.6
LGIM STERLING LIQUIDITY FUND				1.9	1.9	15.0	13.1
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.0	15.0	15.0	0.0
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
SPRING CAPITAL LOAN (PROJECT BECKENHAM)	09/06/2017		6.00	2.1	2.1	2.3	0.2
TOTAL INVESTMENTS				**396.9**	**396.9**		

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy: 2021/22

Contents

Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council. Although the Council does not borrow to finance its general fund capital spending plans, officers still plan and forecast the longer term cash flow position in order to ensure that the Council can meet its capital spending obligations and that it maintains balances (working capital) at a prudent and sustainable level.

Having obtained the requisite permissions to re-open its Housing Revenue Account (HRA) during 2020/21 the Council will provide immediate finance through internal borrowing, with no external borrowing required. Repayments and interest will be made through the internal movement of funds to the general fund.

CIPFA defines treasury management as:

> *"The management of the local authority's borrowing, 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."*

This authority has not engaged in any commercial property investments.

1.2 Statutory and Reporting requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Members before being recommended to the Council. This role is undertaken by the Executive, Resources and Contracts Policy Development & Scrutiny Committee.

Prudential and Treasury Indicators and Treasury Strategy (this report) - This covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and

- an investment strategy (the parameters on how investments are to be managed).

A Part-Year Treasury Management Report (approved by Council in December 2020) – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Capital Strategy

In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities were required to prepare an additional report, a Capital Strategy report, which is intended to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

1.3 Treasury Management Strategy for 2021/22

The strategy for 2021/22 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;

- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Treasury management consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.5 Elective Professional Client Status

From 3rd January 2018 the Financial Conduct Authority is obligated to treat all Local Authorities as "retail clients" under European Union legislation, the Markets in Financial Instruments Directive II (MiFID II). The client status of the Local Authority relates to its knowledge and experience with regards to the use of regulated investment products and the decision-making processes it has in place for making such investments. The directive is focused on products such as Certificates of Deposit, Gilts, Corporate Bonds and investment funds, including Money Market Funds.

The Council will opt up to "elective professional" status in order to continue to have access to these funds as an investment option as they are not available to retail clients. The Council had opted up to elective professional status with all relevant counterparties, including its advisers and brokers, prior to the deadline. This will be kept under regular review and counterparties will be added or removed as necessary for the Council's investment needs.

The Capital Prudential Indicators 2021/22 – 2023/24

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts (as per the capital monitoring and review report to the Leader in November 2020)

Capital expenditure £m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non-HRA	24.4	36.4	48.6	39.9	25.7
HRA	-	-	-	-	-
Total	**24.4**	**36.4**	**48.6**	**39.9**	**25.7**

Note: The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Total Expenditure	**23.4**	**36.4**	**48.6**	**39.9**	**25.7**
Financed by:					
Capital receipts	6.6	1.9	26.9	21.0	21.3
Capital grants/contributions	16.8	23.4	19.5	2.2	2.2
Internal borrowing	-	-	-	16.4	1.9
Revenue contributions	-	11.1	2.2	0.3	0.3
Net financing need	**23.4**	**36.4**	**48.6**	**39.9**	**25.7**

2.2 The Council's borrowing need (Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

If the CFR is positive, the Council may borrow from the Public Works Loans Board (PWLB) or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council's CFR represents liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment (primarily equipment in schools and vehicles and plant built into highways and waste contracts). The Council currently has no external borrowing as such. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The Council is asked to approve the CFR projections below:

£m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Financing Requirement					
CFR – non housing	9.6	-1.0	-1.6	-2.2	-2.8
CFR – housing	-	10.0	10.0	10.0	10.0
Total CFR	**9.6**	**9.0**	**8.4**	**7.8**	**7.2**
Movement in CFR	**8.4**	**-0.6**	**-0.6**	**-0.6**	**-0.6**

Movement in CFR represented by					
Net financing need for the year (above)	10.2	-	-	-	-
Less MRP/VRP and other financing movements	-1.8	-0.6	-0.6	-0.6	-0.6
Movement in CFR	**8.4**	**-0.6**	**-0.6**	**-0.6**	**-0.6**

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Statement :

The MRP will be based on the estimated lives of the assets, in accordance with the regulations, and will follow standard depreciation accounting procedures. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

In practice, the Council's capital financing MRP is assessed as 4% of the outstanding balance on the finance leases the Council has entered into. A Voluntary Revenue Provision (VRP) may also be made in respect of additional repayments.

Note: There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	**2019/20 Actual**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
General Fund balance	20	20	20	20	18.1
Capital receipts	24.4	26.5	13.3	7.4	1.8
Capital grants	9.8	11.2	16.5	-	-
Provisions	15.8	15.8	15.8	15.8	15.8
Other (earmarked reserves)	167.6	151.7	141.4	111.8	89.4
Total core funds	**237.6**	**225.2**	**207.0**	**155.0**	**125.1**
Working capital*	98.5	132.9	87.5	121.3	98.7
Under/over borrowing	-	-	-	-	-
Investments	**336.10**	**358.10**	**294.5**	**276.3**	**223.8**

*Working capital balances shown are estimated year end; these may be higher mid-year.

2.5 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.5.1 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	**2019/20 Actual %**	**2020/21 Estimate %**	**2021/22 Estimate] %**	**2022/23 Estimate %**	**2023/24 Estimate %**
Non-HRA	-	-	-	-	-
HRA	-	-	-	-	-
Total	-	-	-	-	-

Treasury Management Strategy

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2020 is summarised below, together with forward projections. The table shows the actual external borrowing (the treasury management operations) against the capital borrowing (the Capital Financing Requirement) highlighting any over or under borrowing.

	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£m	£m	£m	£m	£m
External borrowing					
Borrowing at 1 April	-	-	-	-	-
Expected change in borrowing	-	-	-	-	-
Other long-term liabilities (OLTL)	9.6	9.0	8.4	7.8	7.2
Expected change in OLTL	8.4	-0.6	-0.6	-0.6	-0.6
Actual borrowing at 31 March	**-**	**-**	**-**	**-**	**-**
CFR – the borrowing need	**9.6**	**9.0**	**8.4**	**7.8**	**7.2**
Under / (over) borrowing	**9.6**	**9.0**	**8.4**	**7.8**	**7.2**
Investments	**336.1**	**358.1**	**294.5**	**276.3**	**223.8**
Net investments	326.5	349.1	286.1	268.5	216.6
Change in Net investments	16.1	22.6	-63.0	-17.6	-51.9

Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage non-compliance in the future. This view takes into account current commitments, existing plans, and the proposals in this year's budget report.

3.2 Treasury Indicators: limits to borrowing activity

3.2.1 The Operational Boundary

This is the total figure that external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Borrowing	10.0	10.0	10.0	10.0
Other long-term liabilities	20.0	20.0	20.0	20.0
Total Operational Boundary	30.0	30.0	30.0	30.0

3.2.2 The Authorised Limit for external borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following Authorised Limit:

Authorised limit £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m
Borrowing	30.0	30.0	30.0	30.0
Other long-term liabilities	30.0	30.0	30.0	30.0
Total Authorised Limit	60.0	60.0	60.0	60.0

3.3 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and narrative gives their view on short-term (Bank Rate) and longer-term fixed interest rates.

Quarter	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
Mar 2021	**0.1**	**0.8**	**1.5**	**1.3**
Jun 2021	**0.1**	**0.8**	**1.6**	**1.4**
Sep 2021	**0.1**	**0.8**	**1.6**	**1.4**
Dec 2021	**0.1**	**0.8**	**1.6**	**1.4**
Mar 2022	**0.1**	**0.9**	**1.6**	**1.4**
Jun 2022	**0.1**	**0.9**	**1.7**	**1.5**
Sep 2022	**0.1**	**0.9**	**1.7**	**1.5**
Dec 2022	**0.1**	**0.9**	**1.7**	**1.5**
Mar 2023	**0.1**	**0.9**	**1.7**	**1.5**
Jun 2023	**0.1**	**1.0**	**1.8**	**1.6**
Sep 2023	**0.1**	**1.0**	**1.8**	**1.6**
Dec 2023	**0.1**	**1.0**	**1.8**	**1.6**

Quarter	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
Mar 2024	**0.1**	**1.0**	**1.8**	**1.6**

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by the end of 2020, as this has now occurred, these forecasts do not need to be revised.

Gilt yields / PWLB rates
There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure.

3.4 Borrowing Strategy

The Council currently has no plans to borrow to finance either general fund or HRA capital expenditure It finances all expenditure from external grants and contributions, capital receipts or internal balances. The Council does, however, have a Capital Financing Requirement (CFR) of £9.6m (as at 31st March 2020), which is the outstanding liability on finance leases taken out in respect of plant, equipment and vehicles.

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy and will monitor interest rates in financial markets.

3.4.1 Treasury indicators for debt

There are three debt-related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m		2020/21	2021/22	2022/23
Interest rate Exposures				
		Upper	Upper	Upper
Limits on fixed interest rates based on net debt		100%	100%	100%
Limits on variable interest rates based on net debt		20%	20%	20%
Maturity Structure of fixed interest rate borrowing 2020/21				
			Lower	**Upper**
Under 12 months (temporary borrowing only)			100%	100%
12 months to 2 years			N/A	N/A
2 years to 5 years			N/A	N/A
5 years to 10 years			N/A	N/A
10 years and above			N/A	N/A

3.5 Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Annual Investment Strategy

4.1 Investment Policy

The Council's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Annex 2 under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.2 Creditworthiness policy

Investment instruments identified for use in the financial year are listed in Annex 2 under the ‘Specified’ and ‘Non-Specified’ Investments categories. Counterparty limits will be as set through the Council’s Treasury Management Practices – Schedules.

Investment Counterparty Selection Criteria - The primary principles governing the Council’s investment criteria are the security and liquidity of its investments, although the yield or return on the investment is also a key consideration. After these main principles, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council’s prudential indicators covering the maximum principal sums invested.

The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those that determine which types of investment instrument are either Specified or Non-Specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody’s and Standard & Poors) to meet the Council’s minimum credit ratings criteria. This approach is supported by Link and is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by Link, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.

In addition, the Council receives weekly credit lists as part of the creditworthiness service provided by Link. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings (these provide an indication of the likelihood of bank default);
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties and a recommendation on the maximum duration for investments. The Council would not be able to replicate this level of detail using in-house resources, but uses this information, together with its own view on the acceptable level of counterparty risk, to inform its creditworthiness policy. The Council will also apply a minimum sovereign rating of A- to investment counterparties.

The criteria for providing a pool of high-quality investment counterparties (both Specified and Non-specified investments) are:

- **Banks 1** - good credit quality **–** the Council will only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, <u>as a minimum</u>, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

    - Short term – Fitch F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+

- **Banks 2** – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised (Lloyds is also temporarily included until existing investments mature in 2020/21).

- **Bank subsidiary and treasury operation** - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings in Banks 1 above.

- **Building societies** - The Council will use all societies that meet the ratings in Banks 1 above.

- **Money Market Funds** – The Council will use AAA-rated Money Market Funds, including VNAV funds.

- **UK Government** (including gilts and the DMADF)

- **Other Local Authorities, Parish Councils, etc.**
- **Housing Associations**
- **Collective (pooled) investment schemes**
- **Supranational institutions**
- **Corporate Bonds**
- **Certificates of Deposit, Commercial Paper and Floating Rate Notes**

The Council's detailed eligibility criteria for investments with counterparties are included in Annex 2.

All credit ratings will be continuously monitored. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
- in addition to the use of Credit Ratings, the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the external advisers. In addition, this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. The Council forms a view and determines its investment policy and actions after taking all these factors into account.

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of A- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using these credit criteria as at the date of this report is shown in Annex 2. This list will be amended by officers should ratings change in accordance with this policy.

4.4 Investment Strategy

In-house funds: The Council's core portfolio is around £330m although cashflow variations during the course of the year have the effect from time to time of increasing the total investment portfolio to a maximum of around £400m. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations.
Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long-term forecast is for periods over 10 years in the future):

Average earnings in each year	Now	Previously
2020/21	0.10%	0.10%
2021/22	0.10%	0.10%
2022/23	0.10%	0.10%
2023/24	0.25%	0.25%
2024/25	0.75%	0.75%
Long term later years	2.00%	2.00%

- The overall balance of risks to economic growth in the UK is probably relatively even but is subject to major uncertainty due to the virus. It may also be affected by what, if any, deal the UK agrees as part of Brexit.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and shorter term PWLB rates until 2023/24 at the earliest.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

As at year end	2020/21	2021/22	2022/23	2023/23
	£m	**£m**	**£m**	**£m**
Principal sums invested > 365 days	170.0	170.0	170.0	170.0

For its cash flow generated balances, the Council will seek to utilise its short notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.5 End of year investment report

After the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.6 Scheme of Delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii**) Boards/committees/council/responsible body**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval

- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

4.7 Role of the Section 151 Officer

The S151 officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and is in accordance with the risk appetite of the authority.

ANNEX 1: Economic Background

- **UK.** The key quarterly meeting of the Bank of England Monetary Policy Committee kept Bank Rate unchanged on 5.11.20. However, it revised its economic forecasts to take account of a second national lockdown from 5.11.20 to 2.12.20 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of quantitative easing (QE) of £150bn, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
- Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:
    - The economy would recover to reach its pre-pandemic level in Q1 2022
    - The Bank also expected there to be excess demand in the economy by Q4 2022.
    - CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".
- Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
- One key addition to the Bank's forward guidance in August 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. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. Inflation is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short-lived factor and so not a concern.
- However, the minutes did contain several references to downside risks. The MPC reiterated that the "recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside". It also said "the risk of a more persistent period of elevated unemployment remained material". Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. Upside risks included the early roll out of effective vaccines.

- **COVID-19 vaccines.** We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected.

However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).

- These announcements, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence that life could largely return to normal during the second half of 2021, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could start to be eased, beginning possibly in Q2 2021 once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%.

- **Public borrowing** was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

- Overall, the pace of recovery was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one-month national lockdown that started on 5th November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.

- **December 2020 / January 2021**. Since then, there has been rapid backtracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5.1.21 to national lockdowns of various initial lengths in each of the four nations as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

- This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

- There will still 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, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

- **Brexit.** While the UK has been gripped by the long running saga of whether or not a deal would be made by 31.12.20, the final agreement on 24.12.20, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

- **Monetary Policy Committee meeting of 17 December.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, "Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case." So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30th April 2021 until 31st October 2021. (The MPC had assumed that a Brexit deal would be agreed.)

- **Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy:
  - An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
  - The furlough scheme was lengthened from the end of March to the end of April.
  - The Budget on 3rd March 2021 will lay out the "next phase of the plan to tackle the virus and protect jobs". This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).

- The **Financial Policy Committee** (FPC) report on 6th August.2020 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 result of the November elections meant that while the Democrats gained the presidency and a majority in the House of Representatives, it looks as if the Republicans could retain their slim majority in the Senate provided they keep hold of two key seats in Georgia in elections in early January. If those two seats do swing to the Democrats, they will then control both Houses and President Biden will consequently have a free hand to determine policy and to implement his election manifesto.

- **The economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the third wave in the Midwest looks as if it now abating. However, it also looks as if the virus is rising again in the rest of the country. The latest upturn poses a threat that the recovery in the economy could stall. This is the single biggest downside risk to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and retail sales dropping back. The economy is set for further weakness in December and into the spring. However, a $900bn fiscal stimulus deal passed by Congress in late December will limit the downside through measures which included a second round of direct payments to households worth $600 per person and a three-month extension of enhanced unemployment insurance (including a $300 weekly top-up payment for all claimants). GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

- After Chair Jerome Powell unveiled the Fed's adoption of a flexible average inflation target in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was 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, (and this year), 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 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.

- The Fed's meeting on 5th November was unremarkable - but at a politically sensitive time around the elections. At its 16th December meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that inflation will only get back to 2.0% in 2023, the vast majority expect the fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.

- **EU.** In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has affected many countries: it is likely to hit hardest those countries more dependent on tourism. The €750bn 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 the countries most affected by the first wave.

- With inflation expected to be unlikely to get much above 1% over the next two years, the ECB has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. 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 in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

- **Japan.** A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

- **World growth.** World growth will have been in recession in 2020. 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.

- Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link in paragraph 3.3 were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. There is therefore no need to revise these forecasts now that a trade deal has been agreed. Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some European banks, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK -** a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
- **The Bank of England** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

ANNEX 2: Specified and Non-Specified Investments – Eligibility Criteria

Eligibility Criteria for investment counterparties

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria (i.e. non-sterling and placed for periods greater than 1 year).

A variety of investment instruments will be used. Subject to the credit quality of the institution and depending on the type of investment made, investments will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS
These investments are sterling investments of not more than one-year maturity or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are relatively low risk investments where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, a UK Treasury Bill or a Gilt with a maximum of 1 year to maturity).
2. A local authority, parish council or community council (maximum duration of 1 year).
3. Corporate or supranational bonds of no more than 1 year's duration.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A bank or building society that has been awarded a high credit rating by a credit rating agency (only investments placed for a maximum of 1 year).
6. Certificates of deposit, commercial paper or floating rate notes (maximum duration of 1 year).

Minimum credit ratings (as rated by Fitch, Moody's and Standard & Poors) and monetary and time period limits for all of the above categories are set out below. The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria. The Council will take into account other factors in determining whether an investment should be placed with a particular counterparty, but all investment decisions will be based initially on these credit ratings criteria. The Council will also apply a minimum sovereign rating of A- (or equivalent) to investment counterparties.

NON-SPECIFIED INVESTMENTS
Non-specified investments are any other type of investment (i.e. not defined as Specified above) and can be for any period over 1 year. The identification and

rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

	Non-Specified Investment Category	Limit (£ or %)
	Bank Deposits with a maturity of more than one year and up to a maximum of 3 years. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	£80m and 3 years limits with RBS (Lloyds is also temporarily included until existing investments mature in 2020/21).
	Building Society Deposits with a maturity of more than one year. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	None permitted at present.
	Deposits with other local authorities with a maturity of greater than 1 year and up to a maximum of 3 years. Maximum total investment of £15m with each local authority.	£15m limit with each local authority; maximum duration 3 years.
	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The use of UK Government gilts is restricted to fixed date, fixed rate stock with a maximum maturity of five years. The total investment in gilts is limited to £25m and will normally be held to maturity, but the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. The Director of Finance must personally approve gilt investments. The Council currently has no exposure to gilt investments.	£25m in total; maximum duration 5 years.
	Non-rated subsidiary of a credit-rated institution that satisfies the Council's counterparty list criteria. Investments with non-rated subsidiaries are permitted, but the credit-rated parent company and its subsidiaries will be set an overall group limit for the total of funds to be invested at any time.	Subject to group limit dependent on parent company's ratings.
	Corporate Bonds with a duration of greater than 1 year and up to a maximum of 5 years, subject to satisfaction of credit ratings criteria as set out below.	£25m in total; maximum duration 5 years.
	Collective (pooled) investment schemes with a duration of greater than 1 year. The total investment in collective (pooled) investment schemes is limited to £100m and can include property funds, diversified growth funds and other eligible funds.	£100m in total.
	Certificates of Deposit, Commercial Paper and Floating Rate Notes with a duration of greater than 1 year, subject to satisfaction of credit ratings criteria as set out below.	Subject to group banking limits dependent on bank / building society credit ratings.
	Housing Associations with a duration of between 1 and 2 years, subject to satisfaction of credit ratings criteria as set out below.	£80m in total; maximum duration 2 years.

CRITERIA FOR FUNDS MANAGED INTERNALLY AND EXTERNALLY

- **Banks General** - good credit quality **–** the Council may only use banks which:
  a) are UK banks;
  b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of A- or equivalent;
  c) have, as a minimum, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

    - Short term – Fitch F3; Moody's P-3; S&P A-3
    - Long term – Fitch BBB+; Moody's Baa3; S&P BBB+

- **Banks 1A – UK and Overseas Banks (highest ratings)** - the Council may place investments up to a total of £30m for a maximum period of 1 year with UK banks (and up to a total of £15m for a maximum period of 1 year with Overseas banks) that have, as a minimum, at least at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1+	AA-
Moody's	P-1	Aa3
S & P	A-1+	AA-

- **Banks 1B – UK and Overseas Banks (very high ratings)** - the Council may place investments up to a total of £20m for a maximum period of 1 year with UK banks (and up to a total of £10m for a maximum period of 6 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1	A
Moody's	P-1	A2
S & P	A-1	A

- **Banks 1C – UK and Overseas Banks (high ratings)** – the Council may place investments up to a total of £10m for a maximum period of 1 year with UK banks (and up to a total of £5m for a maximum period of 3 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated):

	Short-Term	Long-Term
Fitch	F3	BBB+
Moodys	P-3	Baa3
S & P	A-3	BBB+

- **Banks 2 - Part nationalised UK banks (Royal Bank of Scotland)** - the Council may place investments up to a total of £80m for up to 3 years with the part-nationalised UK Royal Bank of Scotland provided it remain part-nationalised (Lloyds is also temporarily included until existing investments mature in 2020/21).

- **Bank subsidiary and treasury operation** - The Council may use these where the parent bank has provided an appropriate guarantee and has the necessary ratings in Banks 1 above. The total investment limit and period will be determined by the parent company credit ratings.

- **Building societies** - The Council may use all societies that meet the ratings in Banks 1 above.

- **Money Market Funds** – The Council may invest in AAA rated Money Market Funds, including Constant Net Asset Value (CNAV) Funds, Low Volatility Net Asset Value (LVNAV) funds and Variable Net Asset value (VNAV) funds. The total invested in each of the CNAV and LVNAV Funds must not exceed £15m at any time and £10m for VNAV funds. This includes the Payden Sterling Reserve Fund for which a limit of £15m is also applied. No more than £25m in total may be invested in VNAV funds at any time."

- **UK Government (including gilts and the DMADF)** – The Council may invest in the government's DMO facility for a maximum of 1 year, but with no limit on total investment. The use of UK Government gilts is restricted to a total of £25m and to fixed date, fixed rate stock with a maximum maturity of 5 years. The Director of Finance must personally approve gilt investments.

- **Local Authorities, Parish Councils etc –** The Council may invest with any number of local authorities, subject to a maximum exposure of £15m for up to 3 years with each local authority.

- **Business Reserve Accounts** - Business reserve accounts may be used from time to time, but value and time limits will apply to counterparties as detailed above.

- **Corporate Bonds –** Investment in corporate bonds with a minimum credit rating of A- is permitted, subject to a maximum duration of 5 years and a maximum total exposure of £25m.

- **Collective (pooled) investment schemes –** these may comprise property funds, diversified growth funds and other eligible funds and are permitted up to a maximum (total) of £100m.

- **Certificates of Deposit, Commercial Paper and Floating Rate Notes –** These are permitted, subject to satisfaction of minimum credit ratings in Banks General above.

- **Housing Associations –** The Council may invest with Housing Associations with a minimum credit rating of A-, for a maximum duration of 2 years, and with a maximum deposit of £10m with any one Housing Association and £80m in total.

- **Sovereign Ratings –** The Council may only use counterparties in countries with sovereign ratings (all 3 agencies) of A- or higher.

  These currently include:

  AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- U.K
- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar

ANNEX 3: Prudential Indicators – Summary for Approval by Council

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. They are included separately in Appendix 1 together with relevant narrative and are summarised here for submission to the Council meeting for approval.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009 and updated in 2011 and 2017) was initially adopted by full Council on 15th February 2010 and has subsequently been re-adopted each year in February.

PRUDENTIAL INDICATORS	2019/20	2020/21	2021/22	2022/23	2023/24
	actual	estimate	estimate	estimate	estimate
GF Capital Expenditure	£23.4m	£36.4m	£48.6m	£39.9m	£25.7m
HRA Capital Expenditure	-	-	-	-	-
Total Capital Expenditure	£23.4m	£36.4m	£48.6m	£39.9m	£25.7m
Ratio of financing costs to net revenue stream	0.0%	0.0%	0.0%	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)					
brought forward 1 April	£310.4m	£326.5m	£349.1m	£286.1m	£268.5m
carried forward 31 March	£326.5m	£349.1m	£286.1m	£268.5m	£216.6m
in year borrowing requirement (movement in net investments for Bromley)	+£16.1m	+£22.6m	-£63.0m	-£17.6m	-£51.9m
Capital Financing Requirement as at 31 March	£9.6m	£9.0m	£8.4m	£7.8m	£7.2m
Annual change in Cap. Financing Requirement	+£8.4m	-£0.6m	-£0.6m	-£0.6m	-£0.6m

TREASURY MANAGEMENT INDICATORS	2019/20	2020/21	2021/22	2022/23	2023/24
	actual	estimate	estimate	estimate	estimate
Authorised Limit for external debt -					
borrowing	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
other long-term liabilities	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt -					
borrowing	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 365 days beyond year-end dates	£170.0m	£170.0m	£170.0m	£170.0m	£170.0m

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Report No.
CSD2130

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**1 March 2021**
Decision Type:	Non-Urgent Executive Key
Title:	**PROPERTY ACQUISITION SCHEME PROPOSAL**
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 10th February 2021 the Executive received and approved a report on the option to acquire approximately 242 properties under a funding arrangement with Orchard and Shipman for use as accommodation to help reduce the current pressures in relation to homelessness and temporary accommodation. The proposals had previously been scrutinised and supported by Renewal, Recreation and Housing PDS Committee on 2nd February 2021. Additional material was set out in a part 2 report.

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2. RECOMMENDATIONS

That Council

(1) Agrees the loan of £20m to the LLP for a period of 50 years with annual repayments starting from year 3 of 1.6% (£320k) per annum and increasing annually by CPI (collared at 0-4%), funded from the Housing Invest to Save Fund (£14m) and uncommitted Investment Fund (£6m) earmarked reserves.

(2) Agrees to enter into a guarantee agreement with the Funder to guarantee the loan facility of £60-£65m to the LLP and undertake to meet the liabilities of the LLP in respect of the loan facility in the event of loan repayment default.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The accommodation provided ensures that the Council is able to meet its statutory responsibilities in respect of housing.

Corporate Policy

1. Policy Status: Existing Policy:
2. BBB Priority: Supporting Independence:

Financial

1. Cost of proposal: Estimated Cost: £20m loan contribution to the purchase of the properties.
2. Ongoing costs: Estimated net savings of £1.5m per annum.
3. Budget head/performance centre: Operational Housing
4. Total current budget for this head: £7.7m
5. Source of funding: Housing Invest to Save Fund (£14m) and uncommitted Investment Fund (£6m) earmarked reserves.

Personnel

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

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Legal

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

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Procurement

1. Summary of Procurement Implications: Not applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): See attached report

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Ward Councillor Views

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

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

Report No.

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker:	**EXECUTIVE** **COUNCIL** **FOR PRE DECISION SCRUTINY AT THE RENEWAL, RECREATION AND HOUSING POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
Date:	**Tuesday 2nd February 2021** **Wednesday 10th February 2021**
Decision Type:	Non-Urgent Executive/Council Key
Title:	**PROPERTY ACQUISITION SCHEME PROPOSAL**
Contact Officer:	Sara Bowrey, Director Housing Planning and Regeneration E-mail: sara.bowrey@bromley.gov.uk
Chief Officer:	Sara Bowrey, Director of Housing, Planning, Property and Regeneration
Ward:	(All Wards);

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1. Reason for report

This report advises on the option to acquire approximately 242 properties under a funding arrangement with Orchard and Shipman for use as accommodation to help reduce the current pressures in relation to homelessness and temporary accommodation.

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2. RECOMMENDATION(S)

2.1 That Members of the Renewal, Recreation and Housing Policy Development and Scrutiny Committee, review the content of this report and provide their comments to the Executive.

That Members of the Executive are asked to:

2.2 Agree to enter into the limited liability partnership (LLP) arrangement described in this report with Orchard and Shipman for the acquisition of approximately 242 residential properties (dependent upon final purchase price).

2.3 Agree that the acquired properties will be leased by the LLP to Orchard and Shipman Homes for a 50-year period on an FRI basis.

2.4 Recommend that Council agrees the loan of £20m to the LLP for a period of 50 years with annual repayments starting from year 3 of 1.6% (£320k) per annum and increasing annually by CPI (collared at 0-4%), funded from the Housing Invest to Save Fund (£14m) and uncommitted Investment Fund (£6m) earmarked reserves.

2.5 Agree to enter into (i) the Members' Agreement for the LLP (between the Council, Orchard and Shipman, and the LLP), (ii) a guarantee agreement with the Funder (see part 2 report) to guarantee the loan facility of £60-£65m to the LLP and undertake to meet the liabilities of the LLP in respect of the loan facility in the event of loan repayment default, (iii) a loan facility agreement between the Council and the LLP for the loan made by the Council, and (iv) a Nomination Agreement with Orchard and Shipman Homes to secure nomination rights to the acquired properties (v) and all other ancillary documents in connection with the scheme.

2.6 Agree to delegate authority to the Director of Housing, Planning and Regeneration in consultation with the Director of Housing, Director of Corporate Services and the Portfolio Holder Renewal, Recreation and Housing to carry out due diligence in connection with the scheme, agree the details of each agreement and enter into all relevant agreements in connection with this scheme.

2.7 Agree to appoint Sara Bowrey, Director of Housing, Planning and Regeneration and James Mullender, Head of Finance, Adults Health & Housing as the Council's nominees to the board of the LLP, with authority to act on behalf of the Council in relation to all matters not reserved to the Council under the Members' Agreement; such nominees to be indemnified by the Council and on the basis that the LLP will arrange suitable insurance for its Board members. To delegate to The Chief Executive, as Head of Paid service, to make a replacement appointment of suitable seniority with the agreement of the person nominated if the final structure requires a different skill set or if a vacancy arises.

2.8 Note that subject to the approval of the above the scheme will provide full year savings of £1.5m per annum.

2.9 Note that should there be any material change to the scheme from the details set out in this report then a further report will be presented to the Executive to inform members of such change.

Council is requested to:

2.10 Agree the loan of £20m to the LLP for a period of 50 years with annual repayments starting from year 3 of 1.6% (£320k) per annum and increasing annually by CPI (collared at 0-4%), funded from the Housing Invest to Save Fund (£14m) and uncommitted Investment Fund (£6m) earmarked reserves.

2.11 Agree to enter into a guarantee agreement with the Funder to guarantee the loan facility of £60-£65m to the LLP and undertake to meet the liabilities of the LLP in respect of the loan facility in the event of loan repayment default.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The accommodation provided ensures that the Council is able to meet its statutory responsibilities in respect of housing

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Corporate Policy

1. Policy Status: Existing Policy: Further Details

2. BBB Priority: Supporting Independence: Further Details

Financial

1. Cost of proposal: Estimated Cost: £20m loan contribution to purchase of the properties

2. Ongoing costs: Estimated net savings of £1.5m per annum

3. Budget head/performance centre: Operational Housing

4. Total current budget for this head: £7.7m

5. Source of funding: Housing Invest to Save Fund (£14m) and uncommitted Investment Fund (£6m) earmarked reserves

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Personnel

1. Number of staff (current and additional): N/A

2. If from existing staff resources, number of staff hours: N/A

Legal

1. Legal Requirement: Statutory Requirement: Further Details

2. Call-in: Applicable: Further Details

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are approximately 1800 households currently placed in temporary accommodation of which almost 1100 are in forms of insecure costly nightly paid accommodation. This scheme would provide around 242 good quality cost effective affordable housing units to fulfil the Council’s statutory rehousing duties and reduce the current reliance on nightly paid accommodation.

Ward Councillor Views

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

2. Summary of Ward Councillors comments:

3. COMMENTARY

3.1. For Bromley, like most London boroughs one of the most significant long-term cost pressures is the impact of homelessness and provision of temporary accommodation.

3.2. There are currently approximately 1,800 households in Temporary Accommodation (TA), of which approximately 1,100 are in costly forms of nightly paid TA, putting a continued strain on the Council's revenue budget

3.3. The Council therefore continues to seek all opportunities to increase the supply of affordable housing and reduce the costs in providing temporary accommodation to meet statutory rehousing duties and in particular the reliance on costly forms of nightly paid accommodation.

3.4 Orchard and Shipman are an established (and therefore regulated) registered provider with more than 30 years' experience in successfully acquiring and managing a range of affordable housing schemes on behalf of local authorities, developers, housing associations and government departments. Orchard and Shipman have worked in partnership with the Council for around 11 years sourcing and managing a portfolio of temporary accommodation including private sector leased accommodation and the council owned multi-facility units and a small number of street properties.

3.5 Whilst Orchard and Shipman continue to source properties for the Council under the private lease scheme, the supply is not sufficient to meet current levels of housing need, in the main due to fact that the rental and benefit levels applicable to such schemes is insufficient to complete with rental levels that can be commanded in the open market. This situation is being experienced across all private sector leasing providers.

3.5 Orchard and Shipman have approached the Council with a proposal for the funding, purchase, refurbishment and management of approximately 242 properties for use as affordable rented accommodation to assist in meeting the Council's statutory rehousing duties and reduce the current reliance on and associated cost of nightly paid accommodation. The final number of properties will be dependent upon the purchase prices secured.

3.6 Under the proposal, the Council and Orchard and Shipman will set up a limited liability partnership (LLP) with Orchard and Shipman and raise a funding facility of approximately £60-65m (see paragraph 6.10 below). The Council will provide an additional £20m loan from earmarked reserves. This funding would secure the purchase and refurbishment of the portfolio of units within a 12-14 month period for use as affordable rented accommodation. The structure and operating model are set out in appendix 1 of this report.

3.7 The purpose of the LLP is to enable the purchase and management of the affordable housing units.

3.8 The members' agreement for the LLP will govern the process for the LLP to identify properties to acquire for affordable housing against certain property standards, locations, types and size mix. Orchard and Shipman will arrange the acquisition of properties into the LLP based on these parameters, and the properties will then be leased by the LLP to Orchard and Shipman Homes which is a registered provider. Orchard and Shipman Homes will then be the landlord for the properties and subject to a nominations agreement with the Council. The locations would be a mix within and outside of the borough but not further than a 60-minute travel time. All properties would be approved by the Council to ensure they meet requirements under the Nominations Agreement before proceeding to purchase.

3.9 The total cost of purchase including all associated fees and any required refurbishment will be met from the funds raised by the LLP.

3.10 As noted above, once acquired the purchased properties will immediately be leased to Orchard and Shipman Homes Ltd on a 50-year full repairing and insuring lease basis. Orchard and Shipman will enter into a nominations agreement with the Council (on an exclusive basis) enabling the properties to be let to tenants nominated by the Council. The leasing arrangements will set out full requirements in terms of management and maintenance processes and standards.

3.11 The members' agreement for the LLP will also set out the arrangements for distribution of surplus rental income materially weighted to the Council. Further details are included in paragraph 6.9.

3.12 Orchard & Shipman Homes will pay a fixed rent to the LLP from the day of completion for each property, irrespective of rent receivable from any occupational underlettings.

3.13 Repayment of the loan facility will not start until year 3, providing time for all properties to be purchased and let and for funds from the rental stream to build up to ensure the facility payments can be serviced.

3.14 Rental levels will be set at the local housing allowance level. The rental income received on the portfolio will then be used to cover the ongoing management and maintenance costs together with the funding facility repayments.

3.15 At the end of the 50 year period, the funding facility and security will be released and the Council will have the right to dissolve the LLP for a nominal payment and the assets of the LLP will belong to the Council.

3.16 The properties would be used to provide affordable housing in discharge of the Council's statutory rehousing duty. In terms of discharge of duty compared to temporary accommodation, in addition to of course being a better outcome for the tenants, the rental income is significantly higher. The proposed structure will also enable flexible use of the units as settled affordable homes or private rented dependent upon prevailing need during the term. This provides flexibility to deal with any future reduction in homelessness (which appears unlikely) and also provides the ability to generate higher income from private rents, where necessary i.e. this helps provide alternative income in the event of any freezes in local housing allowance which have a detrimental impact on the overall financial model.

3.17 Due diligence has been undertaken to ensure that the financial and acquisition model is robust and mitigates against potential risks of delay in the acquisition programme, changes in the market, level of demand for such units. A summary of identified risks and mitigation can be found in appendix 2 of this report.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The recommendations support children and vulnerable people through the provision of good quality cost effective housing supply.

5. POLICY IMPLICATIONS

5.1 The Council has a published Homelessness Strategy which sets out the approved strategic policy in terms of homelessness. This includes temporary accommodation provision and reducing the reliance on nightly paid accommodation. The Council already works with a number of providers from the provision and management of temporary accommodation.

5.2 Officers will consider the Council's statutory obligations under the Equalities Act 2010 as the scheme progresses and take appropriate action.

6. FINANCIAL IMPLICATIONS

6.1 The proposed scheme would produce full year savings to the Council of around £1.5m per annum on temporary accommodation costs based on 242 properties being acquired. After 50 years the leasehold or freehold titles will be transferred to the Council for £1 with no outstanding debt payable.

6.2 There is a potential option to subsequently expand this scheme further with a corresponding increase in financial benefits as well as helping address homelessness need – to illustrate this if the number of properties increased by 25% savings would increase by a further £0.38m. which would increase the savings to up to £3m. Any proposal to significantly increase the number of properties to be acquired would be subject to further due diligence and a subsequent report to Members.

6.3 The proposal is that the scheme will be financed by a £60m loan from the Funder, repaid at 2.8% per annum (£1,679k) and a £20m loan from the Council, repaid at 1.6% per annum (£320k), both for a term of 50 years. The loan from the Council effectively secures equity in the properties whilst generating an income from the loan. Annual repayments for both loans increase annually by Consumer Price Index (CPI) (collared at 0-4%). It is proposed that the Council loan is funded from the Housing Invest to Save Fund (£14m) and uncommitted Investment Fund (£6m) earmarked reserves.

6.4 Details of the lease income from Orchard & Shipman are provided in the part 2 report.. Any shortfall in rent income compared to the loan repayments would be guaranteed by the Council.

6.5 The lease to Orchard & Shipman would be on a full repairing and insuring basis, so the risks of future repairs and maintenance costs would be Orchard & Shipman's risk, along with service charges, management, bad debts and void costs (unless the Council fails to nominate within timescales).

6.6 As the loan repayment amount includes principal repayments as well as interest, the Effective Interest Rate (EIR) is different to the rates in paragraph 6.3 above. Assuming annual CPI inflation of 1%, the total repayments on the £60m loan over 50 years is £108m, which equates to an EIR of 1.19%. In other words, £60m invested at 1.19% interest (accumulating), would be worth £108m in 50 years. The total loan repayments and EIR for CPI rates of 1, 2, 3 and 4% is set out below:

	£60m funder (2.8%)		£20m Council (1.6%)	
CPI	Total repayment £m	EIR	Total repayment £m	EIR
1%	108	1.19%	21	0.06%
2%	142	1.74%	27	0.61%
3%	189	2.33%	36	1.19%
4%	256	2.95%	49	1.80%

6.7 For the Council's loan, the EIR is likely to be less than the rate the Council might achieve through treasury management investments, so there may be a loss of treasury management income. The table below sets out the total net impact on treasury management over 50 years and average per annum for different combinations of CPI and treasury management rates:

Net gain/(loss) over 50 years (£'000)			
		CPI	
		1%	2%
Treasury management	1%	-4,537	2,869
	2%	-9,703	-1,328
Average gain/(loss) per annum (£'000)			
		CPI	
		1%	2%
Treasury management	1%	-91	57
	2%	-194	-27

6.8 As part of the funding agreement, there will be no repayments for the first two years which will eliminate the risk of a shortfall in rental income from tenants not being sufficient to cover loan repayments during that period.

6.9 This also means that any income from Orchard & Shipman during this period would generate a surplus within the LLP which could be used to purchase additional properties. This would effectively generate a return at the same rate as the lease to Orchard & Shipman. Alternatively, any surplus could be set aside, either in the LLP or transferred to a Council earmarked reserve to mitigate any future shortfalls as a result of LHA rate increases being lower than CPI, or to offset any loss of treasury management income as referred to in paragraph 6.7 above. To illustrate,

6.10 It is also worth noting that the rates available on the financial markets have generally reduced since the scheme and financing was originally proposed. It has been indicated that for the same annual repayment amount the loan could increase from £60m to around £65m which would also improve the financial performance of the scheme. However, as this could change again before the scheme is finalised, the figures in this report prudently reflect the original funding proposal.

6.11 To illustrate the potential additional benefit, if the final loan amount is £65m then the repayments of the Council loan could be increased from 1.6% (£320k) per annum to 2.2% (£440k). This would change the Effective Interest Rates in paragraph 6.6 to 0.72% for CPI of 1%, 1.27% for CPI of 2%, 1.86% for CPI of 3% or 2.48% for CPI of 4%.

6.12 A key part of the financial model is how the various cashflows change over time. The loan repayments increase by CPI (collared at 0-4%), and rent income from Orchard and Shipman will increase in line with Local Housing Allowance (LHA) levels, which are linked to 30th percentile rent level for the area.

6.13 Appendix 3 provides a summary of Net Present Value (NPV) scenario modelling carried out on the proposal. This shows the potential impact of LHA rent inflation being lower than CPI (assumed at 2%).

6.14 This shows that even if LHA rent inflation was at 1% compared to CPI assumed at 2% for the entire 50 years, the net deficit that the Council be guaranteeing would not exceed the savings on temporary accommodation at any point, with the scheme providing a total NPV benefit to the Council of £31m (£76m including the estimated asset value).

6.15 If LHA increased at the same rate as CPI, the NPV benefit would be £44m (£89m including estimated asset value).

6.16 A key risk to the Council is therefore if CPI increase on the loan repayments exceed the LHA increase on rent payments from Orchard and Shipman. If the LHA increase is lower than CPI for a sustained period then the Council would have the option to mitigate this by letting the properties on alternative tenures including up to market rents. This would reduce the savings on temporary accommodation budgets, but would ensure the continued financial viability of the scheme overall.

6.17 As the Council has learned from the More Homes Bromley scheme, there are two main other risks that could have a significant financial impact; that purchases are not acquired in the expected timeframe, and that purchase prices exceed those in the financial model.

6.18 The first risk, of delayed acquisitions is mitigated by the fact that there are no loan repayments in the first two years. If the acquisitions still haven't been completed by this date, then the surplus built up in the first two years as set out in paragraph 6.9 above should further mitigate this risk.

6.19 There is no specific mitigation for the risk that purchase prices exceed the financial model; however Orchard & Shipman have carried out an analysis of data from Rightmove and assumed an average cost in the model that is above the lowest price range. A sample of this initial analysis was been reviewed by Housing officers for suitability with no significant concerns noted other than the location of some of the properties being too far away from Bromley. Orchard & Shipman are currently updating this work to reflect this as well as current market data. This will be subject to a further suitability/due diligence review prior to finalising the agreements.

6.20 In addition, there is a risk that the Council may have to provide top-ups where households may be affected by the benefit cap. These could potentially be funded from Discretionary Housing Payments, or from the operational housing homeless prevention budget which would reduce the savings on temporary accommodation. Officers will aim to ensure that this is minimised through the acquisition programme taking into consideration the number of bedrooms and relevant LHA levels for the area.

6.21 With regard to the scheme being one where the Council discharges its homeless duty compared to having to acquire temporary accommodation, in addition to being a better outcome for the tenants, the rental income can be significantly higher, as indicated by the table below (for Outer South East London, which covers the majority of Bromley):

	Affordable Housing	**Temporay Accommodation**
	Current LHA	**90% 2011 LHA**
	£	**£**
Self contained (1 bed)	10,740	7,310
Self contained (2 bed)	13,200	8,934
Self contained (3 bed)	15,600	10,776
Self contained (4 bed)	19,200	14,079

6.22 Without knowing the locations of the properties it is hard to quantify the overall impact, but a rough estimate suggests that if the scheme was temporary accommodation rather than discharge of duty then the rent income that O&S collect would reduce from around £3.4m to around £2.3m, which would have a significant detrimental impact on the financial viability of the scheme.

6.23 From an accounting perspective, the Council's Treasury Management advisors, Link Asset Services, have confirmed that the scheme should be accounted for as a Joint Venture. Under this proposed accounting treatment, if the Council's share of net assets exceeds material levels (roughly over £5m), then the Council would have to prepare group accounts and include an Investment in Joint Ventures line on the Balance Sheet showing its share of the net assets, as well as its share of the profit or loss in the Comprehensive Income and Expenditure Statement. A liability may also have to be recognised for the guarantee. In accordance with Capital Financing Regulations, the loan from the Council will have to be treated as capital expenditure, with the repayment treated as a capital receipt, although interest will be treated as revenue income.

6.24 As the proposed structure is an LLP, it is not expected that there will be any Corporation Tax liabilities as may arise with a wholly-owned company structure (as LLP's are transparent for tax purposes); however expert advice is also being commissioned to confirm this along with any other tax implications such as VAT and SDLT.

6.25 Reflecting all the arrangements shown above there remain significant potential savings to the Council of around £1.5m per annum on temporary accommodation costs based on 242 properties being acquired. Based on current estimates, the profile of the savings, which have been assumed in the financial forecast, are shown below:

	£'000
2021/22	347
2022/23	1,110
Full year	1,525

6.26 There will be a further significant benefit from the broadly self-financing scheme as after 50 years the leasehold or freehold titles will be transferred to the Council for £1 with no outstanding debt payable.

7. LEGAL IMPLICATIONS

7.1 The proposal is for the Council and Orchard and Shipman (being for these purposes either its holding company or other current (and substantial) member of its group) to set up a limited liability partnership (LLP). LLPs are corporate bodies established under the Limited Liability Partnerships Act 2000, and have tax transparency (i.e. tax on profits is not applied to the LLP but to its members).

7.2 The funder (please see the part 2 report) would enter into a Loan Facility Agreement with the LLP to make £60 to £65 million available to the LLP for the purposes of the LLP acquiring and refurbishing properties. The Council will guarantee the liabilities of the LLP to the Funder under the Loan Facility Agreement, if and to the extent that the LLP is unable to meet the loan repayments. This approach has financial benefits in terms of the cost of the loan. The funder will take a floating charge over the assets of the LLP as security for the loan. Further, the Council will make a separate loan of £20 million to the LLP to acquire and refurbish properties.

7.3 Under the LLP arrangement, Orchard and Shipman as a member of the LLP will have responsibility for procuring properties and refurbishing the properties within the agreed budget per property. These obligations would be documented in an agreement between the LLP and Orchard and Shipman and/or via the Members' Agreement. Orchard and Shipman will be responsible for instructing relevant professionals such as surveyors, external lawyers and works contractors (the costs of which will ultimately fall to the LLP). When a property is ready to let the LLP will grant a 50 year lease to Orchard and Shipman Home (OSH) which is a registered provider. OSH will enter into a Nomination Agreement with the Council giving the Council the right to nominate tenants to OSH for the properties leased to it.

7.4 A number of legal documents will need to be entered into to set up the LLP and capture the obligations of each party. It is anticipated that the following key legal documents will be required:

- LLP Members' Agreement between the Council, Orchard and Shipman, and the LLP;
- Nomination Agreement with OSH;
- Funding Agreement between the Council and LLP;
- Loan Facility Guarantee Agreement between Council and the Funder.
- Other documents in support of the arrangement will include:
    - Form of appointment of LLP board nominees;
    - Possible loan security instruments (in favour of the Funder and the Council);
    - Template leases and tenancy agreements;
    - Template forms of property acquisition documentation;
    - Services agreements and contracts with relevant professionals (e.g. surveyors, lawyers and works contractors);
    - Collateral warranties in support of the above-mentioned appointments and contracts (enabling recourse by the Council in particular);
    - Services agreement between the LLP and Orchard and Shipman for the services provided by them to the LLP in relation to property acquisitions either stand-alone or as part of the Members' Agreement;

7.5 It is considered that the proposed transaction is not subject to the application of the Public Contracts Regulations 2015 as the dominant element of the transaction is the provision of finance to support acquisition of properties by the LLP which is exempt from public procurement rules. However, care will need to be taken in drafting the legal documentation to ensure the Council is complaint with the rules with regards to obligations Orchard and Shipman undertake in relation to property acquisition and any work carried for the LLP to bring them up to standard. Since 1 January 2021 EU rules on state aid no longer apply. However, state aid rules have been replaced with a subsidy control regime and the Council need to be mindful of these rules when drafting the documentation.

7.6 The Council may rely on its general power under the Localism Act 2011 (Section 1) as well as section 9 of the Housing Act 1985 to be a member of the LLP and enter into the proposed arrangements for acquisition of properties for housing. Under the Localism Act, anything done for a commercial purpose must be done via a company (and not an LLP). However, provided the dominant purpose of the arrangement is to meet housing needs, there is no commercial purpose here. This legal position is established by the case of Peters v London Borough of Haringey [2018] EWHC 192 (Admin) where it was confirmed that a Limited Liability Partnership (LLP) structure can legitimately be used to create joint ventures with the private sector to promote regeneration objectives (being for a non-commercial purpose). In this case the purpose is not regeneration, but (as noted) housing supply. It does not matter for these purposes that the LLP itself may generate profit; it is the dominant purpose of the Council in being a member of the LLP that matters. Under the Limited Liabilities Partnerships Act 2000, a LLP has to be formed for carrying on a business *"with a view to profit"*. However, merely making a profit from activities or maximising return did not, in the Haringey case, mean that those activities were carried out with a commercial purpose.

7.7 The recommendations in this report seeks approval from members to delegate authority to the Director of Housing, Planning and Regeneration in consultation with the Director of Housing Director of Corporate Services and Portfolio Holder for Renewal, Recreation and Housing to agree the details of each agreement and enter into all relevant agreements in connection with this scheme. Should there be any significant change to the scheme from the details set out in this report, then a further report will be presented to the Executive to inform members of such change.

Non-Applicable Sections:	Personnel; Procurement
Background Documents: (Access via Contact Officer)	

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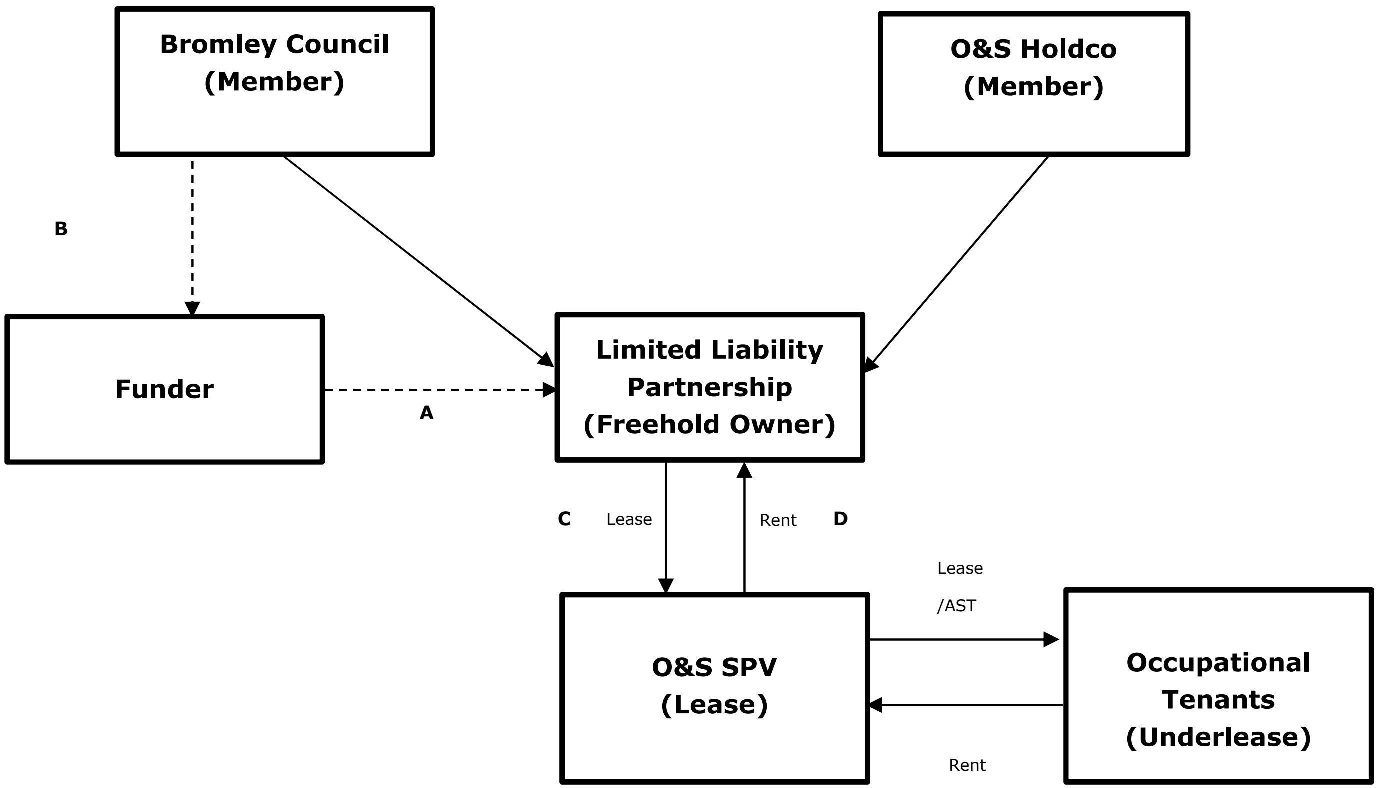
STEPHENSON HARWOOD

STRUCTURE CHART – BROMLEY – REVENUE & CAPITAL ARRANGEMENT



A – Property purchase facility to the LLP for the purposes of acquiring properties.

B – Council will guarantee the liabilities of the LLP under the facility. The Funder can take a floating charge over the assets of the LLP.

C - LLP will benefit from a right to take a surrender of the Lease for a nominal sum.

D – Pursuant to the Lease, O&S will pay a fixed rent to the LLP.

LONLI

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Appendix 2: Risk Register:

Risk	Comments	Impact	Probability
Regulations change that threaten viability of the programme	Highly unlikely that regulation change will be applied retrospectively. In such event, acting reasonably parties to agree changes to adapt accordingly	None Expected	Low
Significant increase in property prices/reduction in available properties on the market meaning that properties cannot be acquired within the funding available.	Due diligence has been undertaken to ensure a clear evidence base on property availability and property prices. The model allows a level of flexibility on financial numbers. The Council agrees the final acquisition programme, and this will be kept under review and can be adjusted to reflect market changes. The model assumes a relatively speedy acquisition programme to reduce the risk of significant market changes and long-lasting impact on the market.	None Expected or a slight reduction in the overall number of units acquired	Very low.
Changes in local housing allowance/ benefit subsidy arrangements reducing rental income stream during the term of the lease.	Overall, based on market trends it is unlikely that the rental increases built into the model will not be achievable within subsidy arrangements. However, the proposed facility repayment holiday until year 3 will allow for a sinking fund to be established to assist in covering future costs. A proportion of properties could be rented at market rents to cross subsidise lower affordable housing rental levels. A proportion of properties could also be sold if the value has increased significantly. In addition, even if a future decision was made to top up any shortfall this would still be significantly less than the net costs of nightly paid units.	NO impact or a slightly reduced number of properties available to meet statutory rehousing duties	Low
Local housing allowance rates reduced during acquisition programme.	Expectations are that the LHA rates will remain at least at current rates for the nest 2-3 years and it is highly unlikely that rates will fall. However, should this occur during procurement then the acquisition strategy can be adjusted to purchase an increased proportion in areas with higher LHA rates or a larger proportion of 3 and 4 bed units which produce a higher rental charge.	No impact or a slightly reduced number of properties purchased	Low
Sales do not complete and legal and or valuation costs incurred.	The model assumes a proportion of sales will not proceed to exchange of contracts. Checks are in place to minimise the rate of fall through. O&S bear the cost unless LBB instruct for a sale not to proceed	No impact – already costed into the model	Very low
Property refurbishment cost higher than anticipated	There is sum built into the model for refurbishment costs and procedures in place through inspection and survey to ensure costs are accurately identified. Any additional costs are an O&S risk	No Impact expected	Very low

Delay in refurbishment work	This is an O&S risk. The target is for occupation within 1 month of completion. The rental commitment from O&S to the Council commences upon completion regardless of refurbishment times and occupation date	No impact expected	Very low
The Council is unable to provide nominations for some of the properties or no longer requires the property in the short or long term	The number of homelessness acceptances and households in TA have consistently exceeded the number of units proposed to be acquired through this and other schemes. All local and national forecasts show numbers increasing in the short, medium and longer term. The property can also be offered to other local authorities or on the open market for rent. Properties can also be sold if the value has increased significantly to offset any debts	Very low	Very low
Lease term of 50 years is a long time and the Council going forward may no longer be responsible for homelessness.	There will very likely always be a need and level of statutory duty for homelessness and housing accommodation in or close to London. Therefore, the demand for good housing accommodation that is affordable means that variations will be possible to scheme entered into, to allow other organisations to take over the leasing arrangement or alternatively cease the scheme, sell the properties and use the capital receipts to pay off any loans outstanding. Should any balance be outstanding on the loan, it will still be significantly lower that the revenue savings that the Council will achieve each year that the arrangement is in place.		
Tenant does not pay the rent	This is an O&S risk. A certain level of bad debt has already been built into the financial model and O&S have a successful track record of rental collection	No impact already costed into the model	Very low
Major repairs required before anticipated in the model or at greater cost	This a risk for O&S and a sinking fund will be accrued to meet such costs. The model provides for a contingency form outset to cover potential works within the first 10-12 years,	No impact – already costed into the model	Very low
O&S fail to provide adequate services	The lease between O&S and the LLP to enable termination under reasonable force majeure clauses and also to provide for early surrender in the event of service or business failure.	Low	Low

Orchard & Shipman Housing Acquisition Proposal
Summary of Net Present Values for various rent inflation scenarios

Rent inflation assumption	2.5%	2.0%	1.5%	1.0%	0% for 5 years then 2%
	£'000	£'000	£'000	£'000	£'000
LLP surplus/deficit(-)					
Year 1	454	454	454	454	454
Year 2 (present value)	1,406	1,404	1,401	1,399	1,395
Year 3 (present value)	19	0	-19	-38	-75
Year 25 (present value)	170	0	-152	-288	-104
Year 50 (present value)	249	0	-197	-352	-70
Total NPV years 1-50 (excl. asset value)	**9,656**	**1,849**	**-4,881**	**-10,721**	**-3,042**
Estimated asset value in yr 50 (present value)	44,955	44,955	44,955	44,955	44,955
Total Net Present Value	**54,611**	**46,804**	**40,074**	**34,234**	**41,913**
TA savings					
Year 1	347	347	347	347	347
Year 2 (present value)	1,071	1,071	1,071	1,071	1,071
Year 3 (present value)	1,448	1,448	1,448	1,448	1,448
Year 25 (present value)	823	823	823	823	823
Year 50 (present value)	433	433	433	433	433
Total NPV years 1-50	41,892	41,892	41,892	41,892	41,892
Total TA savings + LLP surplus/deficit					
Year 1	801	801	801	801	801
Year 2 (present value)	2,477	2,475	2,472	2,470	2,466
Year 3 (present value)	1,467	1,448	1,429	1,410	1,373
Year 25 (present value)	993	823	671	535	719
Year 50 (present value)	682	433	236	81	363
Total NPV years 1-50 (excl. asset value)	51,548	43,741	37,011	31,171	38,850
Total Net Present Value (incl. asset value)	**96,503**	**88,696**	**81,966**	**76,126**	**83,805**

General Assumptions

Consumer Price Index (CPI) inflation	2.0%
House Price Index (HPI) inflation	2.5%
Discount Rate	3.5%
TA savings inflation	1.0%
Average current property value (inc. refurb)	£317k
Properties acquired @ 10/month over first 24 months	

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Report No.
CSD21031

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 1 March 2021**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**2021/22 PAY AWARD**
Contact Officer:	Graham Walton, Democratic Services Manager Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk
Chief Officer:	Mark Bowen, Director of Corporate Services
Ward:	All

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1. Reason for report

1.1 The attached report on the 2021/22 pay award is due to be considered at a special meeting of the General Purposes and Licensing Committee on 25th February 2021. The annual pay award review is now part of the Council's budget planning process - this requirement was a key driver for coming out of the national/regional pay negotiating frameworks.

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2. RECOMMENDATIONS

2.1 That, subject to formal recommendation from General Purposes and Licensing Committee, Council approves the following -

(i) A flat 2% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process.)

(ii) An additional one day annual leave, non-consolidated, for 2021/22.

(ii) An additional £200k towards Merited Rewards, for 2021/22, bringing the total to £400k for rewarding staff for exceptional performance.

(iv) That the Trade Unions' pay claim for staff be rejected (see para 3.8 below and attached Appendices.)

2.2 That Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2021/22 pay increase in time for the April pay.

Impact on Vulnerable Adults and Children

1. Summary of Impact:

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost:
2. Ongoing costs: Recurring Cost:
3. Budget head/performance centre: Staffing budgets across the Council
4. Total current budget for this head: Not applicable
5. Source of funding: Not Applicable

Personnel

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

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Legal

1. Legal Requirement: Non-statutory
2. Call-in: Not Applicable: Non-executive decisions are not subject to call-in

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

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

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Ward Councillor Views

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

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

London Borough of Bromley

Report No.	PART I – PUBLIC	Agenda Item No.:

Decision Maker:	**General Purposes & Licensing**
Date:	**25th February 2021**
Decision Type:	Non-Urgent Non-Executive Non-Key
TITLE:	**2021/22 PAY AWARD**
Contact Officer:	Emma Downie, Head of HR Business, Systems & Reward Tel: (020) 8313 4082 email: emma.downie@bromley.gov.uk
Chief Officer:	Charles Obazuaye, Director of Human Resources Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk
Ward:	N/A

1. **REASON FOR REPORT**

1.1 Under the local terms and conditions of employment framework, the General Purposes & Licensing Committee (GP&L) is required to make a recommendation on pay awards to Full Council.

1.2 Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks.

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2. RECOMMENDATION(S)

2.1 Members are asked to recommend that Full Council approve the following:

(i) A flat 2% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process)

(ii) An additional one day annual leave, non-consolidated, for 2021/22

(ii) An additional £200k towards Merited Rewards, for 2021/22, bringing the total to £400k for rewarding staff for exceptional performance.

(iv) That the Trade Unions' pay claim for staff be rejected (see para 3.8 below and attached Appendices)

2.2 Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2021/22 pay increase in time for the April pay.

Corporate Policy

1. Policy Status: Existing Policy

2. BBB Priority: Excellent Council

Financial

1. Cost of proposal: £1.28m

2. On-going costs: £1.26m

3. Budget Head/Performance Centre: Staffing budgets across the council

4. Total current budget for this Head: £74m

5. Source of Funding: Central contingency

Staff

1. Number of staff (current and additional): All Council staff, except teachers.

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

Legal

1) Legal Requirement: Non-Statutory Requirement
2) Call In: Call in is not applicable

Customer Impact

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

Ward Councillor Views

1) Have Ward Councillors been asked for comments: N/A

2) Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12th November 2012. The key elements of the localised arrangements are as follows:

- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
- Merited reward (non-consolidated/non-pensionable) for exceptional performers;
- Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.

3.2 The Council continues to face financial challenges going forward with a significant budget gap in future years. The Council's approach to this pressure and the challenges and opportunities it faces to balance the budget is comprehensively addressed in the report "Draft 2021/22 Budget and Update on Council's Financial Strategy 2021/22 to 2024/25" to Executive on 13th January 2021. A copy of the report can be found at the following link:

https://cds.bromley.gov.uk/documents/s50085405/Executive%20130121%20Draft%20Budget%20Report.pdf

3.3 Delivering sustainable finances is increasingly important during a period of national and international economic issues which creates uncertainty over the longer term. This has been further exacerbated by the Covid-19 Pandemic and additional pressures on public sector finances.

3.4 In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities and mitigate against the cost pressures currently being forecast. The Transforming Bromley Agenda seeks to address these issues.

3.5 Against this background, the Council proposed for staff and Trade Union consultation purposes a flat 2% pay award increase for all staff, except teachers who are covered by a separate statutory pay negotiating process.

3.6 In addition to this and in recognition of the hard work of staff, especially during the Covid-19 Pandemic, the Council proposed an additional one day annual leave for staff for 2021/22 only and an additional £200k towards Merited Rewards, doubling the amounts to £400k for 2021/22.

3.7 The proposal was communicated on behalf of the Director of Human Resources and Customer Services to all staff on 11th February 2021 as well as Departmental Representatives and Unions, including Unison, GMB and Unite branch and regional officers were also advised. Feedback received from Staff has in the main been positive.

3.8 This year, Unison submitted their own pay claim followed by a joint claim on behalf of GMB and Unite. The Unions' claim is as summarised below (Management's response is indicated in italics) A full copy of both claims and supporting documentation can be found at Appendix A.

SUMMARY OF UNISON CLAIM

● An increase on all salary points and allowances sufficient to equal, or better, their equivalents on the GLPC/NJC Framework Arrangements for 2021/22;

Although the national pay talks are still ongoing, the proposed Bromley pay award of 2% is likely to match or better that being considered by other LG employers.

● A further review of the pay and grades structures following previous realignment and removal of the lowest bandings to achieve headroom above the Living Wage (National Minimum Wage) and the Foundation Living Wage (London Living Wage);

One of the key principles of adopting a local pay framework allows democratically elected Members/Councillors to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks. In 2020/21, the Council removed the equivalent of lower spinal points up to and including spinal point 8.

● An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Foundation Living Wage (London Living Wage) which is currently set at £10.85 per hour for 2020;

With the proposed 2% increase, the lowest hourly rate would be £10.81 p.h. which far exceeds the statutory National Living Wage of £8.91 p.h. The London Living Wage is not a statutory requirement.

● A review of payments and consideration of improvements to conditions in relation to additional components such as unsocial hours, gender pay, terms for working parents, and adjustments to hours;

Bromley will be meeting its statutory obligation to publish its gender pay information and continues to seek to address the gap. At present there are a number of women employed in senior management positions within the Council. Bromley also has a range of flexible working and benefits for working parents. Bromley's pay arrangement is equality compliant.

● Special London Allowance for Residential Staff (should this apply) in accordance with the] GLPC agreement (for reference, the agreed rate from 1 April 2020 was £1,200, an increase from £1,167 at April 2019);

This is not applicable to any Bromley staff

● Planned overtime rates in line with the GLPC recommendations for 2021-22 (see paragraph 2.4 of the Gold Book for guidance on the application of these rates);

Contractually, staff that carry out planned overtime can be reimbursed as time off in lieu or overtime based on the agreed rates under the localised terms and conditions of employment.

● An agreement with the joint unions on behalf of staff in relation to the management of workloads across the Council;

The Council recognises the need to ensure an adequate work life balance for its staff and empowers its managers and staff to ensure that this happens. Monitoring by Senior Management helps to reinforce this best practice. The introduction of a formal workload agreement between the Council and the Trade Unions is not therefore required.

● Unions are asking the Council, as a non-NJC employer, to look again at their arrangements in the light of new national pay structures as they are forthcoming;

Bromley Council previously adopted localised terms and conditions giving democratically elected Members/Councillors the ability to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks.

SUMMARY OF UNITE & GMB JOINT CLAIM

- A 10% across the board uplift with a follow through to all allowances / rates

Although the national pay talks are still ongoing, the proposed Bromley pay award of 2% is likely to match or exceed that being considered by other LG employers. The unions' 10% pay claim would cost the Council £6.3m. A 10% pay claim does not reflect the on-going unprecedented pressures from the Covid-19 Pandemic.

In January 2021, RPI was 1.4% and CPI was 0.7%. The proposed pay award of 2% is therefore above both RPI and CPI

- A £2000 home working lump sum. This to be uprated each year in line with the percentage pay rise.

Since the beginning of the Covid-19 Pandemic, various support has been made available including laptops and IT goody bags to support agile working, desks and chairs made available where required, mental health support and wellbeing initiatives and online training and support.

- A £500 Covid Hazard payment for all staff who have not been able to work from home due to the nature of the role.

As a public health authority, we take the wellbeing of all of our employees seriously. Rapid Testing is available to staff and contractors, relevant PPE is

available, where applicable, and vast work has been undertaken to ensure office areas are Covid secure. Our comprehensive Returning to the Workplace Staff Handbook was also produced and made available to all staff which can be found here

https://lbbstaffhandbook.guide/

- A commitment to discuss a reduction in the working week with no loss of pay.

There are no plans to look at a reduction of the standard working week

- A phased increase of annual leave by 5 days.

Although the proposed offer for 2021/22 includes an additional, non consolidated one day annual leave for one year, there are no plans to increase the minimum entitlements for annual leave longer term. The minimum leave in the Council is 24 plus the 8 statutory bank holiday, rising to 30 for long standing employees with 5 years or more service. This compares very favourably with the leave provisions both in the private and public sector.

How does the Council's 2021/22 pay award increase offer compare?

3.9 The National Joint Council (NJC) is yet to agree its pay deal for 21/22 which has been delayed in part due to the current pandemic. The proposed pay increase is likely to match the national offer.

3.10 The Council will continue to monitor staff recruitment and retention and where appropriate additional pay including the use of market supplements and any other proportionate responses will be adopted e.g. hard to fill and retain posts in children/adult services. Since coming out of national terms & conditions, Bromley's pay remains competitive for all occupations.

4. Public & Private Sector pay forecast 2021/2022

4.1 A pay freeze for many Public Sector workers was confirmed by the Chancellor, Rishi Sunak, in his Spending Review on 25th November 2020.

4.2 However, the Chancellor said he would protect the wages of NHS staff and employees on lower wages:

- "Taking account of the pay review bodies' advice, we will provide a pay rise to over a million nurses, doctors and others working in the NHS."
- In additional, an increase of at least £250 for more than two million public sector workers who earn a salary below £24,00 was announced.

4.3 Private sector pay rises are expected to be in the region of 2.4% in 2021 however this fluctuates across industries with leisure and hospitality expected to be 1.4% on average and construction, property and engineering at 1.8%. At the higher end, the insurance sector is expect to offer average increases of 2.9%.

4.4 The Council continues to operate in an economic climate of national financial uncertainty whilst having to face enormous pressures to deliver services where demand for growth is high particularly in relation to care services to vulnerable children and adults. This is also set against the backdrop of global financial impact and uncertainty due to the ongoing Covid-19 Pandemic.

4.5 The Council will continue to respond positively and flexibly to the labour markets regarding critical skills and hard to recruit and retain posts, in particular by offering enhanced packages if appropriate. Staff employed by the Council are also able to access the "Real Benefits" Scheme. Through the scheme the Council has negotiated favourable discounts with a range of retailers in Bromley. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.

4.6 Additionally, the Leader, the Portfolio Holder for Resources and their Cabinet colleagues and the Chairman of General Purposes and Licensing Committee are still committed to the Merited Pay Reward scheme for exceptional performers

- A separate amount of £200k for Merited Award vouchers for exceptional performers has been set aside and in 2021/22 a proposed one off increase to bring this to £400k. In 2020/21 a total of 222 awards ranging from circa £250 to £1,000 were awarded to staff. Also, a total of 187 mini rewards circa £50 (average) were awarded to staff. This year there were also additional Covid-19 awards and recognition given to 255 staff who were directly involved in supporting the Covid-19 response.

- Members have also reiterated their commitment to Staff Training and Development including the Graduate Internship Scheme and the Apprenticeship Levy.

- Every year the Council recruits graduate interns and many of them have been promoted into permanent senior positions in the organisation. In terms of the Apprenticeship Levy, HR is developing a plan to use the levy to upskill existing staff in the organisation partly to address areas of recruitment and retention difficulty.

5. POLICY IMPLICATIONS

5.1 As stated in paragraph 3.1 above, the annual pay award review is one of the key drivers for adopting the localised terms and conditions of employment framework for staff, except teachers. It enables the Council to set its own pay award free from nationally/regionally negotiated arrangements, usually divorced from local pressures and circumstances.

5.2 Aligning the pay review process with the budget setting process means that the cost of the pay increase is not viewed in isolation from the other significant cost pressures impacting on the Council's overall budget

6. FINANCIAL IMPLICATIONS

6.1 A 2% increase to all staff as detailed in recommendation 2.1 (ii), will cost the Council £1.26m p.a. The proposed increase of £200k in Merit Reward payments would be a non-recurring cost in 2021/22 only. There would be no direct additional cost of awarding one extra day annual leave and this will be managed within existing Portfolio budgets.

6.2 The Council continues to face an underlying ‘budget gap’ as identified in the 2021/22 Council Tax report to Executive and there remains a need for savings to be identified in future budget choices. Provision for a 2% increase has been included in the Draft 2021/22 Budget. The proposed £200k increased cost of Merit Rewards would need to be funded from Central Contingency.

6.3 The increase to pay as set out in para 2.1 therefore represents a reasonable pay award in the current financial climate.

7. LEGAL IMPLICATIONS

7.1 As set out in the report, there are no specific implications, including equal pay arising from the proposed pay award recommendations as detailed in para 2.1 above.

8. PERSONNEL IMPLICATIONS

8.1 As set out in the report.

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

Appendix 1

BROMLEY COUNCIL – UNITE AND GMB JOINT PAY CLAIM

Unite The Union and GMB, on behalf of our members, presents the following pay claim to the Council for the period 2021/22.

- A 10% across the board uplift with a follow through to all allowances / rates
- A £2000 home working lump sum. This to be uprated each year in line with the percentage pay rise.
- A £500 Covid Hazard payment for all staff who have not been able to work from home due to the nature of the role.
- A commitment to discuss a reduction in the working week with no loss of pay.
- A phased increase of annual leave by 5 days.

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PAY CLAIM: 2021-22

Submitted by UNISON to the London Borough of Bromley

1. Introduction

This pay claim is submitted by UNISON on behalf of staff working for the London Borough of Bromley (LBB hereafter).

UNISON's claim is set at a level that we believe recognises the following key points:

- Major increases in the cost of living over recent years have significantly reduced the value of staff wages;
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services during the Covid-19 pandemic;
- Appropriate reward is needed for the increased workload and stress placed on staff against a background of major budget cuts and the pandemic;
- Average pay settlements across the economy have been running ahead of those received by Bromley Council staff over recent years, increasing the likelihood of recruitment and retention problems in the long term;
- Nobody should be paid less than the nationally recognised Foundation Living Wage (London Living Wage) rate, which has become a benchmark for the minimum level of decent pay across the UK and is now paid by large sections of the public services and many major private companies

UNISON is therefore submitting the following claim for 2021-22, which seeks to improve and enhance the morale and productivity of our members. Meeting our claim will give LBB the opportunity to demonstrate its commitment to creating a workforce which is well paid and high in morale and productivity. The claim is straightforward and realistic.

2. Summary Claim

We are seeking:

- An increase on all salary points and allowances sufficient to equal, or better, their equivalents on the GLPC/NJC Framework Arrangements for 2021/22;
- A further review of the pay and grades structures following previous realignment and removal of the lowest bandings to achieve headroom above the Living Wage (National Minimum Wage) and the Foundation Living Wage (London Living Wage);
- An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Foundation Living Wage (London Living Wage) which is currently set at £10.85 per hour for 2020 (£10.55 for 2019);
- A review of payments and consideration of improvements to conditions in relation to additional components such as unsocial hours, gender pay, terms for working parents, and adjustments to hours;
- Special London Allowance for Residential Staff (should this apply) in accordance with the GLPC agreement (for reference, the agreed rate from 1 April 2020 was £1,200, an increase from £1,167 at April 2019);
- Planned overtime rates in line with the GLPC recommendations for 2021-22 (see paragraph 2.4 of the Gold Book for guidance on the application of these rates);
- An agreement with the joint unions on behalf of staff in relation to the management of workloads across the Council;
- Unions are asking the Council, as a non-NJC employer, to look again at their arrangements in the light of new national pay structures as they are forthcoming;
- The advantages of the NJC pay spine are:
    - The NJC pay spine is transparent
    - Using the NJC pay spines aids comparability with other NJC employers
    - It becomes easier to apply future NJC pay awards
    - Using the NJC pay spine future proofs the employer against National Living Wage
    - Increases and so provides stability
    - The NJC pay spine provides a sound basis for future pay and grading exercises

3. Background to the Claim

A substantial increase will help restore and maintain living standards of the staff who have seen their real pay eroded considerably.

Bromley UNISON consulted its members prior to this claim and found:

- 56% of respondents felt their pay was worse off compared to the cost of living than 12 months ago;
- 87% of respondents felt their workload had increased;
- 67% of respondents noted that stress was having a negative impact on their personal life, while 33% reported it affected their job performance;
- 67% of respondents reported feeling demotivated, while 53% described morale as Low or Very Low;
- 50% of respondents are worried about future job security

The greatest asset of LBB is its employees. In this pay round, our members are looking for evidence of the value that LBB places upon them for their contribution to the Council's response to the unprecedented circumstances created by the pandemic.

This claim is both realistic and fair. The following gives full justification for the claim. UNISON hopes that LBB will give this claim the full consideration and response which employees expect and richly deserve.

4. Falling Value of Pay

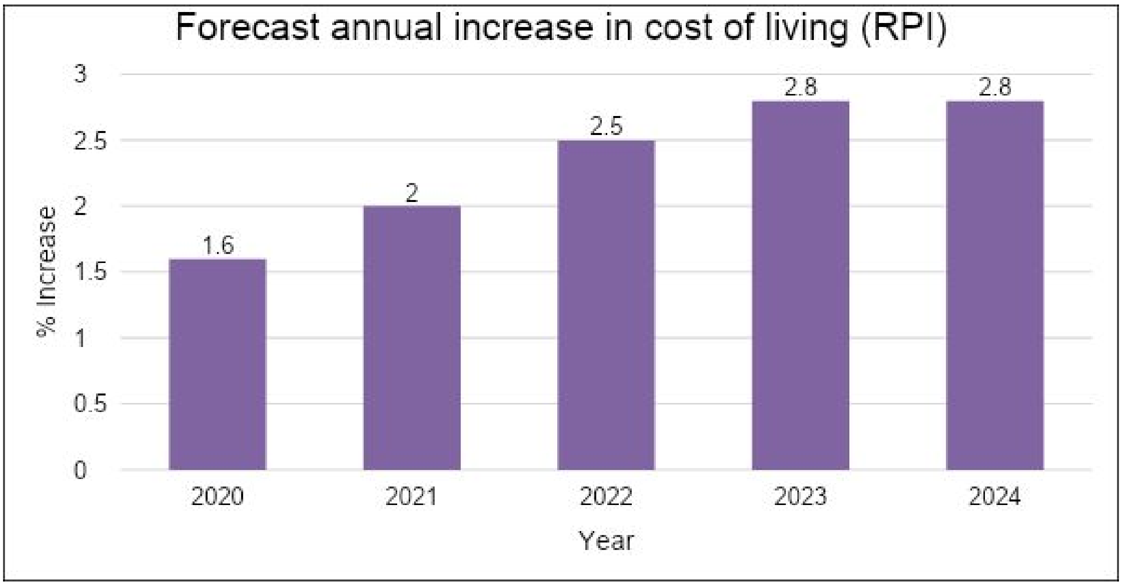
The table below demonstrates the major fall in living standards suffered by staff over recent years.

	LBB pay increases	Rise in cost of living [1] (as measured by Retail Prices Index)
2010	**0%**	4.6%
2011	**0%**	5.2%
2012	**0%**	3.2%
2013	**1.2%**	3.0%
2014	**1.2%**	2.4%
2015	**1.2%**	1.0%
2016	**1.2%**	1.8%
2017	**1.2%**	3.6%
2018	**2.0%**	3.3%
2019	**2.25%**	2.6%
2020	**2.5%**	1.6%

[1] Office for National Statistics, Consumer Price Inflation Reference Tables, January 2021

This means that, while the cost of living has risen by 32.2% over the last decade, pay in LBB has risen by just under 13%, equating to thousands of pounds in cuts to the value of staff wages.

The Treasury average of independent forecasts states that RPI inflation will have averaged 1.6% over 2020. It will then escalate every year to reach 2.8% by 2023, following the pattern shown in the graph below. These annual rates show the rate at which pay rises would be needed for wages just to maintain their current value.



Source: HM Treasury Forecasts for the UK Economy, May 2020

5. Falling Behind Average Pay Rates

The ability of LBB to attract and retain staff in the long term will be damaged if the pay of its staff falls behind the going rate in the labour market.

The table below shows that pay settlements over the last year across the economy have been running at 2.5%, which, while commensurate with the average 2020 settlement, was marginally below the GLPC uplift (2.75%), allowing gaps created by previous settlements to widen further.

A sample of economic sectors that can provide alternative career options for LBB staff shows that pay settlements are running at the below rates.

Sector	Average pay settlements
Across economy	2.5%
Private sector	2.5%
Public sector	2.6%
Not for profit	2.0%
Energy & gas	2.5%

Water & waste management	2.3%

Source: Labour Research Department, settlements year to June 2020

Year	Average pay settlements	LB Bromley pay increases
2010	2.0%	**0%**
2011	2.5%	**0%**
2012	2.5%	**0%**
2013	2.5%	**1.2%**
2014	2.5%	**1.2%**
2015	2.2%	**1.2%**
2016	2.0%	**1.2%**
2017	2.0%	**1.2%**
2018	2.5%	**2.0%**
2019	2.5%	**2.25%**
2020	2.6%	**2.5%**

6. Recruitment and Retention Pressures Building

Recruitment and retention are a key priority for councils. As of 2017/18, 78% of councils were experiencing recruitment and retention difficulties, with 10% feeling forced to enact a recruitment freeze at some point during 2017/18 (LGA workforce survey 2017/18). This issue is particularly acute for a variety of professional and specialist roles, including social work, planning and building control.

Successive workforce surveys conducted by the LGA make it apparent that pressures are rising. Local Authorities' reported average vacancy rate of 8% (rising to 9.5% for unitary authorities) is significantly higher than the averages for wider public sector and in the economy as a whole.

With the general unemployment rate in the UK economy set to rise as the country adapts to 'the new normal' created by Covid-19, competitive wages will only become more crucial if LBB wish to recruit and retain staff.

As temporary and agency staff are used to deal with staffing problems caused by absenteeism or recruitment and retention difficulties, this can, in turn, have a negative impact on workload and morale. UNISON's survey, undertaken in preparation for this claim, saw 20% of respondents note the usage of temporary/agency staff had increased in the last twelve months.

7. Morale Under Threat

Working against a background of consistent cuts and the ongoing threat to services caused by the pandemic, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long-term threat to LBB's ability to provide a consistent quality of service.

Bromley UNISON's survey of members found:

- 66% of respondents felt that the number of service users had increased;
- 53% of respondents felt the number of staff had decreased;
- 87% of respondents reported feeling more stressed by their working conditions;
- 86% of respondents noted a decrease in morale overall;
- 73% of respondents felt that the quality of service had decreased;
- 36% of respondents felt that there were frequent staff shortages in their workplace or service area;
- 50% of respondents said they were Very Seriously or Fairly Seriously considering leaving their job, with half of those considering work for a different Local Authority

While requesting the above, it should be noted that LBB has followed best practice in terms of Working from Home guidance to its staff to protect their physical and mental health, but our survey still saw concerns raised about the consistency of application of WFH guidance and the availability of suitable equipment to perform job roles remotely.

8. Conclusion

There can be no doubt that all employees working for LBB have seen a significant fall in their living standards; their real earnings have fallen substantially.

To deliver a quality service, LBB relies on its workforce, and the retention of a specialist, skilled, experienced and dedicated workforce is important to the quality of service delivery. Competition for that workforce from other sectors is strong.

2021 is the year in which LBB can begin to demonstrate that its workforce is included as we begin to recover from the impact of Covid-19.

This is a fair and realistic claim which we ask LBB to meet in full.

Report No.
CSD21032

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**
Date:	**Monday 1 March 2021**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**PAY POLICY STATEMENT 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 At its meeting on 9th February 2021 the General Purposes and Licensing Committee considered and approved the attached report presenting the 2021/22 Pay Policy Statement, subject to some minor corrections which have been made to the attached version. Since the Committee's meeting, the Government has announced that the £95k cap on public sector exit payments, referred to in the report, has been withdrawn, and the Statement is being updated accordingly – a revised version will be circulated before the Council meeting. The Pay Policy Statement is a statutory requirement and Council is recommended to approve the statement for 2021/22.

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2. RECOMMENDATION

That the 2021/22 Pay Policy Statement, as updated following the withdrawal of the £95k public sector exit payment cap, be approved.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

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

Personnel

1. Number of staff (current and additional): Chief Officers and Deputy Chief Officers as defined in the Local Government & Housing Act
2. If from existing staff resources, number of staff hours: Not Applicable

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Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

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

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Ward Councillor Views

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

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

London Borough of Bromley

Report No. HR PART I – PUBLIC Agenda Item No.:

Decision Maker:	**General Purposes & Licensing Committee**
Date:	**9th February 2021**
Decision Type:	Non-Urgent Non-Executive Non-Key
TITLE:	**PAY POLICY STATEMENT 2021/22**
Contact Officer:	Charles Obazuaye Tel: (020) 8313 4381 email: charles.obazuaye@bromley.gov.uk
Chief Officer:	Director of Human Resources & Customer Services
Ward:	N/A

1. **REASON FOR REPORT**

1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by Full Council every year. The 2021/22 Pay Policy Statement is attached for Members consideration and approval.

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2. **RECOMMENDATION(S)**

2.1 Members are asked to:

(i) recommend that Full Council approve the 2021/22 Pay Policy Statement attached to this report.

Corporate Policy

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

Financial

1. Cost of proposal: Within existing budget

2. On-going costs: Within existing budget

3. Budget Head/Performance Centre:

4. Total current budget for this Head:

5. Source of Funding:

Staff

1. Number of staff (current and additional): Chief Officers and Deputy Chief Officers as defined in the Local Government & Housing Act.

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

Legal

1) Legal Requirement: Statutory Requirement

2) Call In: Call in is not applicable

Customer Impact

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

Ward Councillor Views

1) Have Ward Councillors been asked for comments: N/A

2) Summary of Ward Councillors comments:

3. COMMENTARY

3.1 The Localism Act requires the Council to prepare and publish a Pay Policy Statement every year. The statement must set out the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.

3.2 The objective of this aspect of the Act is to require authorities to be more open and transparent about local policies and how local decisions are made.

The first Pay Policy Statement which was approved by Full Council on 26th March 2012 has been up-dated every year to reflect Member decisions to adopt a localised terms and conditions of employment framework for all staff, except teachers. The attached Pay Policy statement for 2021/22 is not materially different to the previous Statements. A key aspect of the localised pay framework is the local determination of the annual pay award as part of the financial budget planning process. As before, Bromley pay award will also be paid on time in April.

3.3 Another key aspect of the localised pay framework is the emphasis on individual pay and performance. There is no automatic pay uplift or increment or pay award without satisfactory individual performance. To further localise its terms and conditions of employment, the Council has with effect from 1st April 2015 appointed new staff (including internal promotions) on spot salaries. It offers greater flexibility and managerial empowerment not always possible under the traditional incremental pay progression system.

3.4 As stated above, Bromley employees are clear on how performance is linked to pay. The Council's appraisal process, Discuss, uses a "structured conversation" coaching style to improve employee engagement and empowerment, whilst supporting managers to undertake a more proactive approach to managing performance and developing potential of staff.

3.5 The scheme enables each employee's contributions to Building a Better Bromley strategic objectives to be individually assessed and, where appropriate, recognised through the award of the discretionary merited reward payment. £200k is allocated in the base budget to support the scheme. Since the introduction of the scheme a total of 1327 merited rewards have been made. Separately 1216 mini merit awards have been made to staff. In addition a further 255 awards have been made to staff in recognition of the support they have provided to one or more of the Council's workstreams, responding to the Covid-19 pandemic. These workstreams have supported businesses in the borough as well as the most vulnerable of the borough's residents.

3.6 The Appraisal process for Chief Officers, including the Chief Executive, normally includes a 360-degree feedback from peers, direct reports, partner organisations and key Members. The Chief Executive is responsible for appraising his Chief Officers. The Chief Executive's appraisal is managed by a Member Panel comprising the

Leader, Deputy Leader, Portfolio Holder for Resources and any other Members, including the Leaders of the minority parties or their representatives. The Panel is supported by the Director of Human Resources and Customer Services. The attached proposed Pay Policy Statement 2021/22 also sets out the pay review and performance appraisal arrangements for the Chief Executive. The Member Panel will undertake the appraisal of the Chief Executive. Following the appraisal and any feedback to the Chief Executive the panel will reconvene as a formally constituted committee of Council to determine the Chief Executive's pay to conclude his annual performance appraisal.

4. POLICY IMPLICATIONS

4.1 The Pay Policy Statement is legally required pursuant to the Localism Act 2011. It requires the Council to annually prepare and publish its statement on pay and remuneration, mainly for Chief Officers, as defined in the Local Government and Housing Act.

4.2 Since coming out of the national/regional collective bargaining frameworks, the Council's Pay Policy Statements have reflected the key drivers for localised terms and conditions of employment, namely:

- A single local annual pay review mechanism aligned with the budget setting process;
- A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance;
- Annual pay increases linked to satisfactory performance for all staff; no automatic pay increases.

5. FINANCIAL IMPLICATIONS

5.1 All decisions taken in accordance with this policy statement will be contained within existing budgets.

6. LEGAL IMPLICATIONS

6.1 The requirement to adopt and publish a Pay Policy Statement arises under the Localism Act 2011. The Policy Statement is consistent with the statutory guidance published by the Secretary of State for Communities and Local Government to which all relevant authorities must have regard. The guidance does not limit the general statutory provisions on delegation under Section 101 of the Local Government Act 1972.

7. PERSONNEL IMPLICATIONS

7.1 Details of this year's Pay Policy Statement are as set out in this report and the accompanying Policy Statement. Last year's report and Pay Policy Statement advised the Committee that the Government was planning to introduce reforms around exit payments in the Public Sector.

7.2. The Regulations: [The Restriction of Public Sector Exit Payments Regulations 2020] came into force on 4 November 2020. The Regulations impose on public sector employers a £95k exit cap on the total amount that can be paid to an employee who is exiting the organisation, either for reasons of redundancy or business efficiency. The cap includes the employer's pension costs, often referred to as pension strain costs. The pension strain costs are payable for affected employees who are 55 years of age or over. The following exit payments are exempt from the Exit Cap Regulations:

- Any payment in respect of pension benefits that an employee has accrued in respect of their employment up to the time of their exit, where there has been no additional cost of to the authority in relation to that exit;
- Any payment in respect of death in service;
- Any payment in respect of accident, injury or illness;
- Any payment in respect of annual leave due under a contract of employment, but not taken;
- Any payment in compliance with an order of a court or tribunal;
- Any payment in lieu of notice due under a contract of employment that does not exceed one quarter of the employee's annual salary.
- Any payment in respect of Employer National Insurance contributions.

7.3. The HM Treasury have published Guidance on the Regulations, along with Directions on when the £95k can be relaxed and where a waiver can be applied.

7.4. The Directions provide for the following **Mandatory Waivers**:

- Where an obligation to pay an exit payment arises as a result of a TUPE transfer under the Transfer of Undertakings (Protection of Employment Regulations 2006);

- Where an Employment Tribunal has the jurisdiction to make a payment in relation to Whistleblowing covered under Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998), Discrimination under the provisions of the Equality Act 2010, Health and Safety related cases covered by Section 44 of the Employment Rights Act 1996.

- Mandatory waivers also include a payment made (for example, as part of a settlement agreement in order to settle a grievance or employment tribunal litigation involving a discrimination complaint under the Equality Act 2010.

7.5. **Mandatory Waivers** require approval by Full Council. A business case must then be submitted to the Ministry of Housing, Communities and Local Government (MHCLG), with the Minister having final approval.

7.6. The Directions also provide for certain **Discretionary Waivers** in relation to the following circumstances:

- That not exercising the power would cause undue hardship;
- That not exercising the power would significantly inhibit workforce reform;
- An arrangement to exit was entered into before the Regulations came into force, but the exit was delayed until after that date and the reason for the delay was not attributable to the employee;

7.7. **Discretionary Waivers** also require approval by Full Council and are then considered for approval to the Principal Accounting Officer and Minister for MHCLG. The business case then requires further approval by HM Treasury.

7.8. **Waivers** outside of the circumstances outlined above can only be authorised with HM Treasury consent. In these exceptional cases Bromley Council would be required to submit a business case to the MHCLG before submitting a business case to the HM Treasury for approval. (It is anticipated that Full Council approval would also be required in such circumstances, however the Guidance is not specific on this matter).

7.9. Separate to the £95k Exit Cap Regulations, the Government have also consulted on proposals for the Reform of the Local Government Pension Scheme (LGPS) and Discretionary Payments. The consultation on the proposals ended on 9 November 2020; Further consultation on the draft regulations themselves: The Local Government Pension Scheme (Restriction of Exit Payments)(Early Termination of Employment)(Discretionary Compensation and Exit Payments)(England and Wales) Regulations 2020 closed on 18th December 2020.

7.10. The proposed changes include:

- A maximum tariff for calculating exit payments of 3 weeks' pay per year of service (Employers can apply tariffs below these limits);
- A cap of 66 weeks on the number of weeks salary that can be paid as a redundancy compensation payment. Employers will have discretion to apply lower limits;
- Imposing a maximum salary level on which calculation for severance pay can be based (currently £80,000);
- Preventing an employer making a discretionary redundancy payment in addition to a payment into the LGPS (pension strain cost) except in very limited circumstances;
- Limiting payments an employer can make into the LGPS (pension strain cost) where an employee receives a statutory redundancy payment (by reducing the strain cost payment by the amount of the statutory redundancy payment)

- Making the necessary changes to the LGPS to accommodate these changes and the broader effects of the £95k Exit Cap
- Giving employees the option of deferring their accrued pension benefits, or taking an actuarially reduced pension benefit, and: receiving a discretionary redundancy payment under the Council's Redundancy Policy.

7.11. Whilst the £95k Exit Cap Regulations are now in force the proposals for reform of the LGPS regulations are not yet in place. This has created some ambiguity and concern for some local authorities particularly where exits are already in progress, as the Government's view is that the Exit Cap regulations effectively curtail the use of LGPS regulations to pay an immediate unreduced pension when the cap is breached. The MHCLG wrote to all LGPS administering authorities in October 2020 advising that until the changes to the LGPS regulations were implemented a capped member should only receive an immediate pension (with full actuarial reductions applied) or a deferred pension, plus a cash alternative payable by the employer.

7.12. At the present time there are no Bromley Council employees affected by this conflict in the regulations, i.e. where an employee's exit costs exceed £95k, however this situation will need to be kept under review depending on, if and when the proposed regulations come into force.

7.13. It was originally envisaged that changes to the LGPS would be introduced before the end of December 2020, however the outcome of the consultation has yet to be published. It should also be noted that there is a potential challenge to the Regulations by means of a Judicial Review. The High Court has granted permission for three requests for a Judicial Review to be heard. These requests, which will be heard together in the latter half of March 2021, are brought by LLG (Lawyers in Local Government) and ALACE (the Association of Local Authority Chief Executives and Senior Managers), Unison and GMB/Unite. The challenge has been made concerning the confusion caused by the £95k Exit Cap Regulations clashing with the requirements of the LGPS.

7.14. Until the outcome of the Consultation on the Regulations, along with the outcome of the Judicial Review is known, it is unclear whether the proposals outlined in the Government's proposals will be enacted as they stand, or whether they will be amended. The permission for hearing and timing of the applications for Judicial Review of the £95k Exit Cap Regulations may now result in the current legal uncertainty continuing into the next financial year.

7.15. These regulations are likely to impact on the Council's redundancy, retirement and pay policies, which will need to be reviewed and updated in due course.

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

London Borough of Bromley

1. Introduction

1.1 The Localism Act 2011 introduces a requirement for public authorities to publish annual pay policy statements. It states, in the main, that a relevant authority must prepare a pay policy statement for the Financial Year 2012/13 and each subsequent year.

1.2 Pursuant to the Act and the associated guidance and other supplementary documents, this pay policy statement sufficiently summarises Bromley Council's approach to the pay of its workforce and its "Chief Officers". In summation, the statement covers the Council's policies for the 2020/21 Financial Year, relating to:

- i) remuneration of its Chief Officers;
- ii) remuneration of its lowest paid employees;
- iii) the relationship between (i) and (ii) above.

1.3 In relation to "Chief Officers" the pay policy statement must describe the Council's policies relating to the following:

- i) the level and elements of remuneration for each Chief Officer;
- II) remuneration of Chief Officers in recruitment;
- iii) increases and additions to remuneration for each Chief Officer;
- iv) the use of performance related pay for Chief Officers;
- v) the use of bonuses for Chief Officers;
- vi) the approach to the payment of Chief Officers on their ceasing to hold office under, or to be employed by, the authority; and
- vii) the publication of access to information relating to remuneration of Chief Officers.

1.4 As required by the Act and the supporting statutory guidance which, in turn, reflects the Local Government and Housing Act 1989, <u>the definition of Chief Officer</u> for the purpose of the pay policy statement covers the following roles:

- i) the Chief Executive/Head of Paid Service;
- ii) the Monitoring Officer;
- iii) a statutory Chief Officer and non-statutory Chief Officer under Section 2 of the Local Government and Housing Act 1989;
- iv) a Deputy Chief Officer responsible and accountable to the Chief Officer. However, it does not include those employees who report to the Chief Executive or to a statutory or non-statutory Chief Officer but whose duties are solely secretarial or administrative or not within the operational definition or the meaning of the Deputy Chief Officer title.

2. Exclusion

2.1 The Act does not apply to schools' staff, including teaching and non-teaching staff.

3. Context: Key Issues and Principles

3.1 General Context – clearly there are a number of internal and external variables to consider in formulating and taking forward a pay policy. Reward and recognition is a key component of the Council's agreed HR Strategy. This includes establishing strong links between performance and reward and celebrating individual and organisational achievements.

The HR Strategy is based on an assumption that all staff come to work to do a good job and make a difference. The Council expects high standards of performance from staff at all levels and seeks, in return, to maintain a simple, fair, flexible, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce.

3.2 Local Terms and Conditions of Employment

Local terms and conditions of employment for all staff including "Chief Officers" as defined in paragraph 1.4 above were introduced with effect from 1 April 2013. Teachers employed by the local authority in Community Schools and Voluntary Controlled schools are excluded as their terms and conditions are set in statute and do not afford the Council the discretion to include them in the localised arrangements.

3.2.1 The main features of the localised terms and conditions framework are as follows, namely:

(a) A single local annual pay review mechanism aligned with the budget setting process.

(b) A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance.

(c) Annual pay increases including annual increments (if appropriate) linked to satisfactory performance for all staff; not automatic.

3.3 Recruitment and Retention

The Council aims to enhance its ability to recruit and retain high quality staff by being competitive in the labour markets. This is still the case even in the current financial straitened times. We will keep our pay policy updated and align it to reflect the "Bromley Council employee of the future" characterised by innovation, flexibility, empowerment, leadership and individualised rewards for exceptional performers. The size of the Council's workforce is likely to continue to reduce but reasonably remunerated to recruit and retain quality staff to deliver Member priorities. The Council is well placed to respond to changes in the labour markets, especially in relation to hard to fill and retain roles, e.g. Children Social Workers. A comprehensive Recruitment and Retention Strategy/package for Children's Social Workers is in place to deal with the regional and national shortage of qualified/experienced staff. A similar plan is also in place to address the recent recruitment and retention challenges in the adult social care workforce. There are also problems recruiting experienced/qualified Planners and Surveyors and qualified Mental Health Practitioners. These challenges are within the remit of the Corporate Recruitment and Retention Board chaired by the Director of HR & Customer services, comprising key representatives across the organisation including the Director of Children's Services, the Director of Adult Services and the Director of Housing, Planning, Property and Regeneration. The Board looks at the push and pull factors impacting on staff recruitment and retention, including local and regional labour market intelligence, leaver/exit info, etc. The Council has commissioned a tool to gather real time leavers' opinions, as well as on-boarding surveys.

As part of the Transforming Bromley agenda there is increased focus on smart and agile working. This includes the availability of smart technology to improve work-life balance, increased digitalisation of services, and ultimately improved customer experience.

3.4 Accountability

3.4.1 The Act requires that pay policy statements and any amendments to them are considered by a meeting of Full Council and cannot be delegated to any Sub-Committee.

3.4.2 Such meetings should be open to the public and should not exclude observers.

3.4.3 All decisions on pay and reward for "Chief Officers" must comply with the agreed pay policy statements.

3.4.4 As stated above, the Council must have regard to any guidance issued/approved by the Secretary of State. The first guidance issued by the Department of Communities and Local Government (DCLG) (now MHCLG) states in inter alia "that full Council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment." The Secretary of State considered that £100,000, including salary, bonus, fees or allowances or any benefit in kind, is the right level to trigger Member approval.

3.4.5 The most recent guidance issued in February 2013 states that Authorities should offer full Council the opportunity to vote before large severance packages beyond a particular threshold are approved for staff leaving the organisation. As with salaries on appointment, the Secretary of State considers that £100,000 is the right level for that threshold to be set. The components may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonus, fees or allowances paid. The Council's position on this is still as set out in the 2014/15 pay policy statement, subject to the requirements of The Restriction of Public Sector Exit Payments Regulations 2020. Chief Officer severance packages are generally included in the annual statement of accounts. Also, Executive approval is sought for severance packages for chief officers. There is also an overarching scrutiny of settlement/compromise agreement packages from the Audit Sub-Committee. These arrangements ensure Member engagement.

4. Transparency

4.1 In line with the guidance, the pay policy statement will be published on the Council's website and accessible for residents to take an informed view on whether local decisions on all aspects of remuneration are fair and reasonable.

4.2 The Council is also required to set out its approach to the publication of and access to information relating to the remuneration of "Chief Officers".

The Council also discloses the remuneration paid to its senior employees in the Annual Report and Statement of Accounts and is accessible on the Council's website at:

http://www.bromley.gov.uk/downloads/download/136/annual_accounts

For the purposes of the Code, senior employee salaries are defined as all salaries which are above £50,000. The information, including the posts which fall into this category, will be regularly updated and published.

5. Fairness

5.1 The Council must ensure that decisions about senior pay are taken in the context of similar decisions on lower paid staff. In addition, the Act requires the Council to explain the relationship between the remuneration of its Chief Officers and its employees who are not Chief Officers, and may illustrate this by reference to the ratio between the highest paid officer and lowest paid employee and/or the median earnings figure for all employees in the organisation.

5.2 The Council's pay arrangement is equality compliant. The Council achieved Single Status/Equal Pay Deal via a collective agreement with the Unions in 2009.

5.3 Additionally, the Act specifically requires the Council to set out its policies on bonuses, performance related pay, severance payments, additional fees/benefits (including fees for Chief Officers for election duties), re-employment or re-engagement of individuals who were already in receipt of a pension, severance or redundancy payment, etc.

6. Position Statement

6.1 The Council's position on the requirement of the Act and the information that it is required to include its Pay Policy Statements is as summarised above and as set out in the attached table (Appendix B).

6.2 This Statement is for the Financial year 2021/22

6.3 The Statement must be approved by Full Council. Once approved it will be published on the Council's website. Any amendments during the Financial Year must also be approved by a meeting of Full Council.

6.4 This Statement (including the Appended table) meets the requirement of the Localism Act 2011 and the Department for Communities and Local Government (DCLG) guidance.

6.5 Legislation introduced in 2017 means that The Council is required to publish its gender pay gap data annually. The gender pay report for 2021 will be published at the end of March 2021 in line with statutory deadlines.

PAY POLICY STATEMENT FOR FINANCIAL YEAR 2021/22	
POLICY AREA UNDER THE ACT	**POLICY STATEMENT**
	For the purposes of this policy statement the term “Chief Officer” includes the Chief Executive, Statutory and non-statutory Chief Officers and Deputy Chief Officers within the meaning of the Local Government and Housing Act 1989.
Level and elements of remuneration of Chief Officers and relationship with the remuneration of employees who are not Chief Officers	The authority implemented a localised pay and conditions of service framework for all staff except teachers, with effect from 1 April 2013. Under the local framework the Council: a) Introduced an annual local pay review mechanism aligned with the budget setting process for all staff except teachers to replace the national and regional collective bargaining arrangements and the existing local arrangements for Lecturers in Adult Education; b) Introduced a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff except teachers; c) Will reinforce the link between individual performance and pay by making any annual pay increase and increments (where appropriate) subject to satisfactory performance for all staff; not automatic. d) Agreed to make no change to existing terms and conditions of service before April 2015. The move to fully localised terms and conditions is on the back of the Bromley Single Status agreement reached with the relevant recognised trade unions in 2009 affecting the BR grade staff. Under the localised terms and conditions of service framework the Council retains its existing terms and conditions including the grading and job evaluation schemes for BR staff and MG and PT staff, except for the annual pay review and appraisal process. Under the localised terms and conditions framework the Council will not be bound by the national or/and regional pay settlements. Instead, by means of the process of the localised annual pay review the Council aims to: • ensure that staff are appropriately rewarded for the job that they do • enhance the Council’s ability to compete by maintaining a simple, fair, transparent and affordable pay and

reward structure that attracts and keeps a skilled and flexible workforce;
- improve the links between organisational efficiency, individual performance and reward
- ensure that decisions on reward and recognition are better aligned with the considerations and timetable of the annual budget setting process

The current rates for Management Grade and Professional & Technical Staff, BR staff and Lecturers and sessional staff at Bromley Adult Education College can be found at MG MB PT Salary Scales BAEC Salary Scales BR Grades Salary Scales

The Council has agreed the process of job evaluation as a way of ensuring a fair system of remuneration relative to job weight thereby managing any risk of equal pay claims. MG and PT jobs are graded using the James Job Evaluation Scheme, and BR jobs are graded using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. The BR grades are based around "anchor" salary points and consist of incremental scales. However, with effect from 1st April 2015 new BR staff (including internal promotions) are appointed on spot salaries with no increments. Individual spot salaries will be renewed annually, minimally, subject to satisfactory performance.

Individuals employed on the MG and PT grades are appointed to a spot salary within the relevant salary bands having regard to the Council's ability to recruit and retain suitably qualified, skilled and experienced officers to deliver excellent front line services and achieve Council priorities. Exceptionally staff may be paid outside of the relevant band for their grade because of market forces. The same principles apply to anyone who is engaged on a self-employed basis and paid under a contract for services. Under the Special Recruitment measures agreed by Chief Officers, every recruitment request including permanent, temporary, casual, agency staff or self-employed is scrutinised and formally approved first by the Director and then the Director of Human Resources & Customer Services on behalf of the Chief Executive.

The Council offers a lease car arrangement as a recruitment and retention incentive to certain staff occupying key posts including some front-line posts on the BR grades. Employees with a lease car are expected to make

	a minimum 30% contribution to the cost and for Chief and Deputy Chief Officers the value range of this benefit is between £3,566 and £2,460 per annum subject to this not exceeding 70% of the car's current benchmark value plus insurance. Any employee who does not have a lease car is eligible to receive a car user allowance if they use their own vehicle for business purposes capped locally at the rate for cars not exceeding 1199cc, other than in exceptional circumstances where the Director of Human Resources & Customer Services agrees that a car with a larger engine size is necessary for the efficient performance of the job. The current car mileage payment arrangement is 45p per mile for all users (except lease car users) consistent with the HMRC recommended rate. The rate for lease car users is considerably lower, currently 11.50p per mile. The Council normally engages a mix of external and internal personnel for election duties. The fees generally reflect the varying degree of roles undertaken by individuals. Fees paid to both the Returning Officer and the Deputy Returning Officer are in accordance with the appropriate Statutory fees and Charges Order and they reflect their personal statutory responsibilities. The Council is required to have measures in place to respond to any major emergency incidents in the Borough or on a pan London basis which includes a small group of Senior Officers on standby for the LA GOLD rota. The Chief Executive and Director of Environment and Public Protection undertake the lead role and do not receive any additional remuneration for this. Other officers who undertake this role receive a payment commensurate with other call out allowances for the relevant period of the standby. All employees including Chief Officers are entitled to apply for an interest free season ticket loan and reimbursement of any expenses necessarily incurred in the performance of their role including but not limited to travelling, and subsistence. Employees also have access to an interest free childcare loan under the childcare deposit loan scheme. Also, the Council operates a Salary Sacrifice scheme for all staff. This covers childcare vouchers, cycle to work, technology and salary sacrifice lease car scheme. Staff are also able to access other optional benefits such as annual leave purchase scheme, Gym Flex and Lifestyle benefits offering discounts at local and national

	retailers.
Use of PRP for Chief Officers	The annual review of salaries includes an assessment of work performance in the preceding twelve months for all staff. Under the localised terms and conditions of employment framework for all staff, including Chief Officers (with the exception of teachers), pay increases, including pay awards, increments, etc., are linked to satisfactory performance. Pay increases will be withheld from poor performers. The performance of the Chief Executive is appraised by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and other elected Members, including the Leaders of the Minority Parties, or their representatives. The Panel is supported by the Director of Human Resources & Customer Services in a technical advisory capacity. These Members will sit as a panel to undertake the appraisal but will sit as a committee of council to make a final decision. The Panel will assess and determine the Chief Executive's performance and pay within his grade band and will then sit as the Chief Executive Appraisal Committee to make the final determination. The Chief Executive and Directors are subject to a 360-degree appraisal process involving a range of feedback sources. Chief Officers and senior staff do not currently have an element of their basic pay "at risk" to be earned back each year. All staff apart from teachers will be eligible to be considered on merit for the one off non-consolidated non pensionable reward payment for exceptional performances.
Use of bonuses for Chief Officers	Not applicable.
Remuneration of lowest-paid employees	The Council's grading structure for BR graded staff starts at £19,899 per annum and the Council therefore defines its lowest paid employee as anyone earning £19,899 (pro rata for part-time staff). Currently the Council's pay multiple – the ratio between the Chief Executive as the highest paid employee and the lowest paid employee is 1:10, and between the Chief Executive and the median salary is £35,193 (ratio of 1:6).
Increases and additions to remuneration of Chief Officers	Where it is in the interests of the Council to do so the Chief Executive may review the salaries of Chief Officers and Senior Staff from time to time within the MG, PT and MB Salary scales MG MB PT Salary Scales Such circumstances include for example but are not limited to the impact of market forces and staff undertaking significant additional responsibilities on a time-limited or permanent basis**.** This is also the case for any other officer of the Council, including BR staff. Being outside of the nationally/regionally negotiated terms and

	conditions allows greater flexibility and discretionary payments in support of business priorities and recruitment and retention challenges. The Council has agreed a separate recruitment and retention package for children's and adults' social workers.
Remuneration of Chief Officers on recruitment	Where the post of Chief Executive falls vacant the salary package and the appointment will be agreed by Full Council. Full Council or a Member panel appointed by full Council or the Urgency Sub Committee will also agree any salary package in excess of £100K to be offered for any new appointment in 2020/21 to an existing or new post. All Chief Officer and Senior staff appointments will be made in accordance with the Council's agreed Constitution and Scheme of Delegation which can be found at London Borough of Bromley Constitution
Any discretionary increase in or enhancement of a Chief Officer's pension entitlement	Chief Officers are eligible to join the Local Government Pension Scheme. The Council will not normally agree to any discretionary increase in or enhancement of a Chief Officer's pension entitlement. However, each case will be considered on its merits and the Council recognises that exceptionally it may be in the Council's interests to consider this to achieve the desired business objective. Members' agreement will be required in all cases taking into account legal, financial and HR advice appropriate to the facts and circumstances. A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement and may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds. The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision and can be found at Flexible Retirement Policy

Approach to severance payments - any non-statutory payment to Chief Officers who cease to hold office/be employed	Where demonstrable benefit exists it is the Council's policy to calculate redundancy payments on the basis of the statutory number of weeks' entitlement using the employee's actual salary, subject to any cap on redundancy payments arising from The Restriction of Public Sector Exit Payments Regulations 2020. Under the Council's agreed Scheme of Delegation, the Director of Corporate Services has delegated authority to settle legal proceedings and/or to enter into a Settlement Agreement in relation to potential or actual claims against the Council. Settlement may include compensation of an amount which is appropriate based on an assessment of the risks and all the circumstances of the individual case. In exceptional cases where it is in the interests of the service to do so a payment in lieu of notice, or untaken leave may be made on the termination of an employee's employment. Payment for untaken leave may also be due under the terms of the Working Time Regulations. We already see approval for funding for severance packages for chief officers from the Executive. There is also overarching scrutiny from the Audit Sub – Committee. These arrangements give transparency and ensure Member sight of chief officers' severance packages. Severance Payments will be considered in accordance with the requirements of The Restriction of Public Sector Exit Payments Regulations 2020 The Regulations impose on public sector employers a £95k exit cap on the total amount that can be paid to an employee who is exiting the organisation, either for reasons of redundancy or business efficiency. The cap includes the employer's pension costs, often referred to as pension strain costs. The pension strain costs are payable for employees who are 55 years of age or over. The following exit payments are exempt from the Exit Cap Regulations: • Any payment in respect of pension benefits that an employee has accrued in respect of their employment up to the time of their exit, where there has been no additional cost of to the authority in relation to that exit; • Any payment in respect of death in service; • Any payment in respect of accident, injury or illness; • Any payment in respect of annual leave due under a contract of employment, but not taken; • Any payment in compliance with an order of a court or tribunal;

	• Any payment in lieu of notice due under a contract of employment that does not exceed one quarter of the employee's annual salary. • Any payment in respect of Employer National Insurance contributions The Council will not normally re-engage anyone as an employee or consultant who has received enhanced severance/redundancy pay or benefited from a discretionary increase in their pension benefits. However exceptionally it may be that business objectives will not be achieved by other means in which case a time-limited arrangement may be agreed by the Director of HR & Customer Services and Director of Finance having regard to the Council's financial rules and regulations. Any application for employment from ex-employees who have retired at no cost to the Council, or who have retired or been made redundant from elsewhere will be considered in accordance with the Council's normal recruitment policy. However, where an employee re-joins local government employment, whose pension benefits are already in payment, they may be subject to an abatement policy. This means that their pension benefits in payment could be reduced in line with that policy. **Please note:** Separate to the above £95k Exit Cap Regulations, the Government have also consulted on proposals for the Reform of the Local Government Pension Scheme (LGPS) and Discretionary Payments. The consultation on the proposals ended on 9 November 2020; Further consultation on the draft regulations themselves: The Local Government Pension Scheme (Restriction of Exit Payments)(Early Termination of Employment)(Discretionary Compensation and Exit Payments)(England and Wales) Regulations 2020 * closed on 18th December 2020. The proposed changes include: • A maximum tariff for calculating exit payments of 3 weeks' pay per year of service (Employers can apply tariffs below these limits); • A cap of 66 weeks on the number of weeks salary that can be paid as a redundancy compensation payment. Employers will have discretion to apply lower limits; • Imposing a maximum salary level on which calculation for severance pay can be based (currently

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	£80,000); • Preventing an employer making a discretionary redundancy payment in addition to a payment into the LGPS (pension strain cost) except in very limited circumstances; • Limiting payments an employer can make into the LGPS (pension strain cost) where an employee receives a statutory redundancy payment (by reducing the strain cost payment by the amount of the statutory redundancy payment) • Making the necessary changes to the LGPS to accommodate these changes and the broader effects of the £95k Exit Cap • Giving employees the option of deferring their accrued pension benefits, or taking an actuarially reduced pension benefit, and: receiving a discretionary redundancy payment under the Council's Redundancy Policy. *These regulations are likely to impact on the Council's redundancy, retirement and pay policies, which will need to be reviewed and updated in due course.

Publication of and access to information relating to this Policy and to the remuneration of Chief Officers	Once agreed the Council will publish this Pay Policy on its website. Full Council may by resolution amend and re-publish this statement at any time during the year to which it relates. The Council also discloses the remuneration paid to its senior employees in the annual report and statement of accounts as part of its published accounts. The Council has no full-time release Trade Union officers. Reasonable time off will be provided to Trade Union officials, including Stewards, in the course of their normal contractual job with the Council.

Report No.
CSD21033

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**COUNCIL**		
Date:	**Monday 1 March 2021**		
Decision Type:	Non-Urgent	Non-Executive	Non-Key
Title:	**MEMBERS ALLOWANCES 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		

1. Reason for report

1.1. At its meeting on 9th February 2021 the General Purposes and Licensing Committee considered the attached report on the proposed Members Allowances Scheme for 2021/22. The Committee recommended that all allowances, including the allowances for the Mayor (£16,452) and Deputy Mayor (£3,746), should remain at the same levels for 2021/22 as for 2020/21. The Committee also proposed that a “quasi-judicial” allowance be paid per day to Members sitting on the Appeals Sub-Committee on the same basis as for sitting on Licensing Sub-Committee and Plans Sub-Committees, to reflect the great time commitment usually required for these meetings. This can be absorbed within the current budget. The report considered by General Purposes and Licensing Committee is attached, with the Scheme at Appendix 2 updated to reflect the Committee’s recommendation.

2. RECOMMENDATION

That the Members Allowances Scheme 2021/22, and the Mayoral and Deputy Mayoral Allowances 2021/22, 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: Estimated Cost: £109,0k
2. Ongoing costs: Recurring Cost: £1,090k
3. Budget head/performance centre: Democratic Representation – Members Allowances
   Mayor and Civic Hospitality – Mayoral Allowance
4. Total current budget for this head: £1,066k for Members Allowances, £24k for Mayoral Allowances
5. Source of funding: Revenue Budget

Personnel

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

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Legal

1. Legal Requirement: Statutory Requirement: The Local Government (Members Allowances) (England) Regulations 2003 (SI2003/1021)
2. Call-in: Not Applicable: Non-executive 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): All 60 Members of the Council

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Ward Councillor Views

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

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

Report No.
CSD21001

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**GENERAL PURPOSES AND LICENSING COMMITTEE**
Date:	**Tuesday 9 February 2021**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**MEMBERS ALLOWANCES 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 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year, and this report details the proposed allowances for 2021/22. Until 2019, when an increase of 2.25% was agreed, allowances had remained frozen since 2009 due to the economic circumstances and the pressure on the Council's budgets.

1.2 If Members are minded to increase the allowances a reasonable guide would be the increase recommended for Council staff, when this is announced. The Mayoral and Deputy Mayoral Allowances are not part of the scheme, but are usually considered in conjunction with it. The scheme has to be agreed by full Council – this will be at the meeting on 1st March 2021.

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2. RECOMMENDATIONS

(1) The Committee is requested to consider the proposed Members Allowances Scheme 2021/22 and the Mayoral and Deputy Mayoral Allowances and in particular to consider whether to recommend that allowances are retained at the current level or are raised from 1st April 2021.

(2) The Committee is recommended to agree that the Members' Allowances Scheme 2021/22 (appendix 2) and the Mayoral and Deputy Mayoral allowances for 2021/22 (paragraph 3.4) be submitted to Council for approval.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: £1,090k
2. Ongoing costs: Recurring Cost: £1,090k
3. Budget head/performance centre: Democratic Representation – Members Allowances
   Mayoral & Civic Hospitality – Mayoral Allowance
4. Total current budget for this head: £1,066k for Members Allowances, & £24k for Mayoral Allowance
5. Source of funding: Revenue Budget

Personnel

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

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Legal

1. Legal Requirement: Statutory Requirement: The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021)
2. Call-in: Not Applicable: This report does not involve an executive decision

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Procurement

1. Summary of Procurement Implications: Not Applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All 60 Councillors receive at least the basic allowance.

Ward Councillor Views

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

3. COMMENTARY

3.1 Every local authority is required to have a basic, flat rate allowance payable to all Members, and is required to review its allowance scheme before the beginning of the financial year. The basic allowance recognises the time commitment of Councillors, including meetings with Council managers and constituents and attendance at political group meetings. It is also intended to cover incidental costs and general expenses such as the use of Councillors' homes and equipment. It must be the same for all Councillors in the authority and may be paid either as a lump sum or in instalments throughout the year - Bromley has always paid allowances by monthly instalment. In addition, allowances can be paid to reflect particular posts (Special Responsibility Allowances) or membership of particular committees that meet frequently to determine applications (referred to as Quasi-Judicial Allowances). The quasi-judicial allowances are now paid as a set amount per meeting attended, rather than as a fixed amount per annum.

3.2 Following a detailed review in 2008, Members' Allowances were scrutinised by a specially formed Member working group which reported through to the Council. As a result certain allowances were upgraded to reflect Member duties at the time. The scheme has remained largely unchanged since then, until in 2016 a Member Working Group suggested some minor changes within the existing budget which were implemented for the 2016/17 Scheme, including rounding the allowances up or down as appropriate to the nearest £5. Between 2009 and 2019 Members consistently refused to increase their allowances, until increases of 2.25% and 2.5% were agreed in 2019 and 2020, in accordance with the increases for officer salaries. In 2020, Members also agreed additional increases for the Leader of the Council and the two Minority Group Leader posts. The proposed scheme for 2021/22 presented in this report is unchanged from 2020/21 in terms of the type and number of allowances to be paid.

3.3 The regulations provide that before the Council makes or amends a scheme it shall have regard to the recommendations made by an independent remuneration panel report, although this requirement does not apply if the only change is the application of an annual indexation increase. London Councils set up an Independent Panel chaired by Sir Rodney Brooke CBE DL which meets every four years and reported in January 2018, and this should be taken into account in determining the level of allowances each year. The Panel recommends an amount for the basic allowance for Councillors in London, and suggests amounts in five bands for positions of additional responsibility. Although Bromley's basic allowance is one of the highest in London it is only very slightly above the level suggested by the Independent Panel in 2018 (which is £11,045pa). Bromley's special responsibility allowances are in general substantially below the levels recommended by the Panel. A summary of the Panel's 2018 recommendations, with comparisons to equivalent Bromley roles, is set out in **Appendix 1.**

3.4 **Appendix 2** shows the proposed scheme for 2021/22 based on the allowances remaining at the same levels as for 2020/21. The Mayoral and Deputy Mayoral allowances are not part of the Member's Allowances scheme, but can also be approved by Council and this will be included in the budget for 2021/22. The Mayoral Allowance is currently £16,452 and the Deputy Mayoral Allowance is £3,746.

4. FINANCIAL IMPLICATIONS

4.1 Provision has been made for the allowances in the draft revenue budget for 2021/22 to be approved by Council of £1.066 for the Members' Allowances Scheme and £24k for the Mayoral and Deputy Mayoral allowances.

5. LEGAL IMPLICATIONS

5.1 The statutory provisions relating to Members' allowances are contained in The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021).

Non-Applicable Sections:	Impact on Vulnerable Adults and Children/Policy/Personnel/Procurement
Background Documents: (Access via Contact Officer)	Report from the Independent Panel on Remuneration of Councillors in London (2018) Report to General Purposes and Licensing Committee, 11 February 2020 – Members' Allowances Scheme 2020/21

Appendix 1

London Councils Remuneration Panel Report 2018 - Summary

London Councils Band	Example posts	2018 London Councils Panel Recommendation	Current (2020/21) LBB Equivalent
Basic Allowance	All Members	£11,045	£11,393
Band 1	Executive Assistant Sub-Cttee Chairman Leader of 2nd Minority Group Members of Sub-Committees meeting frequently – EG Plans/Licensing/ Adoption	£2,582 - £9,397	£3,746 £2,064 £4,667 £53 per meeting for Plans Sub-Cttee or Licensing Sub-Cttee £210 per meeting for Foster Panel
Band 2	Civic Mayor Chairman of Regulatory Cttee Chairman of Scrutiny Panel Leader of principal Opposition Group	£16,207 - £29,797	£16,452 £9,087 £7,483 £9,333
Band 3	Portfolio Holder Chairman of Health & Wellbeing Board Chairman of main Overview and Scrutiny Committee	£36,917 - £43,460	£21,380 £9,087 £9,087
Band 4	Leader	£57,085	£40,000
Band 5	Directly Elected Mayor	£85,162	N/A

London Borough of Bromley

Members' Allowances Scheme

From 1st April 2021, in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 (2003 No. 1021) [as amended by SI 2003 No. 1692], the London Borough of Bromley will operate the following Members' Allowances Scheme.

1. This Scheme is known as the London Borough of Bromley Members' Allowances Scheme and will operate from 1st April 2021 until amended.

2. In this Scheme:

   "Councillor" means a member of the London Borough of Bromley who is an elected Member;

   "Member" for the purposes of this Scheme shall mean elected Councillors;

   "year" means the 12 months ending 31st March.

3. The Council in agreeing this Scheme has considered the recommendations of the Independent Panel commissioned by the Association of London Government on the remuneration of Councillors in London entitled "The Remuneration of Councillors in London 2018" published January 2018.

Basic Allowance

4. A basic annual allowance of £11,393 shall be paid to each Councillor.

Special Responsibility Allowances

5. (1) An annual Special Responsibility Allowance will be paid to those Members who hold special responsibilities. The special responsibilities are specified in Schedule 1 (attached).

   (2) During periods after an election when any position of special responsibility is unfilled, the relevant Special Responsibility Allowance shall be payable to the new holder of the position from the day after the previous holder ceases to be responsible.

   (3) The amount of each Special Responsibility Allowance is specified against that special responsibility in Schedule 1. The conditions set out in paragraphs 5(2), 5(4) and 14 apply.

   (4) Where a Member holds more than one position of special responsibility then only one Special Responsibility Allowance will be paid. Subject to sub-paragraph (5), Members may be paid quasi-judicial allowances in addition to a Special Responsibility Allowance.

   (5) All Members of the Licensing Sub-Committee, Plans Sub-Committees, Appeals Sub-Committee and the Foster Panel shall be paid a quasi-judicial allowance at the rates set out in Schedule 1.

Childcare and Dependent Carers Allowance

6. The Council has agreed that no allowance will be paid for childcare or dependent carers.

Co-optees Allowance

7. The Council has agreed that no allowance will be paid for co-opted members

Travel and Subsistence Allowance

8. The Basic Allowance covers all intra-Borough travel costs and subsistence. All other necessarily incurred travel and subsistence expenses for approved duties as set out in the Regulations (Regulation 8(a) to (h)) will be reimbursed under the same rules and entitlement as applies to staff. Travel by bicycle will also be paid at the same rates as applies to staff. Claims for reimbursement are to be made within one month of when the costs were incurred.

Ability to Decline an Allowance

9. A Member may, by writing to the Director of Corporate Services, decide not to accept any part of his entitlement to an allowance under this Scheme.

Withholding of Allowances

10. The Standards Committee may withhold all or part of any allowances due to a Member who has been suspended or partially suspended from his/her responsibilities or duties as a Member of the Authority. Any travelling or subsistence allowance payable to him/her for responsibilities or duties from which they are suspended or partially suspended may also be withheld.

11. Where the payment of an allowance has already been made in respect of a period in which a Member has been suspended or partially suspended, the Council may require the allowance that relates to that period of suspension to be repaid.

Members of more than one Authority

12. Where a Member is also a member of another authority, that Member may not receive allowances from more than one authority for the same duties.

Part-year Entitlements

13. If during the course of a year:

    (a) there are any changes in the Basic and/or Special Responsibility Allowances,

    (b) a new Member is elected,

    (c) any Member ceases to be a Member,

    (d) any Member accepts or relinquishes a post in respect of which a Special Responsibility Allowance is payable, or

    (e) the Standards Committee resolves to withhold any allowances during the suspension of a Member, the allowance payable in respect of the relevant periods shall be adjusted pro rata to the number of days.

Payments

14. Payments shall so far as is reasonably practicable normally be made for Basic and Special Responsibility Allowances in instalments of one-twelfth of the amount specified in this Scheme.

Schedule 1

Allowances for the year ending 31st March 2022

	Current £
Basic Allowance	11,393
Special Responsibility Allowances	
Leader of the Council	40,000
Portfolio Holders (x6)	21,380
Executive Members without Portfolio	3,746
Executive Assistants (x6)	3,746
Chairman of Health and Wellbeing Board	9,087
Chairman of main PDS Committee	9,087
Chairman of Portfolio PDS Committees (x5)	7,483
Chairman of Development Control Committee	9,087
Vice-Chairman of Development Control Committee	2,064
Chairman of Plans Sub-Committees (x4)	2,903
Chairman of General Purposes and Licensing Committee	9,087
Vice-Chairman of General Purposes and Licensing Committee	2,064
Chairman of Audit Sub-Committee	2,064
Chairman of Pensions Investment Sub-Committee	2,064
Leader of largest Opposition Party	9,333
Leader of second largest Opposition Party	4,667
Quasi-Judicial Allowances	
Members of Plans Sub-Committee (per meeting/day)	53
Members of Licensing Sub-Committee (per meeting/day)	53
Members of Appeals Sub-Committee (per meeting/day)	53
Members of Foster Panel (per meeting/day)*	210

* Payable up to an annual maximum limit of £3,664 per Councillor

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