

TO MEMBERS OF THE COUNCIL

Notice is hereby given that a meeting of the Council of the London Borough of Bromley is to be held in the Council Chamber at Bromley Civic Centre on Monday 12 December 2022 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

PLEASE NOTE: This meeting will be held in public in the Council Chamber at the Civic Centre, Stockwell Close, Bromley, BR1 3UH. If members of the public wish to attend please contact us, before the day of the meeting if possible, using our web-form:

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

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 10 October 2022 (Pages 3 - 32)
- 4 Questions (Pages 33 - 42)

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 28th November 2022.

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 6th December 2022.**

- (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 Treasury Management - Quarter 2 Performance and Mid-Year Review (Pages 43 - 68)

- 7 Capital Programme Monitoring 2022/23 (Pages 69 - 106)
- 8 Operational Property Review (Pages 107 - 120)
- 9 Audit and Risk Management Committee - Membership (Pages 121 - 134)
- 10 Local Pension Board - Annual Report 2022 (Pages 135 - 148)
- 11 To consider Motions of which notice has been given.
- 12 The Mayor's announcements and communications.
- 13 Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2002 and the Freedom of Information Act 2000

To consider items in respect of which resolutions have been passed under the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and the Freedom of Information Act 2000.

Items of Business

Schedule 12A Description

- | | | |
|----|--|---|
| 14 | Capital Programme Monitoring 2022/23 (Part 2)
(Pages 149 - 172) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 15 | Operational Property Review (Part 2)
(Pages 173 - 192) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |

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Ao Adetosoye

Ade Adetosoye CBE
Chief Executive

BROMLEY CIVIC CENTRE
BROMLEY BR1 3UH
Friday 2 December 2022
Vol.59 No.5

LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the Meeting of the
Council of the Borough
held at 7.00 pm on 10 October 2022

Present:

**The Worshipful the Mayor
Councillor Hannah Gray**

**The Deputy Mayor
Councillor Christine Harris**

Councillors

Jeremy Adams	Kira Gabbert	Alexa Michael
Jonathan Andrews	Adam Jude Grant	Angela Page
Jessica Arnold	Dr Sunil Gupta FRCP	Chris Price
Felicity Bainbridge	FRCPPath	Chloe-Jane Ross
Kathy Bance MBE	Colin Hitchins	Will Rowlands
Yvonne Bear	Alisa Igoe	Shaun Slator
Nicholas Bennett J.P.	Julie Ireland	Colin Smith
Kim Botting FRSA	Mike Jack	Diane Smith
Mike Botting	Simon Jeal	Mark Smith
Mark Brock	David Jefferys	Alison Stammers
David Cartwright QFSM	Charles Joel	Melanie Stevens
Graeme Casey	Kevin Kennedy-Brooks	Harry Stranger
Will Connolly	Josh King	Michael Tickner
Aisha Cuthbert	Jonathan Laidlaw	Pauline Tunnicliffe
Peter Dean	Kate Lymer	Thomas Turrell
Sophie Dunbar	Keith Onslow	Sam Webber
Robert Evans	Tony Owen	Rebecca Wiffen
Simon Fawthrop	Tony McPartlan	

The meeting was opened with prayers

Before the start of the meeting, the Mayor led Members in a few moments of silence in memory of Honorary Alderman Peter Bloomfield, who had served as member for Darwin ward for twenty eight years, who had died recently.

In the Chair
The Mayor
Councillor Hannah Gray

38 Apologies for absence

Apologies for absence were received from Councillors Andrew Lee, Christopher Marlow, Ruth McGregor and Ryan Thomson.

39 Declarations of Interest

There were no additional declarations of interest.

40 To confirm the Minutes of the meetings of the Council held on 25 July and 15 September 2022

RESOLVED that the minutes of the meetings held on 25th July and 15th September 2022 be confirmed.

41 Questions

One question had been received from a member of the public for oral reply. The question, with the answer given, is set out in Appendix A to these minutes.

One question had been received from a member of the public for written reply. The question, with the answer given, is set out in Appendix B to these minutes.

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

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

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

A statement was made by Councillor Aisha Cuthbert, Portfolio Holder for Sustainability, Green Services and Open Spaces, on the temporary closure of the Churchfields Waste and Recycling Depot and the timetable for its re-opening at the request of Councillors Josh King, Jeremy Adams, Rebecca Arnold, Ryan Thomson and Kevin Kennedy-Brooks.

Councillor Cuthbert explained that she was working hard with officers to ensure that the Centre was re-opened as quickly as possible, but safety for everyone using or working at the site was an absolute priority. The Centre had been closed on 12th September following the collapse of three side-walls. A structural survey had been carried on 22nd September and the Council had received a report on 7th October. The report recommended that eight of the eleven bay walls should be re-constructed and officers were working with a contractor to arrange this. With the complexity of the issues and the potential

problems with global supply chains the current estimate was that the Centre could re-open around Christmas. As soon as a more defined timeline was available this would be shared with residents.

Services for trade-waste customers were continuing from Churchfields using a part of the site that had not been damaged, and trade waste customers were encouraged to use Churchfields to relieve the pressure on Waldo Road. Whilst the repairs were being made residents were asked to use the bulky waste and garden waste services, and to use the Waldo Road Centre.

The Portfolio Holder stated that she had visited the Centre and recorded a video for sharing on social media. She added that shouting, swearing or abuse of staff at Churchfields was completely inappropriate, and stated that she would ask officers to check that permits were still being checked by Veolia staff at the depots.

In response to questions, Councillor Cuthbert confirmed that there was a small increase in customers using Waldo Road. There were concerns about congestion and road safety, particularly during the spike of activity at the weekend, that she had asked officers to look at, but she anticipated that the closure would be for a relatively short period and going back to the booking system used during the lockdown was likely to cause more confusion. She also agreed that action was needed to prevent fly-tipping.

Councillor Cuthbert agreed that there needed to be more prominent communication with residents – she would ensure that there was an update every Friday, new signs were being prepared to display at the site itself and there would be more use of social media. She welcomed suggestions that better use should be made of the Residents Associations and MyBromley accounts to inform residents about issues like this, and to encourage use of the webcam to establish whether the Centre was busy or not. She did not accept that maintenance of the facilities at Churchfields had been neglected. Given the current budget pressures, there would not be a temporary waiver or reduction of charges for bulky waste collection or garden waste collection

43 Budget Monitoring 2022/23 - Additional Staffing Capacity for Children's Social Care
Report CSD22108

A motion to agree that a sum of £2.4m be drawn down from the 2022/23 contingency as detailed in paragraph 3.2.2 to the report to the Executive was moved by Councillor Colin Smith, seconded by Councillor Kate Lymer and **CARRIED.**

44 Capital Programme Monitoring - 1st Quarter 2022/23
Report CSD22109

A motion to approve the total increase of £8,478k to the Basic Needs capital scheme, £849k to the Capital Maintenance scheme and £2,443k to the Disabled Facilities Grant capital scheme, as set out in paragraphs 3.5.1 and

3.5.3 to the report to the Executive was moved by Councillor Colin Smith, seconded by Councillor Yvonne Bear and **CARRIED**.

45 To consider Motions of which notice has been given.

(A) Air Quality

The following motion was moved by Cllr Julie Ireland and seconded by Councillor Chloe-Jane Ross -

“New research has linked air pollution to lung cancer - with particulate matter (PM2.5) being found to trigger cell mutations that turn dormant cells cancerous. This goes some way to explaining why people who have never smoked get lung cancer.

The research was by the Francis Crick Institute and University College London, who presented the findings on 10 September 2022.

This discovery underlines the importance of monitoring PM2.5 as well as NO2. It adds to the weight of evidence about just how much long term damage is being done to the health of all of us, but particularly to our children who are breathing in these particulates that will stay in their bodies for the rest of their life.

We ask Bromley Council to take these urgent steps:

- Make a formal commitment to improving air quality in the whole Borough, whether urban or rural, and to contribute to the national efforts to improve air quality for everyone in the UK
- Extend current air quality monitoring in the borough to include formal reporting on particulate matter (PM2.5 and PM10)
- Make impact on air quality a material consideration when making changes to highways, road layouts and junctions
- Make impact on air quality a material consideration for all planning applications.”

The following amendment was moved by Councillor Aisha Cuthbert and seconded by Cllr Thomas Turrell –

Remove full stop after ‘presented the findings on 10 September 2022’ and insert “via press release”.

Delete all after ‘rest of their life’ in paragraph 3.

Insert after ‘rest of their life’ -

“The Environment and Community Services Policy Development and Scrutiny Committee is asked to scrutinise the findings of PM2.5 once new data becomes available.

Bromley Council is monitoring PM2.5 levels at five different locations across the borough. The data we have collected so far indicates that PM2.5 is not a pollutant of concern locally. We are happy to report that Bromley meets all the national government guidelines, and we will continue seek improvements to our air quality to meet all future government guidelines.

The Council's commitment to being the greenest and cleanest borough in London extends to the quality of our air as well as the visible environment.

The Council is committed to having the cleanest air in London through the measures set out in our ambitious Air Quality Action Plan also sets out clear ways we will monitor pollution and improve air quality such as: anti idling campaigns, promoting walking to school initiatives, monitoring air quality at construction sites and seeking out new funding opportunities. Our ambition is to continue to improve our air quality, so we continue to have some of the cleanest air in London. Our air quality data is a positive indication that our air quality is improving and are committed to continuing this positive trajectory.

The Council also welcomes the commitment to protect and enhance the open and green spaces across the borough, with additional street trees, new woodlands, continued rollout of LED lights, our innovative domestic street parking EV charger pilot in addition to rolling out more EV charging points across the borough.”

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

The substantive motion therefore read:

“New research has linked air pollution to lung cancer - with particulate matter (PM2.5) being found to trigger cell mutations that turn dormant cells cancerous. This goes some way to explaining why people who have never smoked get lung cancer.

The research was by the Francis Crick Institute and University College London, who presented the findings on 10 September 2022 via press release.

This discovery underlines the importance of monitoring PM2.5 as well as NO2. It adds to the weight of evidence about just how much long term damage is being done to the health of all of us, but particularly to our children who are breathing in these particulates that will stay in their bodies for the rest of their life. The Environment and Community Services Policy Development and Scrutiny Committee is asked to scrutinise the findings of PM2.5 once new data becomes available.

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pollutant of concern locally. We are happy to report that Bromley meets all the national government guidelines, and we will continue seek improvements to our air quality to meet all future government guidelines.

The Council's commitment to being the greenest and cleanest borough in London extends to the quality of our air as well as the visible environment.

The Council is committed to having the cleanest air in London through the measures set out in our ambitious Air Quality Action Plan also sets out clear ways we will monitor pollution and improve air quality such as: anti idling campaigns, promoting walking to school initiatives, monitoring air quality at construction sites and seeking out new funding opportunities. Our ambition is to continue to improve our air quality, so we continue to have some of the cleanest air in London. Our air quality data is a positive indication that our air quality is improving and are committed to continuing this positive trajectory.

The Council also welcomes the commitment to protect and enhance the open and green spaces across the borough, with additional street trees, new woodlands, continued rollout of LED lights, our innovative domestic street parking EV charger pilot in addition to rolling out more EV charging points across the borough.”

On being put to the vote, the substantive motion was **CARRIED**.

(B) Supporting Bromley Food Banks and Warm Banks this Winter

The following motion was moved by Cllr Simon Jeal and seconded by Cllr Chris Price:

“Food banks within the borough of Bromley are reporting a significant continued rise in demand. At the same time they are suffering drop offs in donated items and rising costs in purchasing food. There is severe concern that this will get worse as more households struggle with continued food price increases and big rises in energy costs to cook and heat their homes this winter.

Bromley Council recognises the incredible work of charities in supporting our most vulnerable residents, and the increased challenges they face. The Council agrees to provide support by:

1. Asking the Public Affairs team to run a high-profile winter communication campaign, explaining how food banks operate and what support they provide, with the aim of encouraging residents and businesses in a position to do so to support them over the winter. This can leverage investment already made through the digital strategy and realignment of communications to the benefit of residents.
2. Setting up a one-off fund of £400,000, utilising unallocated earmarked reserves which are no longer required for their original purpose, to allow charities and communities operating ‘warm banks’ (venues for those who cannot afford to heat their homes to go and access heating, often with food

and volunteer provided support) to apply for grants towards the cost of their energy bills. This sum will allow 100 warm venues across Bromley to apply for heating bill grants of up to £2,500 each (depending on their availability to residents) and a further reserve fund £150,000 for use towards food and further support highlighted in point 3.

3. Actively engaging with food banks and other charities supporting vulnerable residents, to identify other ways the council can most effectively assist them over the winter period.”

The following amendment was moved by Councillor Sam Webber and seconded by Councillor Graeme Casey:

Add an additional paragraph to the motion, as follows:

“4. Implement a borough wide public information campaign to encourage and help people to reduce their energy consumption by

(a) setting up a dedicated section on the council website offering advice to Bromley residents from energy companies and accredited experts on how to minimise energy use, the financial support available plus a list of websites and phone numbers with further advice;

(b) include an information section about reducing energy consumption in the next copy of “Environment Matters” that gets delivered to Bromley households.”

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

The following Members voted in favour of the motion as originally moved -

Councillors Jeremy Adams, Jessica Arnold, Kathy Bance, Graeme Casey, Will Connolly, Alisa Igoe, Julie Ireland, Mike Jack, Simon Jeal, Kevin Kennedy-Brooks, Josh King, Tony McPartlan, Chris Price, Chloe-Jane Ross, Mark Smith, Alison Stammers, Sam Webber and Rebecca Wiffen.

The following Members voted against the motion -

Councillors Jonathan Andrews, Felicity Bainbridge, Yvonne Bear, Nicholas Bennett, Kim Botting, Mike Botting, Mark Brock, David Cartwright, Aisha Cuthbert, Peter Dean, Sophie Dunbar, Robert Evans, Simon Fawthrop, Kira Gabbert, Adam Grant, Dr Sunil Gupta, Christine Harris, Colin Hitchins, David Jefferys, Charles Joel, Jonathan Laidlaw, Kate Lymer, Alexa Michael, Keith Onslow, Tony Owen, Angela Page, Will Rowlands, Shaun Slator, Colin Smith, Diane Smith, Melanie Stevens, Harry Stranger, Michael Tickner, Pauline Tunnicliffe and Thomas Turrell.

The following Member abstained -

The Mayor, Cllr Hannah Gray.

The motion was **LOST**.

(C) Rail Services

(Councillor Simon Fawthrop declared an interest as a user of services on the Hayes Line to Cannon Street.)

The following motion was moved by Cllr Alexa Michael and seconded by Cllr Michael Tickner:

“This Council is opposed to the decision taken by Southeastern Railway to remove the services between Hayes and Cannon Street, as well reducing services on the Sidcup line affecting residents of Mottingham and Chislehurst.

We are extremely disappointed that this decision, which will greatly impact local journeys, was taken with no prior consultation of local rail users.

We commit to working with local Members of Parliament to lobby Southeastern for the reversal of this decision.

Of the timetable change, we welcome the reinstatement of the Beckenham Junction to Blackfriars service and congratulate all involved in the successful campaign to achieve this.”

The following amendment was moved by Councillor Tony McPartlan and seconded by Councillor Kevin Kennedy-Brooks:

“1. To add the following words to the end of the first paragraph –

“And the decision by Southern operator Govia to cut services to London Bridge stopping at Anerley and Penge West stations.”

2. Amend the third paragraph to: We commit to working with local Members of Parliament to lobby Southeastern, Govia and the Department of Transport for the reversal of this decision.”

On being put to the vote the amendment was **CARRIED**.

The substantive motion therefore read:

“This Council is opposed to the decision taken by Southeastern Railway to remove the services between Hayes and Cannon Street, as well reducing services on the Sidcup line affecting residents of Mottingham and Chislehurst and the decision by Southern operator Govia to cut services to London Bridge stopping at Anerley and Penge West stations.

We are extremely disappointed that this decision, which will greatly impact local journeys, was taken with no prior consultation of local rail users.

We commit to working with local Members of Parliament to lobby Southeastern, Govia and the Department for Transport for the reversal of this decision.

Of the timetable change, we welcome the reinstatement of the Beckenham Junction to Blackfriars service and congratulate all involved in the successful campaign to achieve this.”

On being put to the vote, the substantive motion was **CARRIED**.

46 The Mayor's announcements and communications.

The Mayor thanked colleagues who had attended the events following the death of Her Late Majesty The Queen, and also the event on Ukraine Independence Day, 24th August, supported by the Rotary Clubs.

The Mayor also informed Members about the following events –

- A Charity Appeal Dinner on Thursday 20th October 2022 at Copper Ceylon in East Street, Bromley.
- A Charity Ball at Oakley House on Saturday 19th November.
- The Concert originally scheduled for 24th September which had now been rearranged for Saturday 3rd December at 7.30pm at the Civic Centre in the Great Hall.
- A Whisky Tasting Burns night in January.
- A special dinner at the Honorable Artillery Company in the Spring (further details to follow.)
- The Mayor's annual quiz scheduled for Friday 24th February at Crofton Halls.
- The prize draw to win a Spitfire flight.

The Meeting ended at 9.42 pm

Mayor

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Council

10 October 2022

Questions from Members of the Public for Oral Reply

1. From Helen Brookfield to the Portfolio Holder for Sustainability, Green Services and Open Spaces

(As Ms Brookfield was unable to attend the meeting a written reply was sent)

What plans does the Council have for refurbishing the toilets in its parks given the very poor state of some of them, for example in Kelsey Park and in Croydon Road Recreation Ground in Beckenham?

Reply:

The Council is currently undertaking a holistic review of its Operational Property, part of which has been to conclude condition surveys on its built assets. The review is considering the funding implications that this exercise has identified and how these should be prioritised, with the outcome reported to the Executive in due course.

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Council

10 October 2022

Questions from Members of the Public for Written Reply

1. From Richard Edmonds to the Portfolio Holder for Transport, Highways and Road Safety

I am very concerned about dangerous vehicle speeds on College Road, Bromley, which are frequently well in excess of the 30mph limit. We now have a large nursery and playgroup on College Road with a large primary school just round the corner as well as shops and other businesses alongside mixed residential accommodation. Lots of pedestrians use and cross the road together with an increasing number of cyclists.

Enforcement of the current 30mph limit is essential before another serious or fatal accident occurs. Will the Council give this urgent attention?

Reply:

Speed enforcement remains the responsibility of the Police. The Council have no powers of enforcement for speeding.

I suggest you talk to the Plaistow Community Action Panel which sets local police priorities.

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Council

10 October 2022

Questions from Members of the Council for Oral Reply

1. From Cllr Alisa Igoe to the Leader of the Council

August press releases celebrated the opening of two of the first affordable housing schemes built on Council land, mentioning the “25 apartments off Burnt Ash Lane”. However, the latter, with free car park beneath, remains unfinished and closed and has overrun by a year. Would the Leader please extend his apologies to Plaistow residents and businesses, and those waiting to move in, for this major inconvenience, which has also resulted in a loss of footfall to Plaistow ward shops and services.

Reply:

Of course, I would happily apologise to anybody who felt let down by the Council, albeit in this case, as Councillor Igoe is aware having been personally briefed by officers and will I am sure have relayed accurately to any enquiring third party, the delay in question is not the Council’s fault.

I am certain that as soon as the snagging issues bedevilling the handover of this scheme are finally completed, which I am advised remains on schedule for the end of this month, that the residents moving into their new National Award winning Homes will find that the wait, as frustrating as it has been, has been worthwhile.

Regarding local businesses, my anecdotal understanding is that people have chosen to avail themselves of the 90 minutes free parking available at Lidl’s (providing they use it, of course) over recent months and it is also the case that the use of P&D on Burnt Ash Lane has jumped by over 80% this year compared to the same period between May and September 2019, so it is very much hoped that any interim foot fall issues will have proven limited in their scope.

What local businesses now have, and will benefit from moving forwards, is an additional 25 homes on their doorsteps which wouldn’t otherwise have been there, with whom they will be able to transact multiple repeat sales to, for the next 60 years.

2. From Cllr Tony McPartlan to the Leader of the Council:

Does the Leader of the Council really believe that Bromley’s poorest residents will benefit from the 'trickle down' economic policies recently announced by our new Prime Minister and Chancellor?

Reply:

The only recent correspondence I have seen which uses the phrase 'trickle down' following on from the Chancellor's recent Statement, has been from the left leaning Guardian Newspaper, so I respectfully suggest that you ask them.

Do I believe that Conservative Prime Ministers and Conservative Chancellors are better for every single resident of this Borough and indeed the entire Nation, than anything the Labour Party can ever hope to offer, irrespective of their social standing or financial status? Absolutely.

Supplementary Question:

As part of this policy package, it is looking quite likely that there will be substantial cuts coming to public services. In fact, earlier this month the Local Government Minister said that there is undoubtedly fat to be trimmed from local government budgets. So, in the light of this, can I get the Leader's commitment to everybody in Bromley that he will oppose, in the strongest form, any attempt to cut Bromley's local government funding?

Reply:

I am not only very happy not only to confirm that is the case, but I will also be absolutely delighted if colleagues across this chamber, irrespective of which desk they are sitting behind, were to join the campaign for Fairer Funding, which keeps getting booted into the long grass. I have had this conversation with Yvette Cooper as long ago as 2004. We were promised great change when the Conservatives got in, when we eventually got in with the Lib Dems we were told by Conservative colleagues we cannot do it as the Lib Dems will not let us. Come 2015 there were other things on people's minds, the Fairer Funding Review is becoming something of a fabled myth, and we need it as you will see when the budget setting process begins in a month or so. The financial backdrop, even in Bromley, and we are one of the better positioned Councils for finances and financial discipline, is that the end of the line is coming and there are already rumours of a good number Councils filing for bankruptcy, depending on the settlement. That will be something I will be very pleased to welcome all colleagues on, because it has gone far enough, and it needs to stop.

Additional supplementary question from Cllr Simon Jeal:

What is his position on the impact of massive unfunded tax cuts and the impact of the Chancellor's mini budget particularly in regards to the cost of Government borrowing increasing and mortgage rates increasing as a result?

Reply:

I am incredibly glad, ashamed it was proposed in the first place. When you make a mistake the best thing you can do is correct it immediately and apologise. Moving back up to 45% was the correct thing to do- it is just a shame the apology did not come a bit quicker.

3. From Cllr Josh King to the Portfolio Holder for Transport, Highways and Road Safety

Please can the Portfolio Holder comment on the delays to the completion of the plans for the Elmers End Road parade under the small parades initiative which I understand are due to the main contractor not digging tree pits.

Reply:

I understand that the application was made by a business that has ceased to exist. I have been told that there is still a reason to have this tree, so it will be planted in this coming season.

Supplementary Question:

The scheme in general has been delayed. I understand that a number of attempts to get in touch with the contractor have been unsuccessful. What is the process for dealing with lack of response from the contractor within this contract?

Reply:

If Councillor King would like to write to me I will look into it.

4. From Cllr Chris Price to the Leader of the Council

Would the Leader of the Council like to join me in welcoming the decision by our local NHS partner, Oxleas NHS Foundation, to be recognised as an accredited London Living Wage Employer?

Reply:

I have no opinion either way concerning Oxleas' decision, which is clearly theirs and theirs alone to make, within the confines of the budget made available to them via the wider NHS.

Supplementary Question:

It is a shame that you have chosen not to comment on this. Bromley is so close as an employer to being on the wage that we are looking at in London. I would encourage you to look at this from the Council's point of view from being seen as a good and fair employer, which is what we all want. We can take the opportunity to learn from what Oxleas have done and look at how we can implement this across the borough and our supply chain.

Reply:

Colleagues will be having discussions with staff concerning next year's pay rise over the course of coming weeks. I think that conversation needs to be had with the staff first rather than speculated upon. I will refrain from commenting at this stage.

5. From Cllr Will Connolly to the Portfolio Holder for Sustainability, Green Services and Open Spaces

Can the Portfolio Holder please report on the Council's public toilet provision and any areas planned for improvements, including the community scheme provision?

Reply:

There are currently 30 public toilets across the borough, including those that are part of the Community Toilet Scheme and those located in parks. New applications to the Community Toilet Scheme are always welcomed by the Council.

The Council successfully bid for £220k of government funding last year to bring forward four Changing Places Toilets for people with disabilities at sites across the borough. These sites are Crystal Palace Park, High Elms, and the PRUH, with the fourth site to be confirmed. Additionally, the new West Wickham library building will include public toilets including a Changing Places toilet, and the Crystal Palace Park Trust is also planning investment in the park toilet block near the Penge entrance.

Supplementary Question:

I think we can all agree that from the residents complaints we get in casework, public toilets are really essential in all of our wards, including in our amazing parks. Good public toilet provision is essential for the local economy, for our high streets and communities, including for disabilities as you pointed out. Is the Portfolio Holder aware that one in five people do not go out as much as they would like to, and suffer with loneliness because of the concern over amenity and lack of public toilets? We have reached out to some friends at Age UK London and research has shown that 81% of Londoners do say they would be more likely to visit our high streets, our parks, our cafes and our businesses if there was better provision.

Reply:

As former Loneliness Champion I did not realise that statistic and I am very interested to hear that. From our point of view, we are always looking for more businesses to join the Community Toilets Scheme we are always looking for more businesses to join the Scheme, so if you have potential businesses you would like to send to the Council please do. The other thing is officers are always looking for more grant funding. We had the successful grant funding and hopefully when new funding becomes available we can be successful with future grant funding for more public toilets.

Additional Supplementary Question from Cllr Simon Jeal:

How many of those thirty toilets are currently accessible for residents with mobility issues and also can she concern whether there is one community toilet within each ward in the borough?

Reply:

I will have to get back to you as I do not have that information to hand.

Additional supplementary question from Cllr Alisa Igoe:

That is very interesting about the £220,000 from Changing Places which I had previously read about. I have also read that there is some more funding from that department of £6.5m and I believe Bromley is on the list of local authorities that can apply for that money. Will we be doing so?

Reply:

Yes.

6. From Cllr Jeremy Adams to the Portfolio Holder for Resources, Commissioning and Contract Management (in Cllr Marlow's absence, the question was taken by the Leader of the Council)

Since Bromley Council's decision to invest in short-dated UK government bonds in November 2021, three-year gilts have fallen in value by about 9% (as at 26.9.22). Could the Portfolio Holder please confirm the current value of the Council's gilts and update councillors on any plans to invest further in UK government bonds?

Reply:

There are currently no UK gilts held within treasury management.

There was a revised treasury policy adopted in November 2021, agreed by the then Portfolio Holder following consideration by Executive, Resources and Contracts PDS Committee. This policy related to the option to invest in sterling denominated non-UK sovereign bonds which are FCA regulated, subject to a maximum exposure of £25m for no more than three years. The minimum credit rating was A-.

An investment of £10m was made, supported by the then Portfolio Holder, in the Israel Jubilee Bond which offered a favourable rate of interest at the time of 1.84%; This investment generated additional income for the Council, helping to fund public services.

Within treasury management all such investments are held to maturity and the original investment amount will be returned on maturity of the bond.

There are currently no plans to invest in short-dated UK or non-UK sovereign bonds.

7. From Cllr Kathy Bance to the Portfolio Holder for Children, Education and Families

LBB are responsible for the Safeguarding of all Bromley's pupils. Does that mean we have statistics for the numbers of pupils on Free School Meals? If not can we request numbers of pupils on free school meals from all of our schools?

Reply:

There are 7,874 pupils at Bromley schools eligible for free school meals. Please note that this number will include out of borough children attending Bromley schools.

Supplementary Question:

Your answer was eligible, not those receiving. I am bothered by a report which shows that 10% of our families do not apply for free school meals, even though they are eligible because of the bureaucracy and the stigma around free school meals. In our Safeguarding Procedures, are we missing a safety net if we do not know that each of our children are not receiving at least one hot meal a day?

Reply:

I am happy to investigate with our Director of Education and look into that issue. It is something that our schools manage and they communicate with parents on a regular basis in newsletters and at parents' evenings. There is always more we can do, especially if there are people who could be getting it. I am very happy to take that away and look into that for you.

Additional supplementary question from Cllr Simon Jeal:

What discussions have you and the Director of Education had with schools over the rising costs of food and whether this is impacting schools' ability to provide meals or rising costs for parents of low income?

Reply:

I am not aware of the conversations that the Director of Education has had, but he may well have done. I know he has brought to the Schools Forum issues about the costs of school clubs – breakfast clubs. I am happy to follow this up after the meeting. We have been supporting children through the last summer holidays with free meals and we have funding in place for this half term and the Christmas holidays through the Household Support Grant to issue supermarket vouchers like we have done in the past.

8. From Cllr Simon Jeal to the Portfolio Holder for Children, Education and Families

In 2018 Council officers were looking into arrangements needed for Bromley to establish a Young Mayor (as many other Councils have) could you please explain why this has not progressed?

Reply:

Having looked into the proposal of creating the post of Young Mayor I have reached the decision that this is not something I would wish to pursue.

My decision is influenced by two key factors. Firstly, there will be a cost attached to the creation of this role, and although it is unlikely to be a large amount it is still an additional and unbudgeted cost which comes at a time where the Council is needing to watch all elements of its spend however large or small.

Secondly, the Council already facilitates the active engagement of young people in local political issues through the Bromley Youth Council, as well as also ensuring that our Children in Care have a strong and active voice through the Children in Care Council.

The Council (via Youth Services) already fund and support a number of representatives from the Youth Council to actively participate in a number of PDS committees as well as running their own council meetings. It also facilitates the annual elections in their schools of new members to the Youth Council, and we assist them to run their annual Manifesto event where they draw up their campaigning issues for the year.

The Council also assists our Children in Care to be actively involved in issues that impact on them and other young people – in particular in relation to their education and transition into adulthood.

On this basis I am satisfied that our young people already have a strong voice and that the Council continues to support them sufficiently to articulate that voice.

Supplementary Question:

You mentioned an unbudgeted cost – can you confirm what the estimated cost of a Young Mayor would be? You also did not mention any of the benefits that having a Young Mayor to the Borough; have you considered those as part of your thinking?

Reply

I do not know the cost, but it would be small. We do have a massive overspend in our department at the moment, so we have to ensure that every penny that is spent is spent on the most vulnerable children, not on something that is superfluous and replaces something that we do already very well indeed.

In terms of the benefits, I think I have already articulated that we already have many benefits from the system we have in place. I have been going to Youth Council meetings for over a decade and not once has a young person ever come to me and asked for a Young Mayor. I am not sure where the demand is – the only person who has ever requested it is yourself.

Additional Supplementary question from Cllr Alisa Igoe:

Can I ask as a mother of two twenty year olds, what communication channel do you use to speak to young people in Bromley as I am sure that my two children are unaware of any of these initiatives that you have spoken about?

Reply:

The Youth Council is present in nearly every school in the borough. It is advertised through school channels, not through us. The Youth Services Team will manage that process through the schools themselves. Nearly every school takes part in it – they have proper elections where they have a room with polling booths and they put a

cross against the person they want as their representative. It is quite a big thing in their schools, and they should know all about it. As I said, nearly every school in the borough takes part.

9. From Cllr Kevin Kennedy-Brooks to the Portfolio Holder for Adult Care and Health Services

During the last Adult Care and Health PDS the Portfolio Holder assured me conversations were taking place as how the Council will support its various community centres amid the cost of living crisis where, despite government support packages, energy prices have soared. What is the latest in terms of progress in discussions, support being considered and those involved in the discussions?

Reply:

With regards to the Council run community services, specific to the Loneliness agenda and the action plan which was under discussion at the PDS meeting, work remains ongoing with Officer colleagues and Community Links Bromley and our voluntary sector partners to discuss options of support that may be available.

To date no requests for assistance have been received.

Supplementary Question:

This is a huge issue, and I really wanted to see if there was some more meat on that response. I know that in my ward and in others there is great concerns with people who are running centres which provide things such as food banks and support for people with Learning Difficulties. These are also potential places for Warm Spaces – that is also something that is coming up. How far does the Portfolio Holder see these discussions going and when would she be able to provide a more detailed answer about exactly what questions and solutions are being looked at?

Reply:

I think it is important to note that since the PDS meeting the Government support package around businesses and energy costs has been confirmed and this is applicable for charities and community providers. I would encourage people that are looking at their utility bills to apply under that scheme, which is very well evidenced on the Gov.UK website.

With regard to the questions around warm banks and food banks, I think that is something that is going to be coming up later on in this meeting under one of the motions.

Council

10 October 2022

Questions from Members of the Council for Written Reply

1. From Cllr Mike Jack to the Portfolio Holder for Transport, Highways and Road Safety

Like a lot of areas in our Borough Chislehurst has a number of residents with mobility issues, which can make getting around a huge challenge. The main reasons are that lack of drop kerbs, positioning of street furniture, uneven surfaces, and steep cambers. In a lot of cases these obstacles put our vulnerable residents in high-risk situations, such as having to use the road or worse not being able to go out at all. I have been told these problems will only be addressed when footpaths are reconstructed and that currently there is no budget available to address these issues

In light of Bromley's Corporate plan where our vision is to make Bromley a fantastic place to live and work, where everyone can lead healthy, safe, and independent lives can you let me know if/when there are plans to make money available across the borough so issues like this can be resolved, giving residents with mobility issues – their own independence and keeping them safe.

Reply:

Cases are assessed on a case by case basis.

2. From Cllr Tony McPartlan to the Portfolio Holder for Renewal Recreation and Housing

Despite the issues with the Zed Pods in Plaistow, it is good to see the Council building and delivering their own affordable homes in Plaistow, Chislehurst and Anerley. The Local Plan 2019 and other subsequent documents highlighted multiple other sites that could be used for this purpose. Please provide an update on all of the proposed sites, detailing what role (if any) each site will play in the future delivery of affordable housing.

Reply:

The feasibility of sites in Council ownership continues to be reviewed. Where self-delivery of more housing seems viable, reports will be brought forward to committee.

Table 4 of the latest Bromley Housing Trajectory (available here: <https://www.bromley.gov.uk/downloads/file/669/bromley-housing-trajectory>) sets out the number of residential units expected to be delivered by Local Plan site allocations and indicates a projected delivery period for these units.

As part of the Local Plan review, the Council will investigate the potential for new or updated housing site allocations, to help meet the Borough's housing target.

3. From Cllr Alisa Igoe to the Portfolio Holder for Transport, Highways and Road Safety

Cycle to School Week was 3–7 October. Our excellent cycle training team teach school children Bikeability Levels 1, 2 and 3, with the latter covering road conditions, responding to hazards and challenging traffic scenarios. Could you please list by location both the non-segregated and segregated cycle lanes that have been installed directly linking to Bromley school sites, since beginning of 2018?

Reply:

1. The new Kent House to Lower Sydenham segregated cycle route links directly to Harris Bromley secondary school.
2. A non-segregated cycle route links Bishop Challoner School to Shortlands and to Beckenham.

4. From Cllr Mark Smith to the Portfolio Holder for Transport, Highways and Road Safety

Utility companies are routinely fined if their roadworks overrun without a valid extension. Residents of Chislehurst Ward has been particularly inconvenienced by series of water leaks, have resulted in Thames Water digging up many roads to carry out repairs.

Could he therefore confirm:

How much the Council have received from utility companies in fines in the last twelve months?

How this money will be allocated for the benefit of Chislehurst residents to compensate for the inconvenience of blocked roads and reduced water supplies?

Reply:

During the last financial year, the Council issues charges of £142k to utility companies for over-running streetworks across the borough. These charges are part of the Council's overall income budgets and are not hypothecated to any specific service or area.

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

Has the government contacted Bromley Council regarding hosting one of the new Investment Zones, and if not is this something the Council is looking to pursue?

Reply:

There has been a general call for local authorities to suggest potential areas to be considered for investment zones. We are aware of the proposals and are considering the potential benefits and implications.

6. From Cllr Chloe-Jane Ross to the Portfolio Holder for Transport, Highways and Road Safety

Is Bromley Council planning to reduce the availability of car park ticketing machines in favour of the Ringo app? If so what provisions are being made for the digitally excluded, and what % reduction of machines is anticipated?

Reply:

A report will be made to the Environment and Community Services PDS Committee in November, it will include a Equality Impact Assessment.

A decision in principle to move to a cashless system has been council policy since November 2019.

7. From Cllr Kathy Bance to the Portfolio Holder for Children, Education and Families

Please provide statistics for Bromley pupil exclusions for the past 5 years per ward and school order.

Reply:

(Information was supplied to Councillor Bance after the meeting.)

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

In each of the past four years, could you please provide data for how many complaints or reports of unsatisfactory living conditions has the Council received from Bromley residents placed into Housing Association and private accommodation, broken down by the Housing Association or private landlord/lettings company they relate to?

Reply:

Public Protection & Enforcement keep some data in relation to those making queries about housing disrepair. Prior to 2022 (this year) this information was recorded as absolute totals, but not by occupancy type. Owner Occupiers, Residential Social Landlords and Private Rented Property are now coded for recording purposes moving forward.

Those reporting disrepair may own, rent privately, rent privately on housing benefit, or rent socially. Unfortunately, the data currently collected does not allow the Service to identify how the occupier/tenant came to be at a property in disrepair. In relation to

the latter two categories the tenant may have been placed by LB Bromley, another authority, or another organisation. So, unfortunately it is not possible to answer this question in the detail requested.

The housing enforcement team's disrepair case numbers, by fiscal year, are available and can be seen below:

17/18	18/19	19/20	20/21	21/22
391	357	405	767	598

9. From Cllr Simon Jeal to the Portfolio Holder for Renewal, Recreation and Housing

How many residents have presented to the Council as homeless each month since the moratorium on evictions implemented by the Government during the pandemic ended, and of these, how many became homeless as a result of receiving a 'section 21' eviction?

Reply:

Between the 31/5/21-29/9/22 there were 4,231 approaches to the Council's Housing Options Service. Of these 1,421 indicated that they were being evicted / asked to leave where they were staying (this will include parental / relative evictions as well as evictions from rented accommodation). Of these 72 households were assessed as being homeless or threatened with homelessness due to the service of a valid s21 notice.

10. From Cllr Rebecca Wiffen to the Portfolio Holder for Resources, Commissioning and Contract Management

The government's Energy Bill Relief Scheme is likely to fall short of enabling charities and local community organisations to pay rising bills over the coming weeks. As a result, not-for-profit local hubs that provide invaluable services to the communities they serve will have to close their doors. What support can Bromley Council provide organisations that find themselves in these circumstances, such as the Sanderson Hall in St Paul's Cray?

Reply:

The energy bill relief scheme provides support to organisations (non-domestic), which aims to match household support, and the commitment is made until the end of March 2023.

This effectively provides a cap on energy prices where the Government will fund energy suppliers directly which will assist towards reducing bills.

There continue to be various discussions taking place within the Council and with partners to determine support that may be available. Detailed information has been

made available via a joined up approach with the voluntary sector and other partners and useful information has been posted on the website:

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

Within the ever-changing climate it will be important that we continue to adapt to respond to the evolving policy direction at a national level and we will continue to promote opportunities to obtain support as these become available.

11. From Cllr Ruth McGregor to the Portfolio Holder for Resources, Commissioning and Contract Management

Could you please advise the number of cases of council tax debt referred to external enforcement agents for recovery, and the recovery rates for these, and what proactive steps are taken to facilitate payment of the debt before proceeding with court hearings. Also do you have figures for the number of complaints made against enforcement agents?

Reply:

The number of cases referred to the Enforcement Agents for the current financial year is shown in the table below.

Council Tax cases referred to the Enforcement Agents (EA)

Financial Year 2022/23	Number of cases	Value of cases	Collection rate
01/04/22 - 31/08/22	4,653	£4,513,132	8%
01/09/22 - 30/09/22	40	£222,979	Not available
Total cases referred to the EA	4,693	£4,736,111	

Prior to issuing a summons and proceeding with a court hearing to obtain a Liability Order the following steps are taken to facilitate payment:

- The initial annual bill details the instalment amounts, the dates they are due and the options for making payment.
- If an instalment is not paid, the reminder letter provides further opportunity for the taxpayer to bring the account up to date and advises them to contact the council if they are facing financial difficulties or are struggling to pay. It also provides a link to allow them to reschedule their payments using an online payment arrangement tool.

The reminder also informs the taxpayer that failure to bring the account up to date could result in losing their right to pay by instalments with a summons being issued for the full balance plus court costs.

- If the taxpayer brings the account up to date but then misses another instalment, they are sent another reminder letter giving them a further opportunity to bring the account up to date or contact the Council if they are experiencing financial difficulties.

The same warning is included regarding losing the right to pay by instalments and the issuing of a summons.

- Where an account remains in arrears, a Final Notice is issued saying that the taxpayer has lost the right to pay by instalments and must pay the full balance due on the account. The letter advises that unless they pay this balance by the date specified, they will receive a summons which will incur legal costs.
- If the full balance remains unpaid then a summons is issued. Included with the summons is information for the online portal which can be used to make a payment arrangement. The taxpayer is also given the dates and times for the summons surgery where they can discuss the debt and any financial difficulties they may be experiencing. The contact details for Benefits/Council Tax Support is provided as well as Citizens Advice Bromley should they wish to speak to an independent party about their debt.
- If the debt remains outstanding, the Liability Order is obtained. At this point we can still agree to a discretionary payment arrangement if the taxpayer contacts us to advise of financial difficulty. If no contact is made the case is passed to the Enforcement Agent to collect the debt.

Throughout the recovery process taxpayers are encouraged to contact the Council if they are struggling to make payment. This allows them to discuss their financial situation and agree on a revised payment plan. The Council website also includes advice on the Council Tax Payment page for how to contact the Council if the taxpayer is experiencing financial difficulties. There are also links to independent organisations who can provide additional support and information such as Citizens Advice Bureau, National Debtline, Stepchange Debt Charity, Money Advice Service and Debt Advice Foundation.

During 2022/23 six complaints have been referred to the Enforcement Agents for investigation.

12. From Cllr Mark Smith to the Leader of the Council

What steps has the borough taken in the last 12 months to fulfil its obligations in respect of the Armed Forces Covenant it signed up to in April 2013?

Reply:

My advice from Officers is that we are continuing to:

- Build relations with local and regional organisations working with members of the armed forces and their families
- Bring information together on organisations, advice and support agencies (there is a dedicated page on contacts on our website but we have been looking to source additional contacts eg: charities who work specifically with members of the armed forces)
- Promote and support national events such as armed forces day and working with local organisations, the BIDS and so forth to support and celebrate these days
- Signposting to skills, education, training and employment activities
- Ensure that armed forces members and their families are supported and recognised in a number of key areas including, housing allocation policies, school admissions and access to health, advice and support services.
- Pursue a date for a representative from MOD to visit to produce a first draft for consideration by end of calendar year with a view to the adoption and re-signing of our covenant in the new year.

Everyone involved aspire to move all related matters forward at the earliest possible opportunity

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Council

12 December 2022

Questions from Members of the Public for Oral Reply

1. From Robert Pattullo to the Portfolio Holder for Resources, Commissioning and Contract Management

Can you please provide me with the number of complaints received from residents about the poor air quality and air pollution from the environs of Biggin Hill Airport. eg. Downe, Single Street etc?

2. From Robert Pattullo to the Portfolio Holder for Resources, Commissioning and Contract Management

How many air pollution monitors are located around the boundaries of Biggin Hill Airport and where are the readings publicised and how often?

3. From Ju Owens to the Portfolio Holder for Resources, Commissioning and Contract Management

With the World Cup shining a spotlight on the human rights abuses and the criminalisation and abuse of LGBT+ people in Qatar, will Bromley Council reconsider investing Bromley tax payers money with Qatar's National Bank?

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Council**12 December 2022****Questions from Members of the Public for Written Reply****1. From Dermot Mckibbin to the Portfolio Holder for Renewal, Recreation and Housing**

How many times and by how much has the budget for temporary accommodation for homeless households been exceeded in the last 4 years and which committee has authorized the extra spending? What public scrutiny at committee has taken place of this budget and if not why?

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

What is the budget forecast for temporary accommodation for the next four years and what the demand for homeless accommodation for the same period? What representation has the council made to central government on this issue?

3. From Ric Piper to the Portfolio Holder for Transport, Highways and Road Safety

Would the Portfolio Holder consider free parking on Weekdays for those who satisfy *all* the conditions of:

- Resident in London Borough of Bromley
- Elderly
 - 70 & over - based on no longer eligible to be a Magistrate; *or*
 - 75 & over - based on no longer eligible to be a Juror
- Driving Licence

Valid for one car registration number

4. From Helen Alsworth to the Portfolio Holder for Transport, Highways and Road Safety

I would like the Council to consider taking action to calm and reduce traffic in Foxcroft Road now that Westgate Bridge is remaining one way access. Residents in Foxgrove Road cannot help but be concerned about the volume and speed of traffic in what was once a fairly quiet road. At school arrival and pick up times parking in the road and adjacent streets exacerbates the situation, with road rage incidents and worse. Pedestrians and cyclists are also at risk. I hope the Council will act in the interests of safety rather than prioritizing the convenience of motorists.

5. From Susan Sulis to the Portfolio Holder for Transport, Highways and Road Safety

Environment and Community Services Portfolio 2022/23 Priority 4(61): Implement a Flood Risk and Resilience Plan

The Assistant Director Highways has a wide remit, and multiple responsibilities.

(a) How many professional staff are employed in the Flood Team to fulfil the Council's statutory duties regarding Flood Management? (b) What are their job titles, qualifications and responsibilities? (c) In view of the increasing threats of Climate Change, is this enough?

6. From Susan Sulis to the Portfolio Holder for Transport, Highways and Road Safety

How have the Flood Team: (a) "Increased Flood Risk awareness"? (b) "Developed Resilience"? (c) "Implemented the Flood Plan"? (d) Which "other flood risk areas in the Borough have they identified"? (e) What is the definition of "serious flooding"? (f) In Seymour Drive, how many properties were flooded internally? (g) What improvements were implemented?

Council**12 December 2022****Questions from Members of the Council for Oral Reply****1. From Cllr Mark Smith to the Portfolio Holder for Resources, Commissioning and Contract Management**

Could he please outline the checks that are made to ensure people virtually attending Part 2 discussions at committee meetings are entitled to?

2. From Cllr Tony McPartlan to the Portfolio Holder for Resources, Commissioning and Contract Management

An eye-watering £164.4m is required to refurbish our operational property portfolio to a minimum standard. Whilst I appreciate there has been external cost factors at play, could we have avoided getting into this situation if we had undertaken smaller but more regular maintenance work across the portfolio in the past?

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

Beckenham Public Halls are an important and much loved community asset, used by a large number of groups. What is the Council doing to ensure it remains available to the public?

4. From Cllr Kevin Kennedy-Brooks to the Portfolio Holder for Adult Care and Health

Bromley Healthcare was last year inspected by the CQC and rated as requiring improvement. An action plan was subsequently put in place to address this. Will the Portfolio Holder please comment on how she feels the progress is going and how confident should residents currently feel in the Care they are receiving?

5. From Cllr Ruth McGregor to the Portfolio Holder for Resources, Commissioning and Contract Management

Small businesses including nurseries and pre-schools are struggling due to the covid pandemic and the cost of living crisis, with some being forced to close. In light of this do you consider it is fair or reasonable to impose backdated rent increases on small business owners such as pre-schools who are providing services to local residents, and who will find it hard to pay an increase backdated to 2019?

6. From Cllr Graeme Casey to the Portfolio Holder for Resources, Commissioning and Contract Management

Would the Portfolio Holder agree that the Council can do no better with its money than to invest in the people and infrastructure of Bromley?

7. From Cllr Julie Ireland to the Portfolio Holder for Adult Care and Health

Does the Portfolio Holder agree that in the current extraordinary cost of living crisis we are fortunate in Bromley to have wonderful volunteer and community groups who we can call on, and that we should give them all our full support?

8. From Cllr Alisa Igoe to the Leader of the Council

Today, 28 November, Bexley, Lewisham and Southwark councils have a direct link on the front page of their website where residents are “one click” away from lists of advice on where they can access help with the cost of living crisis. Advice on food, energy debts, childcare, warm spaces, etc. Would the Leader agree with me Bromley should also have services in our borough highlighted clearly on our website front page?

9. From Cllr Simon Jeal to the Portfolio Holder for Transport, Highways and Road Safety

Following two incidents of cars hitting the same building in a two-year period, could you please provide an update on what action has been taken by council officers to address road safety issues at the junction of Maple Road and Penge High Street?

10. From Cllr Jeremy Adams to the Portfolio Holder for Resources, Commissioning and Contract Management.

The timing of the operational property review combined with a crippling refurbishment bill is leaving the Council preparing to sell key assets at a time of falling asset prices. How will the Council avoid a fire sale - and could holding these assets be more beneficial in the long term?

11. From Cllr Chris Price to the Portfolio Holder for Transport, Highways and Road Safety

What action is Bromley taking to reduce pollution from motor vehicles?

12. From Cllr Alisa Igoe to the Portfolio Holder for Transport, Highways & Road Safety:

I believe you have disbanded Bromley's Road Safety Panel, consisting of police, Council traffic officers, other professionals and residents. You have said the Panel, which highlighted safety issues across the borough, will be replaced by reports to Fix-My-Street and your one-off visits to wards. Could you please tell me why you have disbanded it and why ward councillors were not informed?

13. From Cllr Simon Jeal to the Portfolio Holder for Renewal, Recreation and Housing

At the time of writing, the Council's pre-application advice scheme has been suspended for non-major enquiries due to 'high caseloads and short-term resourcing problems'. How many enquiries for the service have been rejected, and how much do you estimate the Council has lost in fees, as a result of the suspension?

Council

12 December 2022

Questions from Members of the Council for Written Reply

1. From Cllr Alison Stammers to the Portfolio Holder for Transport, Highways and Road Safety

Can you please advise:-

- a. What the Council's policy is on public consultations?
- b. What criteria are used to decide whether a matter should go out to public consultation?
- c. Why the proposal to remove Pay and Display machines across the Borough did not go out to public consultation?

2. From Cllr Alison Stammers to the Portfolio Holder for Transport, Highways and Road Safety

Will you please:-

- a. provide a timetable - fully accessible to the public - detailing exactly when Pay and Display Machines are to be removed from each car park;
- b. advise how residents will be able to report any issues with using RinGo; will a facility be added to Fix My Street to report RinGo issues;
- c. advise what measures are going to be put in place to monitor the impact on residents and businesses of the removal of cash Pay and Display machines and how and when that will be reported back to Councillors.

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

There are currently over 1,500 Bromley households in temporary accommodation, a figure which is increasing by around 21 per month. I commend the work done to build and acquire properties to date, but how can we accelerate builds and acquisitions to bring this number down?

4. From Cllr Will Connolly to the Portfolio Holder for Transport, Highways and Road Safety

Will the Portfolio Holder please update Members on the average speed of vehicles on Bromley's roads, after more incidents and damage from collisions such as in Beckenham Town?

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

Can the Portfolio Holder give a list of open posts across the Council broken down by department/job function and indicate the posts that have been open during the last six months?

6. From Cllr Josh King to the Portfolio Holder for Transport, Highways and Road Safety

Can the Portfolio Holder indicate how many PCNs have been appealed over the last year and what were the outcome of these appeals? How many of these were subsequently taken to the London Tribunal and what were the outcomes of these?

7. From Cllr Chloe-Jane Ross to the Portfolio Holder for Resources, Commissioning and Contract Management

Many people continue to experience problems with the usability of the new bromley.gov.uk website, this includes broken links, poor search engine optimisation, and information which is not intuitive to find. Does the Portfolio Holder agree that it must be a priority to improve the website further to ensure the people of Bromley can easily access information, and to that end what is being proposed?

8. From Cllr Sam Webber to the Portfolio Holder for Resources, Commissioning and Contract Management

Could the relevant Portfolio Holder and LBB officers inform me about two pieces of 'orphan land' or unadopted land in Beadon Road? LBB currently maintains two pieces of grassland on the corner of Beadon & Cameron Roads and at the other end of Beadon Road. Are these owned by the Council and would it consider selling the land to the local Residents Association?

9. From Cllr Sam Webber to the Portfolio Holder for Resources, Commissioning and Contract Management

Would the Portfolio Holder list all of Bromley Council's current investments in Qatar following media reports that the Council has over £20m invested in the country; more than any other London borough. Are there any plans to move these investments elsewhere, given this country's record on minority rights and migrant worker deaths highlighted by the ongoing FIFA World Cup?

<https://www.theguardian.com/business/2022/nov/12/uk-local-councils-deposit-taxpayer-cash-qatar-bank-lgbt-rights#:~:text=Councils%20that%20still%20had%20millions,as%20Qatar%2C%E2%80%9D%20said%20Tatchell>

10. From Cllr Simon Jeal to the Portfolio Holder for Renewal, Recreation and Housing

Please provide a breakdown of the headcount and cost of staff employed within the Planning Service during each the last four 12 month periods, the number of planning applications, pre application service enquiries received and the income received by the Council for these applications.

11. From Cllr Chris Price to the Portfolio Holder for Renewal Recreation and Housing

Following the devastating case of Awaab Ishak, how many families in Bromley are currently living in overcrowded accommodation where there is significant mould or damp?

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Agenda Item 6

Report No.
CSD22133

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 12 December 2022

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE AND MID-YEAR REVIEW

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

Chief Officer: Tasnim Shawkat, Director of Corporate Services and Governance

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 23rd November 2022, the Executive, Resources and Contracts PDS Committee scrutinised the attached report prior to the Resources, Commissioning and Contract Management Portfolio Holder approving the recommendations. The report summarised treasury management activity during the second quarter of 2021/22 and also included a mid-year review of the treasury management strategy statement and annual investment strategy (Appendix 4). The report ensured that the Council was implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 30 September 2022 totalled £390.6m (£427.6m at 30 September 2021) and there was no outstanding external borrowing.

2. RECOMMENDATION

Council is recommended to note the report and approve the 2022/23 prudential indicators as set out in Appendix 4.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Transformation Policy

1. Policy Status: Existing Policy:
 2. Making Bromley Even Better Priority (delete as appropriate):
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

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: £2,841k
 5. Source of funding: Net investment income
-

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Property

1. Summary of Property Implications: Not Applicable
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable
-

Customer Impact

1. Estimated number of users or customers (current and projected): Not Applicable
-

Ward Councillor Views

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

Non-Applicable Headings:	Vulnerable Adults and Children/Policy/Finance/Personnel/ Legal/Procurement/Property/Customers/Ward Councillors
Background Documents: (Access via Contact Officer)	See attached report

Decision Maker: Resources, Commissioning and Contracts Management
Portfolio Holder

Date: For pre-decision scrutiny by Executive, Resources and Contracts PDS
Committee on 23 November 2022
Council on 12 December 2022

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - QUARTER 2 PERFORMANCE
2022/23 AND MID-YEAR REVIEW

Contact Officer: Sean Cosgrove, Principal Accountant (Capital and Treasury)
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Ward: All

1. Reason for report

- 1.1. This report summarises treasury management activity during the second quarter of 2021/22. The report also includes a mid-year review of the treasury management strategy statement and annual investment strategy (Appendix 4). The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 30 September 2022 totalled £390.6m (£427.6m at 30 September 2021) and there was no outstanding external borrowing.
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2. RECOMMENDATION(S)

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

(a) note the treasury management performance for the second quarter of 2022/23;

(b) recommend that Council approve the 2022/23 prudential indicators as set out in Appendix 4

- 2.2. Council is requested to note the report

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
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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 .
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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: £2,841k
 5. Source of funding: Net investment income
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Personnel

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

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

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

1. Estimated number of users/beneficiaries (current and projected): N/A
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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 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. This effectively means that in-year monitoring is incorporated into the three reports required by the Code of Practice: quarter 1 monitoring is no longer reported unless there are any matters that officers feel should come before the Committee sooner.
- 3.2 This report includes details of investment performance in the second quarter of 2022/23. The 2022/23 annual treasury strategy, including the MRP (Minimum Revenue Provision) policy statement and prudential indicators, was originally submitted to the Executive, Resources and Contracts PDS Committee on 7 February 2022 and Council on 28 February 2022.
- 3.3 Changes in the regulatory environment have placed a much greater onus on Members to undertake the review and scrutiny of treasury management policy and activities. This report is important in that respect as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 3.4 The Council has monies available for treasury management investment as a result of:
- positive cash flow
 - 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
- 3.5 Some of the monies identified above are short term and investment of these needs to be highly 'liquid', particularly if it relates to a positive cash flow position which can change in the future. Future monies available for treasury management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in government funding, which will require the Council to make revenue savings to balance the budget in future years, there is a likelihood that such actions may be required in the medium term, which will reduce the monies available for investment.
- 3.6 The Council has also identified an alternative investment strategy relating to property investment. To date, this has resulted in actual and planned acquisitions which generated £5.6m in 2017/18, £5.5m in 2018/19, £5.4m in 2019/20, £5.3m in 2020/21, £5.4m in 2021/22 and is budgeted to achieve £5.3m in 2022/23. This is based on a longer-term investment timeframe of at least three to five years and ensures that the monies available can attract higher yields over the longer term.
- 3.7 A combination of lower risk investment relating to treasury management and a separate investment strategy in the form of property acquisitions (generating higher yields and risks) provides a balanced investment strategy. Any investment decisions will also need to consider the current ongoing volatility in interest rates. The available resources for the medium term, given the ongoing reductions in government funding, will need to be regularly reviewed.

Treasury performance in the quarter ended 30 September 2022

- 3.8 **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.

3.9 **Investments:** the following table sets out details of investment activity during the second quarter and year to date:

	Qtr ended 30/09/22		2022/23 year to date		para
	deposits	avg rate	deposits	avg rate	
	£m	%	£m	%	
Balance of "core" investments b/f	220.00	1.12	260.00	0.62	
New investments made in period	85.00	2.87	155.00	2.32	
Investments redeemed in period	-55.00	0.27	-165.00	0.51	
"Core" investments at period end	250.00	1.90	250.00	1.90	
Money Market Funds	26.00	0.82	26.00	1.18	3.15
CCLA Property Fund*	40.00	-0.16	40.00	0.06	3.25
Multi-Asset Income Funds*	40.00	-0.19	40.00	-0.21	3.27
Schroders Global Diversified Growth Fund*	20.00	-0.08	20.00	-0.17	3.29
Sovereign bonds	10.00	1.84	10.00	1.84	3.20
Project Beckenham loan	4.65	6.00	4.65	6.00	3.19
"Alternative" investments at period end	140.65	0.24	140.65	0.13	
Total investments at period end	390.65	1.30	390.65	1.27	

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

3.10 Details of the outstanding investments at 30 September 2022 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. The return on the new "core" investments placed during the second quarter of 2022/23 was 2.87%.

3.11 Reports to previous meetings have highlighted the fact that options with regards to the reinvestment of maturing deposits have become seriously limited in recent years following bank credit rating downgrades and a persistent low interest rate environment. Changes to lending limits and eligibility criteria, as well as the introduction of pooled funds and housing associations, have alleviated this to some extent. More recently, however, successive increases in the Bank of England base rate have fed through into significantly improved lending rates with counterparties.

3.12 Active UK banks and building societies on the Council's list now comprise National Westminster Bank, Santander UK, Goldman Sachs International Bank, Close Brothers, National Bank of Kuwait (International) - London, Al Rayan Bank PLC-London and the Principality Building Society, all of whose interest rates have increased significantly in recent months from last year's low. The Director of Finance will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.

3.13 The chart in Appendix 1 shows total investments at quarter-end dates back to 1 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 budget in recent years.

Interest rate forecast (provided by Link Asset Services)

3.14 The Bank of England base rate was 2.25% at the September meeting of the Monetary Policy Committee, but this increased by 75 basis points to 3.00% at the November 2022 meeting. Link has stated that it believes further increases will follow – its detailed forecast (as at 27 September 2022) is shown in the table below.

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

Money Market Funds

- 3.15 The Council currently has five AAA-rated Money Market Fund accounts (MMFs): Federated Prime Rate, Aberdeen Standard (formerly known as Ignis), Insight, Fidelity 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 MMFs are now on the rise after a protracted low. The Aberdeen Standard and Federated Prime Rate Funds currently offer the best rate at around 2.09%.
- 3.16 The total balance held in MMFs has varied during the year to date moving from £4m as at 31 March 2022, a month with minimal council tax and NNDR receipts and following the repayment of significant government grants, to £26m as at 30 September 2022. The MMFs currently offer the lowest interest of all eligible investment vehicles with the exception of the Government Debt Management Account Deposit Facility; however, they are the most liquid, and funds can be redeemed up until midday for same day settlement.
- 3.17 Daily balances in MMFs will vary considerably and have regained normal levels in recent months after a low at the end of the last financial year, explained in paragraph 3.17 above. In an ordinary year, MMF balances tend to be higher during February and March to provide a cashflow buffer when the Council's income from council tax and business rates is significantly lower than the rest of the year. Occasionally, these balances are also inflated to ensure that the Council has sufficient liquidity to cover any 'non-standard' expenditure such as investment property purchases.

Housing associations

- 3.18 Deposits with housing associations have attracted favourable rates and in 2021 the Council's treasury management strategy statement was amended to increase the overall limit for investments with housing associations to £80m. Current investments in housing associations total £20m, at an average rate of 0.8%.

Loan to Project Beckenham

- 3.19 On 26 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). £1.0m of this loan was re-paid during 2019/20, leaving a balance of £1.3m as at the end of March 2020. Advances totalling £800k were made in 2020/21 leaving a balance of £2.1m as at the end of March 2021. Advances totalling £1,650k were made in 2021/22, leaving a balance of £3.75m. A further three loan advances, totalling £900k, have been made so far in 2022/23. the balance as at 30 September 2022 was £4.65m. Repayments have now begun and no further advances are anticipated.

Sovereign bonds

- 3.20 During November 2021, it was agreed that the Council's treasury management strategy be amended to allow investment in sterling-denominated sovereign bonds, subject to a maximum of duration of 3 years and an exposure limit of £25m. On 30 November 2021, an investment of £10m was made for two years at a rate of 1.84%.

Pooled investment schemes

- 3.21 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 five 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, Commissioning and Contracts Management Portfolio Holder.
- 3.22 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.
- 3.23 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 then 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. DLUHC (the new department responsible for these matters) has conducted a consultation with local government and other interested parties on this matter which closed on 7 October 2022 and government is now considering the responses received.
- 3.24 Due to the regulations being time limited and the potentially volatile nature of these investments, interest/dividend earnings above 2.5% for 2018/19 and 2019/20 (£1,509k in 2018/19, £1,196k in 2019/20) and above 2.0% for 2020/21 and 2021/22 (£1,520k in 2020/21 and £1,676k in 2021/22) 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

- 3.25 Following consultation between the Director of Finance and the 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 this fund is viewed as a medium- to long-term investment and dividends are paid quarterly. A breakdown of dividends earned and capital growth is provided in the table below:

Annualised net return	Dividend %	Capital gain/(loss) %	Total return %
01/02/14–31/03/14	4.29	-29.64	-25.35
01/04/14–31/03/15	5.03	3.44	8.47
01/04/15–31/03/16	5.02	1.63	6.65
01/04/16–31/03/17	4.55	-2.50	2.05
01/04/17–31/03/18	4.59	2.41	7.00
01/04/18–31/03/19	4.46	1.57	6.03
01/04/19–31/03/20	4.45	-3.68	0.77
01/04/20–31/03/21	4.30	-0.71	3.59
01/04/21–31/03/22	3.82	17.29	21.12
01/04/22–30/09/22	4.16	1.75	5.91
Cumulative return	4.09	2.33	6.42

- 3.26 The annualised fund return for the year to 30 September 2022 was capital growth of 1.75% and dividends paid of 4.16% resulting in a total return of 5.91%. Since inception, dividends paid have averaged 4.09% per annum and the capital value has increased by 2.33% per annum resulting in a net annual return of 6.42%.

Multi-Asset Income Fund

- 3.27 Following approval by Council in June 2017, the limit for pooled investment schemes was increased to £80m and an investment of £30m was made on 12 July 2017 in the Fidelity Multi-Asset Income Fund following the agreement of the Portfolio Holder. A subsequent investment of £10m was made on December 30 2019. The annualised fund return for the year to 30 September 2022 was a capital decline of -24.78% and dividends paid of 4.22%, resulting in a total return of -20.56%.
- 3.28 Since inception, dividends paid have averaged 3.62% per annum and the capital value has declined by -0.54% per annum, resulting in a net annual return of 3.08%.

Annualised net return	Dividend %	Capital gain/(loss) %	Total return %
12/07/17–31/03/18	4.42	-6.27	-1.85
01/04/18–31/03/19	4.26	1.45	5.71
01/04/19–31/03/20	4.37	-11.81	-7.44
01/04/20–31/03/21	4.38	9.52	13.90
01/04/21–31/03/22	4.16	-4.98	-0.82
01/04/22–30/09/22	4.22	-24.78	-20.56
Cumulative return	3.62	-0.54	3.08

Global Diversified Income Fund

- 3.29 During 2020/21 a new investment was made in the Global Diversified Income Fund, managed by Schroders. The aim of this fund is to provide long-term capital growth and income of 3%-5% per annum. An initial £10m was invested in March 2021, followed by a further £10m in April 2021. A breakdown of the dividends earned and capital growth is provided in the table below.

Annualised net return	Dividend %	Capital gain/(loss) %	Total return %
01/03/21–31/03/21	2.45	2.43	4.88
01/04/21–31/03/22	2.96	-3.15	-0.19
01/04/22–30/09/22	3.46	-20.01	-16.55
Cumulative return	2.94	-2.92	0.02

Property acquisition scheme (Meadowship Homes)

- 3.30 As agreed by Executive during 2021, the Council has embarked on a property acquisition scheme under a funding arrangement with Orchard & Shipman. This involved the formation of an LLP which is a joint venture between the Council and Orchard & Shipman. As part of this

scheme, the Council made a £20m loan (in tranches) for 50 years. Annual repayments will start from year 3 of 1.6% (£320k) per annum and increasing annually by CPI (collared at 0%-4%), As the effective interest rate on the loan is dependent on CPI, it is possible that this will be lower than the rate the Council might achieve through treasury management investments, so there may be a loss of treasury management income.

Mid-year review: treasury management strategy statement and annual investment strategy 2020/21

- 3.31 The CIPFA Code of Practice on Treasury Management requires the Council to receive a mid-year review report on performance against the approved strategy. The annual investment strategy was originally approved by Council in February 2020. A mid-year review, including comments on the economic background during the first half of 2022/23 and on the outlook, is included at Appendix 4.
- 3.32 The 2022/23 annual treasury strategy, including the Minimum Revenue Provision (MRP) policy statement and prudential indicators, was originally submitted to the Executive, Resources and Contracts PDS Committee on 7 February 2022 and to Council on 28 February 2022. Many of the indicators are academic as far as the Council is concerned, as they seek to control debt and borrowing (not currently applicable to Bromley), but they are a statutory requirement.
- 3.33 While the Council effectively determines its own eligible counterparties and limits, it also uses Link Asset Services (Link) as an advisor in investment matters. Link uses a 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 measure of the relative creditworthiness of counterparties: these 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.
- 3.34 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). Currently, the strategy permits the following type of investments:
- a) 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 and subject to a minimum credit rating. These would include investments with:
1. UK Government, e.g., a UK treasury bill or gilt with a maximum of one year to maturity
 2. a local authority, parish council or community council
 3. corporate or supranational bonds
 4. pooled investment vehicles
 5. banks and building societies
 6. certificates of deposit, commercial paper or floating rate notes.

b) Non-specified investments: these are any other type of investment and can be for any period over one year, subject to category and duration limits, namely:

- 1.bank deposits
- 2.building society deposits
- 3.deposits with other local authorities
- 4.gilt-edged securities
5. non-rated subsidiary of a credit-rated institution
6. corporate or sovereign bonds
7. collective (pooled) investment schemes
- 8.certificates of deposit, commercial paper and floating rate notes
- 9.housing associations

3.35 Although, as indicated above, the strategy allows the Council to make a range of investments, in practical terms the Council has recently utilised only a narrow range of investment types, namely money market deposits, fixed interest loans to banks, housing associations and local authorities, sovereign bonds and pooled investment vehicles. Moreover, the Council's investment decisions have been informed by consideration of maximising available returns whilst operating within the parameters set out within the strategy, namely credit-ratings and investment category limits.

3.36 Recent treasury management updates have highlighted the fact that options with regards to the reinvestment of maturing fixed-interest deposits have become seriously limited in recent years following bank credit rating downgrades and the low-interest rate environment that persisted for some time in the UK and is only now starting to return to former levels. Changes to lending limits and eligibility criteria, as well as the inclusion of pooled funds and housing associations within the strategy, have alleviated this to some extent, but there are still limited options available other than placing money with instant access accounts at relatively low interest rates.

3.37 Despite the challenges outlined above, the Council has achieved a significant income stream from interest on balances, as shown below:

Financial year	Interest on balances £'000
2017/18	4,049
2018/19	4,951
2019/20	5,133
2020/21	5,140
2021/22	4,202
2022/23	5,841 (projected)

Revised Treasury Management and Prudential Codes

- 3.38 During December 2021 CIPFA published a revised Prudential Code (Prudential Code for Capital Finance in Local Authorities) and Treasury Management Code (Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes). It also stated that formal adoption is not required until the 2023/24 financial year. This Council is required to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.
- 3.39 The revised codes will have the following implications:
- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement
 - clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment
 - address ESG issues within the capital strategy
 - require implementation of a policy to review commercial property, with a view to divest where appropriate
 - create new investment practices to manage risks associated with non-treasury investment (similar to the current treasury management practices)
 - ensure that any long-term treasury investment is supported by a business model
 - a requirement to effectively manage liquidity and longer-term cash flow requirements
 - amendment to TMP1 to address ESG policy within the treasury management risk framework
 - amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council
 - a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage)
- 3.40 In addition, all investments and investment income must be attributed to one of the following three purposes:
- treasury management:** arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments
 - service delivery:** investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose"
 - commercial return:** investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in

budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return

- 3.41 Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 treasury management strategy.

Regulatory framework, risk and performance

- 3.42 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:

- The Local Government Act 2003 ('the Act') which provides the powers to borrow and invest as well as providing controls and limits on this activity
- the Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing that may be undertaken (although no restrictions have been made to date)
- Statutory Instrument 3146 2003 ('the SI'), as amended, develops the controls and powers within the Act
- the SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities
- the SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services
- under the Act, the MHCLG has issued investment guidance to structure and regulate the Council's investment activities
- under section 238(2) of the Local Government and Public Involvement in Health Act 2007, the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8 November 2007

- 3.43 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

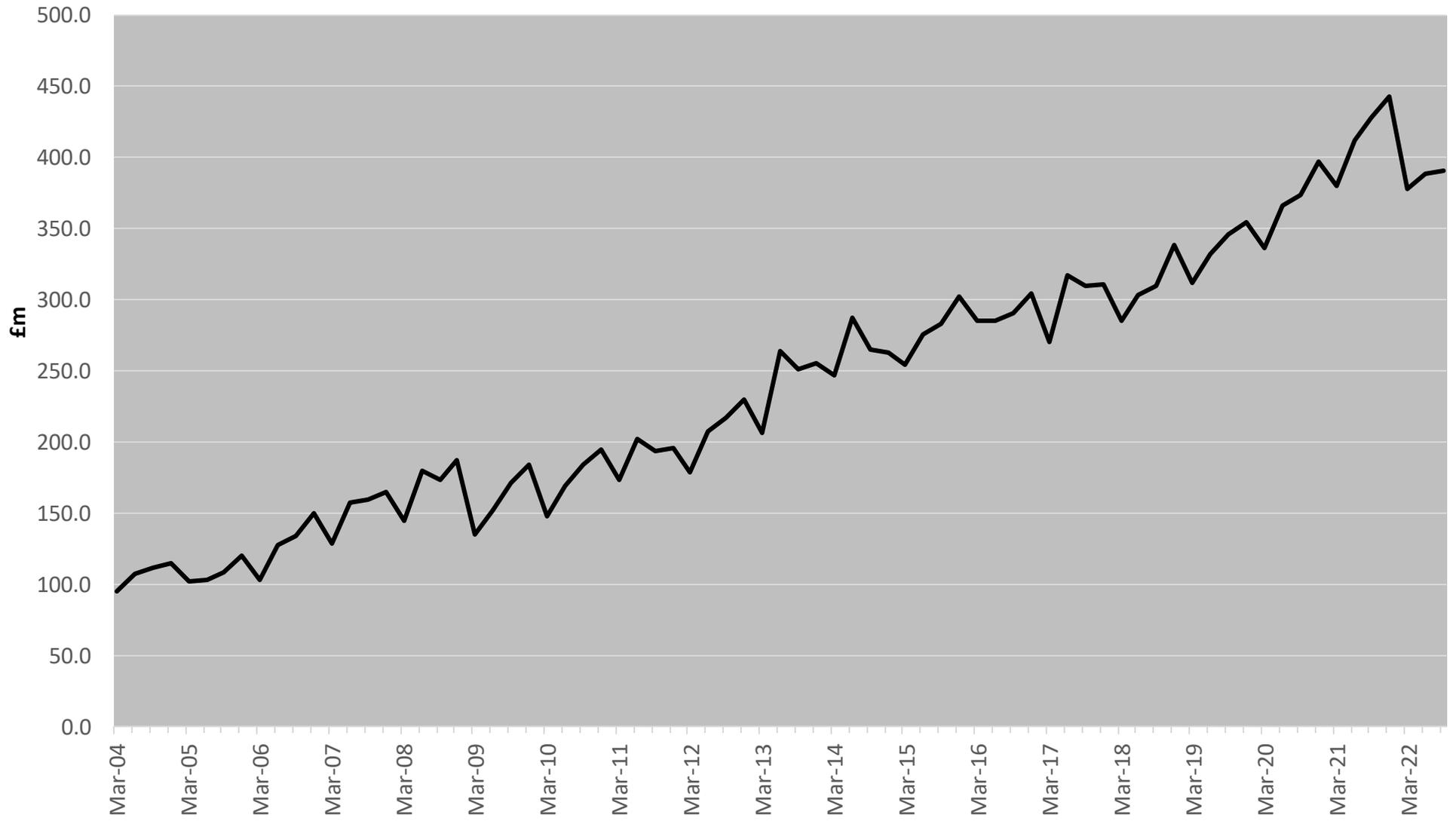
- 5.1 The previous persistent low interest rate environment in the UK led to new core investments being taken out at lower rates and some of these deals are yet to mature and are still held. This is expected to lead to a lower rate of return on the portfolio of treasury investments held by the Council.
- 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.

6 LEGAL IMPLICATIONS

- 6.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.
- 6.2 This report fulfils the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice 2017 and the 2018 Statutory Guidance on Local Government Investments.

Non-applicable sections:	Impact on Vulnerable Adults and Children, Personnel, Legal and Procurement Implications
Background documents: (access via contact officer)	CIPFA Code of Practice on Treasury Management CIPFA Prudential Code for Capital Finance in Local Authorities CLG guidance on investments External advice from Link Asset Services

TOTAL INVESTMENT PORTOFOLIO



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INVESTMENTS HELD AS AT 30TH SEPTEMBER 2022															APPENDIX 2		
Counterparty	Start Date	Maturity Date	Rate of Interest	Amount	Fitch		Moody's		S&P		Fitch		Moody's		S&P		
					Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	
					%	£m	Ratings at time of Investment						Ratings as at September 2022				
FIXED DEPOSITS																	
CLOSE BROTHERS	29/10/21	28/10/22	0.55000	10.0	A-	F2	Aa3	P-1			A-	F2	Aa3	P-1			
NATIONAL WESTMINSTER BANK	29/10/21	28/10/22	0.28000	15.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1	
QATAR NATIONAL BANK SAQ	03/12/21	02/12/22	1.03000	10.0	A+	F1	Aa3	P-1	A	A-1	A	F1	Aa3	P-1	A	A-1	
GOLDMAN SACHS INTERNATIONAL BANK	27/01/22	28/12/22	1.10000	5.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1	
YORKSHIRE HOUSING LTD	20/01/21	20/01/23	1.00000	10.0	N/A						N/A						
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	27/01/22	27/01/23	0.84000	15.0	AA-	F1+			A	A-1	A+	F1			A	A-1	
CLOSE BROTHERS	18/03/22	17/03/23	0.75000	10.0	A+	F2	Aa3	P-1			A-	F2	Aa3	P-1			
AL RAYAN BANK PLC - LONDON	08/04/22	06/04/23	1.92000	15.0			A1	P-1					A1	P-1			
First Abu Dhabi Bank	19/04/22	19/04/23	2.10000	10.0	AA-	F1+	Aa3	P-1	AA-	A-1+	AA-	F1+	Aa3	P-1	AA-	A-1+	
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/20	20/04/23	1.68000	10.0	N/A						N/A						
GOLDMAN SACHS INTERNATIONAL BANK	22/04/22	21/04/23	2.13500	10.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1	
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	25/05/22	24/05/23	2.12000	5.0	A+	F1			A	A-1	A+	F1			A	A-1	
GOLDMAN SACHS INTERNATIONAL BANK	27/04/22	27/04/23	2.27000	5.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1	
First Abu Dhabi Bank	06/05/22	05/05/23	2.30000	5.0	A+	F1	Aa3	P-1	A	A-1	AA-	F1+	Aa3	P-1	AA-	A-1+	
QATAR NATIONAL BANK SAQ	06/06/22	06/06/23	2.33500	5.0	A	F1	Aa3	P-1	A	A-1	A	F1	Aa3	P-1	A	A-1	
SANTANDER	17/06/22	19/06/23	2.50000	15.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1	
AL RAYAN BANK PLC - LONDON	06/07/22	06/07/23	2.85000	5.0			A1	P-1					A1	P-1			
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	15/07/22	14/07/23	2.85000	10.0	A+	F1			A	A-1	A+	F1			A	A-1	
NATIONAL WESTMINSTER BANK	20/07/22	19/07/23	2.58000	10.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1	
GIROZENTRALE (HELEBA)	22/07/22	21/07/23	2.80000	15.0	A+	F1+	Aa3	P-1			A+	F1+	Aa3	P-1			
PRINCIPALITY BUILDING SOCIETY- CARDIFF	29/07/22	28/07/23	2.60000	10.0	BBB+	F2	Baa2	P-2			BBB+	F2	Baa2	P-2			
NATIONAL WESTMINSTER BANK	12/08/22	11/08/23	2.62000	5.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1	
CLOSE BROTHERS	16/08/22	16/08/23	3.00000	10.0	A-	F2	Aa3	P-1			A-	F2	Aa3	P-1			
NATIONAL WESTMINSTER BANK	16/08/22	16/08/23	2.62000	5.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1	
SANTANDER	24/08/22	24/08/23	3.25000	10.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1	
OPTIVO	23/08/21	23/08/23	0.60000	10.0			A3						A3				
NATIONAL WESTMINSTER BANK	13/09/22	13/09/23	3.70000	5.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1	
TOTAL FIXED INVESTMENTS				250.0													
OTHER FUNDS																	
INSIGHT STERLING LIQUIDITY FUND				11.0													
FEDERATED (Hermes) STERLING LIQUIDITY FUND				15.0													
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/14			40.0													
SCHRODERS	12/07/17			20.0													
FIDELITY MULTI-ASSET INCOME FUND	01/03/21			40.0													
SPRING CAPITAL LOAN	09/06/17			4.6													
SOVEREIGN BONDS	01/12/21	01/12/23	1.84000	10.0													
TOTAL INVESTMENTS				390.6													

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
UK BANKS							
NATWEST BANK PLC	29/10/21	28/10/22	0.28000	15			
NATWEST BANK PLC	20/07/22	19/07/23	2.58000	10			
NATWEST BANK PLC	12/08/22	13/08/23	2.62000	5			
NATWEST BANK PLC	16/08/22	16/08/23	2.62000	5			
NATWEST BANK PLC	13/09/22	13/09/23	3.70000	5	40	80	40
SANTANDER PLC UK	17/06/22	17/06/23	2.50000	15			
SANTANDER PLC UK	24/08/22	24/08/23	3.25000	10	25	30	5
CLOSE BROTHERS LTD	29/10/21	28/10/22	0.55000	10			
CLOSE BROTHERS LTD	18/03/22	17/03/23	0.75000	10			
CLOSE BROTHERS LTD	16/08/22	16/08/23	3.00000	10	30	30	0
GOLDMAN SACHS INTERNATIONAL BANK	27/01/22	28/12/22	1.10000	5			
GOLDMAN SACHS INTERNATIONAL BANK	22/04/22	24/04/23	2.13500	10			
GOLDMAN SACHS INTERNATIONAL BANK	27/04/22	27/04/23	2.27000	5	20	20	0
AL RAYAN BANK PLC - LONDON	08/04/22	06/04/23	1.92000	15			
AL RAYAN BANK PLC - LONDON	06/07/22	06/07/23	2.85000	5	20	20	0
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	27/01/22	27/01/23	0.84000	15			
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	25/05/22	24/05/23	2.12000	5			
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	15/07/22	14/07/23	2.85000	10	30	30	0
UK BUILDING SOCIETIES							
PRINCIPALITY BUILDING SOCIETY	29/07/22	28/07/23	2.60000	10	10	10	0
OVERSEAS BANKS							
QATAR NATIONAL BANK	03/12/21	02/12/22	0.58000	10			
QATAR NATIONAL BANK	06/06/22	06/06/23	2.33500	5	15	15	0
FIRST ABU DHABI BANK	19/04/22	19/04/23	2.10000	10			
FIRST ABU DHABI BANK	06/05/22	05/05/23	2.30000	5	15	15	0
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE (HELAB)	22/07/22	21/07/23	2.80000	15	15	15	0
LOCAL AUTHORITIES							
WALSALL MBC	20/04/20	20/04/23	1.68000	10	10	15	5
Housing Associations							
OPTIVO	23/08/21	23/08/23	0.60000	10	10	10	0
YORKSHIRE HOUSING LTD	20/01/21	20/01/23	1.00000	10	10	10	0
Other Investments							
INSIGHT STERLING LIQUIDITY FUND	15/06/09			11	11	15	4
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND	15/06/09			15	15	15	0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/14			40			
FIDELITY - MULTI ASSET INCOME FUND	12/07/17			40			
SCHRODERS	01/03/21			20	100	100	0
SPRING CAPITAL LOAN	09/06/17			4.6	4.6		
SOVEREIGN BONDS	01/12/21	01/12/23		10	10	25	15
TOTAL INVESTMENTS				390.6	390.6		

Treasury Management Strategy Statement and Annual Investment Strategy Mid-year review report 2022/23

1 Background

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

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

Accordingly, treasury management is defined as:

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

2 Introduction

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

The primary requirements of the Code are as follows:

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

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

- An economic update for the first part of the 2022/23 financial year
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy
- The Council's capital expenditure (prudential indicators)
- A review of the Council's investment portfolio for 2022/23

- A review of the Council's borrowing strategy for 2022/23
- A review of any debt rescheduling undertaken during 2022/23
- A review of compliance with treasury and prudential limits for 2022/23

3 Key changes to the treasury and capital strategies

No amendments to the strategy are proposed at this time.

4 Economic update (provided by Link Asset Services)

- The second quarter of 2022/23 saw:
 - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being
 - signs of economic activity losing momentum as production fell due to rising energy prices
 - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term
 - the unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply
 - bank rate rise by 100bps over the quarter, taking bank rate to 2.25% with further rises to come
 - gilt yields surge and sterling fall following the "fiscal event" of the new Prime Minister and Chancellor on 23 September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there

have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6 November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23 November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the global financial crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23 September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to

5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.

- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14 October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28 September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14 October or it decides to delay quantitative tightening beyond 31 October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

5 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2022/23 was approved by this Council on 28 February 2022. No revisions were proposed in the annual report 2022/23 reported to Council on 25 July 2022 or in the mid-year review report.

6 Investment portfolio

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3, it is a very volatile investment market, though recent successive increases in the Bank of England base rate have fed through into significantly improved lending rates with counterparties. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short-term strategy.

Details of the Council's investment activity during the first six months of 2022/23 are provided in the covering report and lists of current investments are provided in Appendices 2 (in maturity date order) and 3 (by counterparty). The Council held £390.6m of investments as at 30 September 2022 (£427.6m as at 30 September 2021).

The Director of Finance confirms that the approved limits within the annual investment strategy were not breached during the first six months of 2022/23.

The Council's budget for interest on investments in 2022/23 is £2.841m and the current projection is that the outturn will be £5.841m - £3.000m over budget.

Investment counterparty criteria

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

7 Borrowing

The Council's estimated capital financing requirement (CFR) for 2022/23 is £29.8m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council does not currently borrow to finance its capital expenditure and has, in recent years, only had to borrow short-term (for cashflow purposes) on very few occasions.

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

Prudential and treasury indicators – mid-year review 2022/23

The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2022/23 were approved by Council in February 2022 and this annex sets out the actual performance against those indicators in the first six months, updating them where necessary. Prudential and treasury indicators are relevant for the purposes of setting an integrated treasury management strategy.

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

Prudential indicators for capital expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme for 2022/23 was agreed in February 2022. The increase in the latest estimate for 2022/23 is mainly brought forward underspend from the prior year, additional funding for Basic Need in schools (CEF line) and, more generally, the result of new schemes added to the programme, as highlighted in previous reports to the Executive and to PDS committees.

Capital expenditure by portfolio	2022/23 original estimate £m	2022/23 revised estimate £m
Children, Education and Families	9.0	23.2
Adult Care and Health	0.7	0.3
Environment and Community Services	6.9	12.5
Renewal, Recreation and Housing	24.7	48.5
Executive, Resources and Contracts	23.2	40.6
Estimated slippage/new schemes	-6.5	-49.7
Total	58.0	75.5

Changes to the financing of the capital programme

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

Capital expenditure	2022/23 original estimate £m	2022/23 revised estimate £m
Supported	58.0	75.5
Unsupported	-	-
Total spend	58.0	75.5
Financed by:		
Capital receipts	21.6	18.7
Capital grants/contributions	17.8	28.7
General Fund	-	-
Internal borrowing	16.4	14.0
Revenue contributions	2.4	14.2
Total financing	58.0	75.5
Borrowing need	-	-

Changes to the prudential indicators for the CFR, external debt and operational boundary

It is a statutory duty for the Council to determine and keep under review the “affordable borrowing limits”, which comprise external/internal borrowing and other long-term liabilities, mainly finance leases. The Council’s approved treasury and capital prudential indicators (affordability limits) are outlined in the approved TMSS. The table below shows the expected “worst case” debt position over the period. This is termed the operational boundary. Bromley has an operational “borrowing” limit (“operational boundary”) of £30m.

The authorised limit, which represents the limit beyond which borrowing is prohibited, is another of the prudential indicators and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in

the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003 and, for Bromley, this figure has been set at £60m.

The table also shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. The Council's capital financing requirement (CFR) as at 1 April 2022 was £25.7m. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council's CFR relates to liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment and housing.

The Council currently has no external borrowing.

Prudential Indicators	2022/23 original estimate £m	2022/23 revised estimate £m
CFR	25.7	29.8
Debt – operational boundary		
Borrowing	10.0	10.0
Other long-term liabilities	20.0	20.0
Total operational boundary	30.0	30.0
Debt – authorised boundary		
Borrowing	30.0	30.0
Other long-term liabilities	30.0	30.0
Total authorised boundary	60.0	60.0

Other prudential indicators

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

Prudential and treasury indicators - summary

	2022/23	2022/23
	Original estimate	Revised estimate
Total capital expenditure	£58.0m	117.9
Ratio of financing costs to net revenue stream	0.0%	0.0%
Net borrowing requirement (net investments for Bromley)		
brought forward 1 April	£380.1m	£377.1m
carried forward 31 March	£400.0m	£390.6m
in year borrowing requirement (reduction in net investments for Bromley)	£19.9m	£13.5m
Estimated CFR as at 31 March (finance lease liabilities)	£25.7m	£29.8m
Annual change in CFR	£0.0m	£4.1m

TREASURY MANAGEMENT INDICATORS	2022/23 Original estimate	2022/23 Revised estimate
Authorised limit for external debt -		
Borrowing	£30.0m	£30.0m
other long-term liabilities	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m
Operational boundary for external debt -		
borrowing	£10.0m	£10.0m
other long-term liabilities	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	20%	20%
Upper limit for total principal sums invested beyond year-end dates	£170.0m	£170.0m

Report No.
CSD22136

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **COUNCIL**

Date: **Monday 12 December 2022**

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

Title: **CAPITAL PROGRAMME MONITORING 2022/23**

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

Chief Officer: Tasnim Shawkat, Director of Corporate Services and Governance

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 30th November 2022 the Executive considered the attached report on the Council's Capital Programme, and approved the recommendations. The report summarises the current position on capital expenditure and receipts following the second quarter of 2022/23 and seeks Executive and Council approval to a revised capital programme, including re-phasing of £134k from 2022/23 into future years, and increases of £3,000k in relation to the budget for depot improvements and £20,970k for additional costs associated with Project Smith, the preferred option for the existing capital budget for the Civic Centre redevelopment scheme. More detailed reports on these two projects were considered by the Executive on 30th November 2022 – these are attached to this report. Part 2 versions of these reports are also attached under the Part 2 agenda.

2. **RECOMMENDATION**

Council is requested to approve an increase of £23,970k to the Capital Programme (paragraph 3.3 of the attached report to the Executive); in particular an increase of £3,000k in relation to the budget for depot improvement and £20,970 for Project Smith, the preferred option for the existing capital budget for the Civic Centre redevelopment scheme.

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Existing Policy (see attached report)
 2. Making Bromley Even Better Priority (delete as appropriate):
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Estimated Cost: Increase of £23,970k over four years 2022/23 to 2025/26
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £223.7m over the four years 2022/23 to 2025/26
 5. Source of funding: Capital grants, capital receipts, and earmarked revenue contributions.
-

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: None
-

Property

1. Summary of Property Implications: See attached report
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable
-

Customer Impact

1. Estimated number of users or customers (current and projected): Not Applicable
-

Ward Councillor Views

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

Non-Applicable Headings:	Vulnerable Adults and Children/Policy/Finance/Personnel/ Legal/Procurement/Property/Customers/Ward Councillors
Background Documents: (Access via Contact Officer)	See attached report

Decision Maker: EXECUTIVE
COUNCIL

Date: Executive on 30 November 2022
Council on 12 December 2022

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING – QUARTER 2 2022/23

Contact Officer: Sean Cosgrove, Principal Accountant (Capital and Treasury)
Tel: 020 8313 4312 E-mail: sean.cosgrove@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance
Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk

Ward: All

1. Reason for report

This report summarises the current position on capital expenditure and receipts following the second quarter of 2022/23 and seeks the Executive's approval to a revised capital programme.

2. RECOMMENDATION(S)

2.1 The Executive is requested to:

- (a) Note the report, including a total re-phasing of £134k from 2022/23 into future years, and agree a revised capital programme.
- (b) Approve the following amendments to the capital programme (paragraph 3.3)
 - (i) Increase of £3,000k in relation to the budget for depots
 - (ii) Increase of £20,970k for additional costs associated with Project Smith, the preferred option for the existing capital budget for the Civic Centre redevelopment scheme

2.2 Council is requested to approve the increase of £23,970k to the capital programme (paragraph 3.3)

Impact on Vulnerable Adults and Children:

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

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 identify 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 the Community Plan and in "Building a Better Bromley".
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Total estimated increase of £23,970k over the four years 2022/23 to 2025/26.
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital programme
 4. Total current budget for this head: Total £223.7m over the four years 2022/23 to 2025/26
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
-

Personnel

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

Legal

1. Legal Requirement: Non-Statutory – Government Guidance
 2. Call-in: Not Applicable
-

Procurement:

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

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

Capital expenditure

- 3.1 Appendix A sets out the proposed changes to the capital programme following a monitoring exercise carried out after the second quarter of 2022/23. The base position is the programme approved by the Executive on 6 October 2022 (postponed from 21 September 2022 due to the official mourning period for the death of the monarch), as amended by variations approved at subsequent Executive meetings. Should the changes proposed in this report be approved, the total capital programme 2022/23 to 2025/26 would increase by £23,970k over the four years 2022/23 to 2025/26.

The variations are summarised in the table below with further detail set out in Appendix A.

	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000
Programme approved by Executive 09/02/22	64,497	39,329	12,928	775	117,529
Net of changes approved in Q1 monitoring	58,128	11,824	1,425	5,297	76,675
Sub-total - approved programme prior to Q2 monitoring	122,625	51,153	14,353	6,072	194,204
Variations requiring the approval of Executive:					
Addition to depots project for increased costs (ECS)	3,000				3,000
Addition to estimated costs of Project Smith (RCCM)		20,970			20,970
Variations not requiring the approval of Executive:					
Previously approved s106 funding reflected in s106 unallocated budget (CEF)	Cr 2,538				Cr 2,538
Previously approved s106 funding reflected in Basic Need budget (CEF)	2,538				2,538
Net rephasing from 22/23 into future years	Cr 134	134			0
Sub-total - total amendments to the capital programme	2,866	21,104	0	0	23,970
Proposed new schemes					
None this cycle	0	0	0	0	0
Total revised capital programme	125,491	72,257	14,353	6,072	218,174
Less: Further slippage projection (memorandum)	Cr 50,000	15,000	15,000	15,000	Cr 5,000
Assumed new schemes (to be agreed)	0	3,500	3,500	3,500	10,500
Projected programme for capital financing forecast (App C)	75,491	90,757	32,853	24,572	223,674

3.2 Variations approved at subsequent Executive meetings

No new variations have been approved in this cycle. Apart from scheme rephasing (as per paragraph 3.4 below), the only change shown is an updating of budgets to reflect £2,538k of unallocated s106 funding for education moving to the Basic Need budget line. This change had been agreed at previous meetings of the Executive but had not yet been reflected in the monitoring sheet.

3.3 Variations requiring the approval of the Executive (£23,970k net increase)

- (i) £3,000k is to be added to the budget for depot improvement works. This expenditure is necessary to meet cost pressures in the borough's depots. A separate report on this matter is being presented at this meeting.

- (ii) The costs of Project Smith are to increase by a net £20,970k, currently phased in 2023/24. This is because the existing capital budget for the Civic Centre redevelopment scheme has been increased to allow for the additional costs associated with the preferred option (Project Smith.) These increased costs will be partially mitigated by an expected capital receipt in the following year, 2024/25.

3.4 Scheme re-phasing

The 2021/22 capital outturn was reported to the Executive on 29 June 2022. The final capital outturn for the year was £19.3m compared to a revised budget of £73.6m. The variation of £54.3m was re-phased from 2021/22 into 2022/23.

- 3.5 In this quarter’s monitoring exercise, slippage of £134k has been identified and this has been re-phased from 2022/23 into future years to reflect the latest estimates of when expenditure is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Further details are provided in Appendix B.

Budget review

- 3.7 A series of recent review exercises have raised queries about how budgets in housing and education (Basic Need) are presented the capital monitor in terms of expenditure and funding. The capital finance team are in discussion with the relevant service teams to ensure that the information held is not only accurate, but presented in a way that supports both Members and the effective and transparent delivery of the projects concerned. These discussions are ongoing, and any adjustment to the presentation of these budgets will be reported in future reports to the Executive and to the relevant PDS committees.

Capital receipts

- 3.8 Details of the receipts forecast in the years 2022/23 to 2025/26 are included in Appendix C to this report to be considered under part 2 proceedings of the meeting. Actual receipts from asset disposals totalled £10.0m in 2021/22, lower than the estimated figure of £11.8m reported to the Executive in February 2022.
- 3.9 The latest estimates for 2022/23 and 2023/24 are unchanged from Q1 2022. A total of £5m per annum is assumed for receipts yet to be identified in later years.

Financing of the capital programme

- 3.9 A capital financing statement is attached at Appendix C and the following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections which, as noted above, reflect assumptions on the level and timing of disposals. Total balances would reduce from £51.8m (General Fund £20.0m ;capital receipts £31.8m - revised since Q1 report by a late correction) at the end of 2021/22 to £22.9m by the end of 2025/26 (General Fund £20.0m, capital receipts £2.9m) and would then decrease to £10m 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.

	Balance 01/04/22 £m	Estimate 31/03/26 £m
General Fund	20.0	20.0
Capital receipts	31.8	2.9
	51.8	22.9

- 3.10 The total shortfall in financing over the period to the end of 2025/26 is £44,751k. In response to these pressures and the additional pressures of inflation, an ongoing in-depth review of the capital forward plan and of the existing capital estate is being conducted, to

see how and when the Council might change its medium-term capital strategy. The progress of this review, together with any recommendations arising from it, will be reported to subsequent meetings of the Executive.

Investment Fund and Growth Fund

- 3.10 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 £84.5m 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.
- 3.11 Appendix D provides a detailed analysis of the funds dating back to their inception in September 2011. To date, schemes totalling £126.1m have been approved (£98.3m on the Investment Fund, and £27.8m on the Growth Fund), and the uncommitted balances as at end October 2022 stand at £6.5m for the Investment Fund and £11.4m for the Growth Fund.

Feasibility works – property disposals

- 3.12 At its meeting on 24 May 2017, Executive agreed to the creation of a new earmarked reserve with an initial allocation of £250k funded from the Growth Fund to allow for the commissioning of feasibility works 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 of worth.
- 3.13 Members requested that an update from strategic property be included in quarterly capital monitoring reports. This information, which remains unchanged from October's update, is provided in Appendix F.

Section 106 receipts

- 3.14 In addition to capital receipts from asset disposals, the Council holds a number of section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held as a receipt in advance on the Council's balance sheet, the balance of which stood at £8,236k as at 30 September 2022, and will be used to finance capital expenditure from 2022/23 onwards. The current position on capital section 106 receipts (excluding commitments) is shown in the following table:

Agreed service area	Balance 30/06/22 £'000	Receipts Q2 22/23 £'000	Expenditure Q2 22/23 £'000	Balance 30/09/22 £'000
Housing provision	2,452	0	0	2,452
Education	5,078	0	0	5,078
Highways	20	0	0	20
Local economy	686	0	0	686
Other	0	0	0	0
Total	8,236	0	0	8,236

- 3.15 The Council's budgets are limited and, where a developer contribution 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.

Post-completion reports

3.16 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:

- Upgrade of Core Network Hardware
- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement of MD110 Telephone Switch
- Windows Server 2003 Replacement Programme
- Early Education for Two-Year-Olds
- 30 Hour Funded Childcare IT Solution
- Performance Management/Children's Services IT scheme
- Bromley My Time Investment Fund
- Relocation of Exhibitions - Bromley Museum
- Norman Park Athletics Track

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 C 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.

Non-applicable sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background documents: (access via Contact Officer)	Capital programme monitoring Q3 2021/22 and capital strategy 2022-2026 (Executive 09/02/22) Capital programme outturn 2021/22 (Executive 29/06/22)

APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - September 2022 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of meeting	Revised 2022/23	Revised 2023/24	Revised 2024/25	Revised 2025/26	Revised 2026/27	Total	Comments / reason for variation
		£'000	£'000	£'000			£'000	
Current approved capital programme								
Programme approved by Executive 09/02/2022	Exec 09/02/22	64,497	39,329	12,928	775		117,529	
Operational estate maintenance programme - final year not previously included (ERC)	Exec 09/02/22				5,257		5,257	
Increase to Crystal Palace Subway scheme (RRH)	Exec 09/02/22	456					456	
Croydon Road Recreation Ground bandstand restoration (ECS)	Exec 30/03/22	236					236	
North Block solar PV installation (ECS)	Exec 30/03/22	100					100	
Next steps for Crystal Palace park regeneration (RRH)	Exec 29/06/22	0	4,500				4,500	
Basic Needs (CEF)	Exec 06/10/22	4,170	4,308				8,478	
SCA grant (CEF)	Exec 06/10/22	383					383	
SALIX grant (CEF)	Exec 06/10/22	466		0	0	0	466	
DFG (ACH)	Exec 06/10/22	2,443					2,443	
net underspend from 21/22 rephased into current year	Exec 29/06/22	54,356					54,356	
net rephasing from 22/23 into future years	Exec 29/06/22	Cr 4,482	3,016	1,425	40		0	
Approved programme prior to Q2 monitoring		122,625	51,153	14,353	6,072	0	194,204	
Variations in the estimated cost of approved schemes								
<i>(i) Variations requiring the approval of the Executive</i>								
Addition to depots project to cover increased costs (ECS)		3,000					3,000	
Addition to estimated costs of Project Smith (RCCM)			20,970				20,970	
		3,000	20,970	0	0	0	23,970	
<i>(ii) Variations not requiring approval</i>								
Previously approved s106 funding reflected in s106 unallocated budget (CE)	Cr	2,538					Cr 2,538	
Previously approved s106 funding reflected in Basic Need budget (CEF)		2,538					2,538	
Net rephasing from 22/23 into future years	Cr	134	134				0	
	Cr	134	134	0	0	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		2,866	21,104	0	0	0	23,970	
Add: Proposed new schemes								
None this cycle		0	0	0	0	0	0	
Sub-total - new schemes		0	0	0	0	0	0	
TOTAL REVISED CAPITAL PROGRAMME		125,491	72,257	14,353	6,072	0	218,174	
Less: Further slippage projection (memorandum - already reported)	Cr	50,000	15,000	15,000	15,000	5,000	0	
Add: Estimate for further new schemes		0	3,500	3,500	3,500	3,500	14,000	
TOTAL TO BE FINANCED		75,491	90,757	32,853	24,572	8,500	232,174	

CAPITAL PROGRAMME MONITORING - September 2022 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2022/23	2023/24	2024/25	2025/26	TOTAL	Comments/reason for variation
	£'000	£'000	£'000	£'000	£'000	
Rephasing of schemes						
PCT learning disability reprovision programme - Walpole Road	160	Cr 160			0	UPDATE Q1 2223 - The Department of Health capital was transferred to LBB for uses associated with the reprovision of NHS Learning Disability (LD) Campus clients and the closure of the Bassetts site including the day centre there. The budget has remained unspent due to the impacts of the pandemic and wanting to progress building enhancements in consultation with the recently appointed Astley day care provider. Commissioners and the Housing, Planning & Regeneration team have been in consultation regarding the LD day centre at Astley. The Council's property refurbishment proposals include significant works there to bring the fabric of the building up to standard. It is also intended that approximately £500k will be used to fund building enhancements to improve the future operation of the day centre. It is logical for the building refurbishment works to be undertaken at the same time as the building enhancement works to ensure best use of resources and therefore spend timescales will largely be dependent upon the rollout of the Council's refurbishment programme. Estimated timescales are that the spend would occur during 23/24. It is also intended that approximately £94k of the £594k capital sum will be used to enhance the short breaks service at 118 Widmore Road so that the building can better accommodate dual usage as a bed based short breaks service with day activities. UPDATE Q2 - revised forecast and phasing as noted - estimated spend of £160k in 22/23 and remainder of budget (£434k) to remain in 23/24
Legal Case Management Systems	6	Cr 6			0	Adjusting for a late adjustment in Q1 rephasing
Financial Systems Replacement	Cr 300	300			0	£300k rephased from 22/23 into 23/24 - scheme approved by Executive on 12 February 2020 to procure and implement a new Financial System to replace the existing Oracle E-Business Suite R12, and in-house developed budget monitoring systems (EBM and FBM). The scheme was delayed slightly due to the impact of COVID-19 and essential upgrades required for other financial systems. Following the decision by the Leader in November 2020 to procure the Oracle Cloud ERP (Enterprise Resource Planning) system, officers awarded a contract through the G-Cloud framework in March 2021 to Namos Solutions to implement the system. The main ERP element went live in April 2022, just 3 weeks later than originally planned, and the Enterprise Performance Management (EPM) element which replaces EBM and FBM was completed in August 2022 with the Financials element rolled out to Finance staff in September.
TOTAL REPHASING ADJUSTMENTS	Cr 134	134	0	0	0	

CAPITAL FINANCING STATEMENT - EXEC 21/09/22 - ALL RECEIPTS

(NB. Assumes all capital receipts - see below)

	2020-21		2021-22		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Estimate	Actual	Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Summary financing statement											
Capital grants	11,122	8,394	13,622	9,591	25,798	5,742	1,226	0	0	0	0
Other external contributions	10,314	5,192	4,308	2,960	2,866	2,200	2,200	2,200	2,200	2,200	2,200
Usable capital receipts	1,365	1,103	3,034	3,542	18,699	61,818	19,177	8,569	7,489	3,540	3,540
Internal borrowing	0	0	0	2,440	13,955	0	0	0	0	0	0
Revenue contributions	8,266	5,056	12,679	753	14,173	100	100	100	0	0	0
Borrowing (external)	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	31,067	19,745	33,643	19,286	75,491	69,860	22,703	10,869	9,689	5,740	5,740
Financing required					75,491	90,757	32,853	24,572	8,500		
Financing shortfall					0	20,897	10,150	13,703	Cr 1,189		
Usable capital receipts											
Balance brought forward	24,439	24,439	25,263	25,263	33,979	26,095	Cr 336	3,431	2,896	2,896	8,262
New usable receipts	3,995	1,927	11,750	10,073	10,815	51,287	22,944	8,529	7,489	8,906	0
	28,434	26,366	37,013	35,336	44,794	77,382	22,608	11,960	10,385	11,802	8,262
Capital financing	Cr 1,365	Cr 1,103	Cr 3,034	Cr 3,542	Cr 18,699	Cr 61,818	Cr 19,177	Cr 8,569	Cr 7,489	Cr 3,540	Cr 3,540
Repayment of internal borrowing	0	0	0	0	0	Cr 15,900	0	Cr 495	0	0	0
Balance carried forward	27,069	25,263	33,979	31,794	26,095	Cr 336	3,431	2,896	2,896	8,262	4,722
Internal Borrowing											
Balance brought forward	0	0	0	0	0	Cr 13,955	1,945	1,945	2,440	2,440	2,440
Capital financing	0	0	0	0	Cr 13,955	0	0	0	0	0	0
Repaid from new capital receipts	0	0	0	0	0	15,900	0	495	0	0	0
Balance carried forward	0	0	0	0	Cr 13,955	1,945	1,945	2,440	2,440	2,440	2,440
General Fund											
Balance brought forward	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Less: capital financing	0	0	0	0	0	0	0	0	0	0	0
Less: use for revenue budget	0	0	0	0	0	0	0	0	0	0	0
Balance carried forward	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL AVAILABLE RESERVES	47,069	45,263	53,979	51,794	46,095	19,664	23,431	22,896	22,896	28,262	24,722
Anticipated Capital Financing Requirement (CFR)											
Non housing	Cr 1,000	25,700	14,900	25,700	29,800	20,000					
Housing	0	0	10,000	0	0	10,000					
Total CFR	Cr 1,000	25,700	24,900	25,700	29,800	30,000					
Movement in CFR	Cr 10,600	16,100	Cr 800	0	4,900	200					
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 2022/23 for future new schemes.											
Capital receipts - includes figures reported by Property Division as shown in Appendix E											
Current approved programme - as recommended to the Executive 24/11/21											
Internal borrowing to fund until capital receipts pay back - Site G, depot improv,											

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 2nd December 2015 (sale of Egerton Lodge)		1,216
Approved by Executive 7th November 2017 (Disposal of 72-76 High St)		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 24/03/15 (Morrisons)	Cr	8,672
Approved by Executive 15/07/15 (Old Christchurch)	Cr	5,362
Approved by Executive 15/07/15 (Tilgate)	Cr	6,746
Approved by Executive 15/12/15 (Newbury House)	Cr	3,307
Approved by Executive 15/12/15 (Unit G - Hubert Road)	Cr	6,038
Approved by Executive 23/03/16 (British Gas Training Centre, Thatcham)	Cr	3,666
Approved by Executive 15/06/16 (C2 and C3)	Cr	6,394
Approved by Executive 14/03/17 (Trinity House)	Cr	6,236
Approved by Executive 01/12/17 (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
Approved by Executive 10/02/21 - property acquisition scheme	Cr	6,000
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	15,430
Uncommitted Balance on Investment Fund		6,534

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

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
Subject to approval by Executive 20th June 2017 (Provisional final accounts 2016/17)		3,311
Approved by Executive 21st May 2018		2,319
Total funding approved		<u>39,154</u>
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 Employme	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 (Council 10th April 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 Scheme	Cr	40
Approved by Executive 22nd March 2017 - Community Initiative	Cr	15
Approved by Executive 24th May 2017 - Feasibility 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 April 1st 2020 - Consultancy services for advice on urban design	Cr	50
scheme	Cr	800
Noted by Executive May 2020 - £2m of s106 to replace Growth Fund allocation for Bromley Town Centre capital scheme		2,000
Approved by Executive 30th June 2021 - £116k for 2 year FTC Planning Officer	Cr	116
Approved by Executive 20th Oct 2021 - Professional Services: Civic Centre Development	Cr	500
Approved by Executive on 9th February 2021 - Operational Maintenance Programme Manager	Cr	65
Approved by Executive on 6th October 2022 - Local Plan review process	Cr	600
Total further spending approvals	Cr	<u>20,993</u>
Schemes approved, but not yet committed		
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr	6,790
Uncommitted Balance on Growth Fund		11,371

APPENDIX F - FEASIBILITY WORKS

Location	Estimated Feasibility / Viability Cost (£'000)	Description	September 2022 status
West Wickham Leisure Centre		HRA/Regen opportunity	Awaiting condition reports
Feasability of re-purposing of High Street assets	100	Works to value Council's stake in potential variations to lease	Detailed proposals awaited from tenant
The Walnuts Centre		Regen opportunity	In detailed negotiations with developer prior to seeking Executive approval
Old Town Hall/Civic Centre		Reduction and refurbishment of Council office space	Subject to output of Accommodation Review
Depots Review - disposal options		Env Services programme	Works to clarify scope ongoing
Libraries (Chislehurst model roll out)		Regen opportunity	

Decision Maker: FULL COUNCIL
EXECUTIVE

FOR PRE-DECISION SCRUTINY BY THE ENVIRONMENT AND
COMMUNITY SERVICES PDS COMMITTEE on 22 NOVEMBER 2022

Date: 12 December 2022
30 November 2022

Decision Type: Non-Urgent Executive Non-Key

Title: DEPOT INFRASTRUCTURE WORKS STAGE 3 UPDATE

Contact Officer: Amy Harris, Head of Environmental Strategy, Technical Support and
Commissioning
Tel: 020 8313 4014 E-mail: amy.harris@bromley.gov.uk

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

Ward: All

1. REASON FOR REPORT

- 1.1 On 16th July 2018, the Executive (ES18032) approved a total capital budget of £6.5m for infrastructure works across a range of depot locations.
- 1.2 Following the appointment of design consultants and the refinement of scope at Design Stage 2 (under the Royal Institute of British Architects Plan of Work - industry standard organisation of the design and construction process), on 24th November 2021, the Executive (ES20109) approved progression to Design Stage 3 and 4 and the procurement of a suitable construction contractor through a construction procurement framework. The construction contract at that time had an estimated value of £4.35 million.
- 1.3 Ordinarily further approval would not be required at the end of the detailed Stage 3 Design. However, the indicative costs for the works are significantly higher than anticipated and it is considered that altering the procurement process may provide better value for the Council. Therefore, this report seeks approval for additional capital funds and a change in procurement route to ensure that the vital infrastructure works at the two Council Waste Sites required to deliver key frontline services are implemented.

2. RECOMMENDATION(S)

The Environment and Community Services PDS are asked to review and comment upon the following and it is recommended that the Executive:

- 2.1 Note that the total capital budget for the depot infrastructure works remains at £6.107m within the capital programme; with revenue funding from maintenance budgets now identified to fund the critical repair works at Central Depot Waste Site and Beaverwood Parks Depot referenced in Executive Report ES20109;
- 2.2 Note the progress of the design development for the two Council Waste Sites, as detailed in the report below;
- 2.3 Recommend that Full Council approve an additional £3m capital funds from the capital programme to be allocated to the depot infrastructure works, giving a total all-inclusive budget of £9.107m;
- 2.4 Approve the proceeding to procurement for a suitable construction contractor via a restricted or competitive procedure with negotiation procurement process for the main works contract, along with the proposed variation of the Veolia contract as per *Paragraph 2.5* below. The combined estimated total construction value of these works is £7.145m, with an additional £715k client contingency delegated to the Project Manager, Capital Projects to be used as needed making the total estimated value up to £7.860m; and,
- 2.5 Approve varying the Veolia Waste collection contract to enable them to design and build two new weighbridges on the operational road within Waldo Road Waste Transfer Station section. The construction costs of which will be contained within the above figures.

Full Council is requested to:

- 2.6 Approve an additional £3m capital funds from the capital programme to be allocated to the depot infrastructure works, giving a total all-inclusive budget of £9.107m

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Depot Improvement Strategy works will have an impact on residents during the construction period in the following ways:
 - a. Some disturbance during agreed operational hours to households living in the area that immediately surrounds the depot sites; and,
 - b. The partial or full closure of one of the Reuse and Recycling Centres (RRC).

Those impacted may include those households with vulnerable adults and children. Mitigation measures will be fully explored and implemented and may involve for example the instigation of a booking system for RRC access or temporary alternative locations or layouts to site to facilitate works to relevant areas. LBB will also work closely with service providers to ensure that any service communications are clear, accessible, and timely.

Transformation Policy

1. Policy Status: Existing Policy:
 2. Making Bromley Even Better Priority:
 - (4) For residents to live responsibly and prosper in a safe, clean and green environment great for today and a sustainable future.
 - (5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Estimated Cost: £9.107m
 2. Ongoing costs: Non-Recurring Cost:
 3. Budget head/performance centre: Capital Programme for Depot Infrastructure Works
 4. Total current budget for this head: £6.107m
 5. Source of funding: Capital receipts
-

Personnel

1. Number of staff (current and additional): Programme Manager
 2. If from existing staff resources, number of staff hours: Within existing hours
-

Legal

1. Legal Requirement: Statutory Requirement: Environmental Protection Act 1990 requires local authorities to have a site that residents can access for recycling and waste disposal, provide a waste collection service and manage waste and recycling collected from residents and businesses within the borough.
 2. Call-in: Applicable:
-

Procurement

1. Summary of Procurement Implications: Proceeding to procurement for capital works, and variation to the Councils contract with Veolia, in accordance with CPRs and procurement legislation.
-

Property

1. Summary of Property Implications: The proposed works to the waste management depots fall within the Council's responsibilities as freeholder of the sites and in accordance with the allocation of maintenance responsibilities within the relevant leasehold terms with the operator, Veolia. The Council has statutory and contractual responsibilities to ensure that these properties are safe and that risks to health and safety of staff, contractors and members of the public arising from the properties are appropriately mitigated. The proposed works are necessary to comply with this responsibility.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: TBC
-

Customer Impact

1. Estimated number of users or customers (current and projected): All Reuse and Recycling Centre users including households (circa 180,000) and local businesses.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: Ward Councillors in the areas that the two Waste Sites are located posed questions about the proposals that have been answered. They also highlighted the importance of an annual maintenance plan following completion of the works.

3. SUMMARY OF THE BUSINESS CASE

- 3.1 The original business case for the Depot Capital Infrastructure Works was outlined in the 2018 Executive Report (reference ES18032) with the aim of creating the sustainable infrastructure required for the statutory delivery of waste, street cleaning and parks services, and reduce the Council's long term financial liability. It also serves to uphold the requirements of the Waste Permits, issued by the Environment Agency in respect of Central and Churchfields Depots.
- 3.2 The scope of the works was refined within the 2021 Executive Report (ES20109) following Royal Institute of British Architects (RIBA) Design Stage 2. The condition surveys, cost estimates and stakeholder consultation at Design Stage 2 provided a business case to focus the capital budget on the critical works at the two Waste Sites and Beaverwood Depot as set out within Table 1. The capital budget within the capital programme currently stands at £6.107m.

Table 1 – Depot Infrastructure Works Proposed Scope 2021

Depot	Critical Works
Central Depot	<ul style="list-style-type: none"> • Surface Water Drainage alterations and repairs/separator replacement • Floor Slab replacement to Waste Transfer Station • Waste Transfer Station roof and cladding repairs (including column replacements and protection and new push walls to protect the structure plus corrosion painting) • Fire suppression system • Pedestrian entrance adjustments at Waldo Road entrance • Replacement weighbridges • Some smaller repairs to the hardstanding in the Reuse and Recycling Centre and Baths Road • Early remedial works to the hardstanding in the Waste Transfer Station in 2021.
Churchfields Depot	<ul style="list-style-type: none"> • Surface Water Drainage repairs/ separator replacement • Floor Slab replacement in Waste Transfer Station • Fire suppression system • Repairs to Waste Transfer Station cladding/walls • Ancillary hardstanding repairs required in relation to drainage works
Beaverwood Depot	<ul style="list-style-type: none"> • Early remedial works including building/roofing infrastructure and electrical services repairs

Remedial Works

- 3.3---Remedial works were required urgently during 2021 to improve the condition of the Beaverwood Depot offices, workshop, and green waste store; and the condition of the hardstanding at Central Depot Waste Transfer Station to meet safety standards to prevent substantial risks to service delivery.
- 3.4---On 24th November 2021, the Executive agreed that £350k of the Depot Capital Infrastructure Works budget could be used for the remedial works. Subsequently, relevant Facilities Maintenance revenue budget was identified for depot maintenance and as such this was used to fund the remedial works referred to in *Paragraph 3.3*, which are now complete. These works had a total final value of £336,882 (constituting £216,269 for Beaverwood and £120,613 for Central Depot).
- 3.5---Therefore, the £6.107m budget remains for the Depot Capital Infrastructure Works programme.

- 3.6 In accordance with the approvals outlined in the 2021 Executive Report (ES20109), the appointed design consultants progressed RIBA Design Stage 3 to provide a detailed design. This was undertaken in full consultation with the Council's client team and representatives from Veolia. The design development continues to be project managed by a dedicated Project Manager from the Capital Project Team and is overseen by a Project Management Board from within the Council, which has made all key decisions.
- 3.7 In ordinary circumstance, at the end of RIBA Stage 3 the Council would proceed to planning submission and progress the technical design stage (4) followed by procurement as authorised by the Executive. However, there has been a substantial increase in the indicative costs for the works since Design Stage 2 because of the following factors:
- 3.7.1 --- Construction market inflationary changes particularly as a result of world events i.e. the war in Ukraine.
 - 3.7.2 --- More detailed analysis of the ground investigation reports and consequent proposals to excavate and replace substantial abnormal levels of made ground.
 - 3.7.3 --- Progression of the fire suppression system design indicates that a higher volume of water needs to be stored and the run off then collected and tanked for removal to achieve the flow rates and times to deal with a fire.
 - 3.7.4 --- The substantial extent of works required to repair Waste Transfer Station structures, which was revealed through further survey work in this stage.
- 3.8 A review of each element of the scope of works has been conducted alongside an assessment of risks and the future compliance of the Waste Sites if an individual element was removed, reduced in specification or delayed. Appendix A provides a summary of this assessment.
- 3.9 The conclusion is that removing or reducing specification of any of the work packages from the depot capital infrastructure programme would lead to risks around:
- 3.9.1 --- future site compliance in relation to environmental permitting,
 - 3.9.2 --- both waste and health and safety legislation,
 - 3.9.3 --- significant maintenance cost implications and risks to the delivery of statutory waste services.
- 3.10 This report, therefore, recommends that additional funds of £3m are provided from the capital programme to enable the full scope of works to proceed to RIBA Stage 4 (Technical Design) and procurement. The capital programme review will identify the specific funds used.
- 3.11 In addition, given market changes, the procurement approach has been reviewed since the last stage. In the current construction sector climate, it is considered that a competition that is advertised within the open market may provide the Council with the opportunity to achieve better value.

Central Depot Weighbridges

- 3.12 The Executive (ES20109) approved the procurement of a replacement of one of the two current weighbridges for Central Depot before the main depot infrastructure construction procurement. This was at an estimated value of £25k and followed the results of an independent structural report, which indicated that there was a risk that the weighbridge may fail before the main works could begin.
- 3.13 Maintenance works have subsequently taken place to both existing weighbridges at Central Depot and they are currently operating sufficiently. However, the weighbridges, due to their age, are at the end of their life.

- 3.14 During stakeholder engagement, the relocation of the weighbridge function to the operational roadway that leads from Baths Road into the Waste Transfer Station was suggested. This will involve providing the two new weighbridges that are proposed as part of the depot infrastructure capital works in a different location, rather than replacing the existing ones in the same location. There are several important benefits to this adjustment. For example, moving the location of the weighbridges will improve traffic flow around the whole site, and particularly at the public entrance at Waldo Road, where traffic is sometimes slowed as operational vehicles manoeuvre to access the weighbridge. This will further improve safety for all site users. The change will also allow vehicle manoeuvres within the WTS to be conducted in a safer, more efficient manner, leading to greater safety for operatives and operational effectiveness on site.
- 3.15 The relocation of the weighbridges will assist with infrastructure works phasing at Central Depot, particularly if this element of the works is brought forward. It will reduce the impact of the works on the service and, also minimise phasing costs, as it will mean that temporary weighbridges will not be required whilst work is completed to replace the existing weighbridges. It will also mean that the operational efficiencies will be achieved earlier in the process and benefit throughout the construction project and beyond.
- 3.16 To enable the new weighbridges to be installed as early as possible it is feasible for the weighbridges and the works required to install them to be separated from the main depot infrastructure works procurement process. This is beneficial not only due to the limited life of the existing weighbridges but also to ensure that the depot infrastructure works can be undertaken in a more timely and efficient manner.

Operational Property Review

- 3.17 The Council is in the final stages of its Operational Property Review to identify the Council's optimal operational estate. This review considers the long-term strategy for all operational depots to meet current and future service requirements. Financial cost pressures faced by the Council mean that it is unlikely there will be further investment in the two Waste Sites under this review, which makes it imperative that the full scope of works set out in Table 1 are undertaken as part of the Depot Capital Infrastructure Works programme to address short to medium term critical repairs and compliance requirements. It is relevant to note that, as with all services, there is an ever evolving regulatory and guidance environment for waste management and therefore it is not possible to confirm with certainty that this will not bring forth other infrastructure requirements at a later date.
- 3.18 Relocation of the two Waste Site was considered as part of the Operational Property Review and discounted as an option for several reasons. The capital costs would be tens of millions and these additional costs are unlikely to be offset by the sale of the sites due to their geological context and current use. The two sites are two of just three Strategic Waste Sites identified by the Local Plan, and there is a statutory requirement that London boroughs protect existing strategic waste management sites within their boundaries. There are practical constraints to relocating the two Waste Sites with less central locations bringing additional waste collection costs because of the logistics of transporting waste and recycling. It would also take a significant period to develop a new waste site and obtain necessary environmental permits and planning permissions.

Service Profile

- 3.19 The Council's Waste Sites play a key role in supporting the provision of Council frontline waste collection and disposal and street cleaning services. Waldo Road and Churchfields Waste Transfer Stations (WTS) process around 150,000 tonnes per annum of Bromley's local authority collected waste and provide Reuse and Recycling Centres to ensure Bromley Council meets its statutory obligations.

3.20 Waldo Road and Churchfields are identified as strategic waste sites under planning policy and as such Bromley Council has a requirement to safeguard them for the management of waste.

4. OPTIONS APPRAISAL AND PREFERRED OPTION

4.1 Following the completion of RIBA Design Stage 3 and further stakeholder consultation, officers have undertaken a review of the infrastructure works required to support service delivery and provide a safe and fit for purpose environment for the Council's environmental service depots in the immediate future.

4.2 The options considered were:

4.2.1 Further reduce the scope of the depot infrastructure works by removing selected work packages to meet the agreed capital budget (£6.107m)

4.2.2 Progress with the proposed scope of works but reduce the works from a refurbishment to a maintenance only basis (£6.107m)

4.2.3 Progress with the full scope of depot infrastructure works but limit to only undertaking them at Central Depot (£6.5m)

4.2.4 Progress with the infrastructure works scope as set out in *Paragraph 3.2* and *Table 1* (£9.107m)

4.3 Considerations made in relation to options 4.2.1 to 4.2.3:

4.3.1 Should any of the work packages be removed in its entirety, this would create compliance issues across both sites in relation to waste and health and safety at work regulations. It may also prove complex or impossible to remove some packages due to the interdependent nature of them. A specific example would be the removal of drainage works would prevent completion of fire suppression system installation because the existing drainage would be unable to cope with the fire water runoff and would not comply with regulation for disposal of contaminated water.

4.3.2 Whilst options to decrease the specification of various aspects of the works have been reviewed, there are substantial maintenance implications to reducing the works in this way. The resultant works would not achieve the outcomes necessary of a capital works scheme of protecting and preserving the structures on the site and providing appropriate compliant systems. It is considered that in reducing the scope of aspects of the works, this would decrease the resulting life of the works by half or more leading to increased short to medium term maintenance budget liabilities and medium-term capital replacement liabilities.

4.3.3 There are compliance issues at the Churchfields site which if left unattended would further impact upon current extensive maintenance liabilities.

Preferred Option

4.4 The preferred option is 4.2.4, to progress the infrastructure works scope as set out in *Paragraph 3.2* and *Table 1* to minimise maintenance costs, comply with environmental and safety standards and to futureproof the delivery of waste and street cleaning services.

4.5 There continue to be operational and maintenance implications and risks associated with this proposal; with the key issues being:

4.5.1 Ongoing maintenance liabilities on sites.

4.5.2 Potential permitting issues for the waste contractors, who hold the Environmental Permit for the Waste Sites on the Council's behalf if the scope of works does not address all permitting concerns.

- 4.5.3 Ongoing or future costs for maintaining interim solutions on sites e.g., temporary lighting solutions on waste sites/demolitions of unsuitable or unusable buildings/ and operational problems.
- 4.6 Further work will continue in RIBA Design Stage 4 to ensure that the most economical design proposals, that appropriately achieve the aims of the programme are included within the tender. For example, the final depth of the excavations for slab replacement will be finalised once further testing has been completed.
- 4.7 The construction cost estimates for the works include an allowance for managing design risk, at 5%, to reflect the current stage of the process and market uncertainties, alongside the usual 10% construction contingency for construction projects. There is also a further 10% client side contingency allocated to manage unforeseen consequences of the proposed works or essential changes once on site, including ensuring that operations can continue without service disruption to the public. The increased contingency reflects the age and use of the site as well as the current uncertainty in the global construction market.
- 4.8 As the landlord, the Council is responsible for ongoing maintenance costs at the waste depots. The works that will be conducted as part of the capital programme, will potentially change the type and frequency of routine maintenance, and reduce urgent maintenance needs, which are currently frequent and generally highly urgent to maintain safe operation given the general state of existing facilities. However, it is not possible at this stage to estimate future routine maintenance costs. As such, for the purpose of the report, it is assumed that due to the high impact nature of the operations carried out within the sites, these will remain largely the same and continue to be funded through the Repairs and Maintenance budget.

5. MARKET CONSIDERATIONS

Depot Capital Infrastructure Works

- 5.1 The Council plans to procure the main works through a single contractor to secure efficiencies in overhead costs and also ensure the smooth transition of works between sites, via a single responsible party, as the works must follow in sequence to prevent service delivery impacts. The processes used for procurement are compliant with the Public Procurement Regulations.
- 5.2 For a construction project of this value, the Council has considered the following procurement options:
- 5.2.1 A suitable framework
 - 5.2.2 Open tender process
 - 5.2.3 Restricted tender
 - 5.2.4 Competitive procedure with negotiation
- 5.3 The approach recommended in the Executive Report (ES20109) was 5.2.1, use of a suitable Framework, specifically the London Construction Programme Major Works Framework. This was selected because it reduces the time taken through the procurement process to identify service providers that meet basic pre-qualification requirements. However, with current market conditions, the use of a framework, whilst it may provide some time efficiency, cannot protect against the impact of high levels of inflation and increased material and energy costs, which are leading contractors to be more selective in tendering to manage risks. The aim of the tender process is to generate competition to drive best value. In the case of the framework, feedback from the provider has suggested that their contractors are preferring 2 stage design and build tenders. In this case, whilst the basis of the project design could be changed from its current traditional fully designed basis, it is a relatively late stage to do so and still gain benefits of early contractor input. Also, as a complex refurbishment job, it is considered that the current basis remains a better fit and retains appropriate control over the final specification. Therefore, it

would not be possible to ascertain in this case whether enough of the contractors on the framework would be interested in the job at an early enough stage. This raises potential for there to be insufficient bids to drive competition. In this instance, it is therefore considered beneficial to move to an open market advert to widen the pool of potential contractors as a mechanism to try to generate better competition by identifying interested parties with whom to progress the full tender.

- 5.4 With Option 5.2.2, open tender, the widest market is available. However, as a single stage process indications are that in practice, due to the time involved in preparing a full tender, with the uncertainty in the scale of competition, suppliers are less likely to tender. Therefore, this option is unsuitable.
- 5.5 Options 5.2.3 and 5.2.4, restricted tender and competitive procedure with negotiation, both provide a two-stage process with the initial selection stage enabling the Council to both identify interested parties and then take through the most suitable suppliers to the full tender stage. Therefore, by reducing the field for undertaking the full tender process contractors are more likely to tender as they have already expressed interest but the scale of competition makes the cost of submitting a tender worthwhile. These options therefore appear to present the most suitable possibilities.
- 5.6 It is relevant to note that Option 5.2.4, competitive dialogue with negotiation does increase the potential procurement timetable due to the negotiation process. However, this process can be useful where there are less defined sections to the scheme where design and cost benefits may be achieved through discussions with contractors..
- 5.7 At the present time, there are potential benefits from both Options 5.2.3 and 5.2.4 Therefore, the Council proposes to further explore these at Design Stage 4 through soft market testing and consideration of whether there are elements of the specification that would benefit from negotiation. The final selection will be made in agreement with the Head of Procurement.
- 5.8 In either case it is proposed that the tender evaluation and selection process will be based on a 60:40 price/quality split, with relevant consideration given to the relative weighting of specifically designed quality questions to secure the most economically advantageous tender. It is also proposed to ensure that a sufficient period for tender preparation is allowed to ensure that tender returns enable contractors to sufficiently identify and manage potential risk through site visits and time for tender queries to be raised, reviewed, and addressed. It is proposed to use a construction industry standard contract for the works, with input from LBB's Legal Department to ensure that contract terms adequate balance risk and protect the Council's interests.

Central Depot Weighbridge Enabling Works

- 5.9 The phasing of the infrastructure works will benefit from replacing and relocating the two Central Depot weighbridges as an enabling package carried out in advance of the main works, as detailed within *Paragraphs 3.11 to 3.15*.
- 5.10 The two options for this package of works considered have been:
 - 5.10.1 Procure as part of the larger Depot Infrastructure Works programme
 - 5.10.2 Modify the Veolia Waste Collection Contract to include the delivery of the weighbridges and the associated works in accordance with Public Procurement Regulations 2015 Regulation 72b and 72f
- 5.11 Option 5.10.2 is the preferred approach as it will enable the weighbridges to be installed before the wider Depot Infrastructure Works programme, which will have benefits for the operation and safety of the site, for reducing the phasing implications of the main works and reducing the time

of site for the main contract. There is also a potential benefit that may be offered in terms of value for money due to Veolia’s established supply chain for weighbridges with the existing provider, whose systems and bridges are compatible with current reporting software functions.

5.12 It is proposed that the completion of the necessary change control notice will follow a benchmarked quotation process to ensure value for money. The cost information associated with this package of works is detailed in the Part Two report due to the commercial sensitivity.

6. SOCIAL VALUE, CARBON REDUCTION AND LOCAL / NATIONAL PRIORITIES

6.1 Social value and sustainable construction will be included within the procurement criteria for the construction contract procurement. Energy saving plant including pumps, motors, and lighting will all be utilised. This contract will also be a considerate contractor scheme, which imposes sustainability criteria on the main contractor and its whole supply chain.

6.2 Infrastructure works at the Council’s Waste Sites will assist in ensuring that vital frontline services continue to be delivered and that waste collected from residents and businesses in Bromley is managed in a way that minimises impact to the environment.

6.3 The two Waste Sites are recognised as strategic waste sites within the Council’s Local Plan.

7. STAKEHOLDER ENGAGEMENT

7.1 Regular stakeholder meetings have been undertaken as part of the design process with Veolia and the Environment Agency, in their capacity as regulator.

7.2 Veolia, as the Waste Disposal and Collection Service Provider, has provided useful contributions, which have been taken into consideration during all design stages. Veolia’s comments and inputs have focussed on ensuring that they can continue to operate effectively, safely, and compliantly on the sites both during and post works. Veolia have stated that it is important that the scope of works is not reduced. They have formally asked the Council to expand the scope further to incorporate the Environment Agency guidance for permitted facilities published in July 2021 to ensure continued compliance with industry requirements.

7.3 Through stakeholder meetings it has been made clear that it’s important to progress the critical works required to repair hardstanding, the Waste Transfer Station structure and drainage as well as delivery of vital fire suppression systems.

8 PROCUREMENT AND PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS

8.1 The estimated costs set out in Table 2 are inclusive of both the main works contract and the proposed enabling works contract for the weighbridges, which are included for and will be managed within the overall budget allowance. Separate details of the estimated cost for the enabling package is contained in Part 2 of this report due to commercial sensitivity.

Table 2 – Summary of Depot Improvement Programme Total Costs

Construction contracts (main works and enabling package)	£7,145,240
Fees (consultancy, surveys, statutory fees, project management)	£1,200,524
Client Contingency	£714,524
Discontinued sites (surveys and feasibility design fees)	£46,712
TOTAL	£9,107,000

- 8.2 In accordance with the details of previous report (ES18032) it was originally intended as part of the depot infrastructure works to undertake works to 4 of the Borough's grounds maintenance depots and to improve the accommodation provision at Central Depot. Both of these aspects of the original scope were omitted in November 2021 (report ES 20109) in order to reduce the overall project costs. The total cost of fees and surveys associated with the work undertaken to the end of design stage 2 is captured separately in the cost estimate above as this is a fixed cost and is therefore separated from the current estimate for the remaining works.
- 8.3 Table 3 sets out the costs incurred to date in relation to the project. These costs exclude those incurred in relation to works at Beaverwood Depot along with urgent surfacing works at Central Depot referred to in paragraphs 3.3-3.5 above, which are to be covered by maintenance revenue budgets.

Table 3 – Details of the Depot Improvement Programme Spend to Date

Construction contract (main works and enabling package)	£0
Fees (consultancy, surveys, statutory fees, project management)	£355,958
Client Contingency	£0
Discontinued sites (surveys and feasibility design fees)	£46,712
TOTAL	£402,670

- 8.4 It is currently anticipated that the works will take approximately a year on site. This will be staged between the two sites with Churchfields needing to be complete before works to Waldo can begin. This will allow Veolia to manage operational demands during the works period. It is likely that Churchfields will need to be closed temporarily to household and trade waste, which will be directed via Waldo and the need for other short term local recycling points will be considered. A small part of the site will remain operational during the works to ensure that Veolia can manage street cleansing operations without service disruptions. Works at Waldo Road will be phased on site to facilitate ongoing service delivery during the works. Relevant phasing requirements will be set out in the contract.
- 8.5 The proposed procurement strategy is outlined in section 5 of this report. It is intended that the project will be procured either via a restricted or competitive dialogue with negotiation process. Due to the potential for negotiations, additional time would need to be included in the programme for the second option. Programme outlines for the two options are provided in *Tables 4 and 5*.

Table 4 - Programme outline – restricted

Stage	Start	Duration
Design stage 4 (including planning submission and final surveys)	January 23	4 months
Tender stage 1 (mandatory exclusion and technical capability)	May 23	1 month
Tender stage 1 evaluation	June 23	2 weeks
Tender stage 2 (priced tender)	June 23	1.5 months
Tender stage 2 evaluation	August 23	5 weeks
Award report to committee	October 23	1 month

Contract award notice (including standstill)	November 23	2 weeks
Mobilisation and contract execution	November 23	2 months
Onsite	January 24	1 year
Completion	January 25	NA
End of defects (1 year post completion)	January 26	NA

Table 5 - Programme outline - competitive procedure with negotiation

Stage	Start	Duration
Design stage 4 (including planning submission and final surveys)	January 23	4 months
Tender stage 1 (mandatory exclusion and technical capability)	May 23	1 month
Tender stage 1 evaluation	June 23	2 weeks
Tender stage 2 (tender for fixed minimum requirements and proposals for negotiated sections)	June 23	1.5 months
Tender stage 2 evaluation	August 23	3 weeks
Negotiations (as needed, reserve the right to award based on the stage 2 submission where criteria met) and final evaluation	September 23	2 months
Award report to committee	November 23	1 month
Contract award (including standstill)	December 23	2 weeks
Mobilisation and contract execution	January 24	2 months
On site	March 24	1 year
Completion	March 25	NA
End of defects	March 26	NA

9. IMPACT ASSESSMENTS (INCLUDING VULNERABLE ADULTS AND CHILDREN)

9.1 Further consideration of impact assessments will be undertaken with the Construction Contract Award report.

10. TRANSFORMATION/POLICY IMPLICATIONS

10.1 The “Making Bromley Even Better” Objective 5 refers to the Council’s intention to provide efficient and effective services and value for money to our residents. This objective will be met through the infrastructure works supporting the futureproofing the two Waste Sites as well as ensuring best value is gained by applying the most appropriate procurement strategy.

10.2 The depot infrastructure works will also help to meet Objective 4 by sustaining a clean, green, and tidy environment through value-for-money services provided to a consistently high standard.

10.3 The infrastructure works will assist the Council in delivering the action ‘Improve our Waste Transfer Stations’ set under Priority 2 (Minimising waste and maximising recycling) within the Environment and Community Services Portfolio Plan 2021-22 (the Council’s environmental service aims and objectives).

10.4 The implementation of the infrastructure works assists the Council in maintaining its Reuse and Recycling Centres. Therefore, contributing to the delivery actions set out in Bromley’s Reuse and Recycling Plan and demonstrating general conformity with the Mayor of London’s London Environment Strategy.

- 10.5 The London Plan requires boroughs to protect their existing strategic waste management sites. Bromley's Local Plan, which was adopted in 2019 identifies Waldo Road and Churchfields as two of three strategic waste sites in the borough, with the other being a privately-owned composting facility in Swanley. Strategic waste sites are required to be safeguarded for the management of waste especially with the numerous pressures on land in Bromley for new housing, office and industrial development making the acquisition of land competitive and expensive. It is vital that the critical works are conducted to make these sites fit for purpose going forward.
- 10.6 With the forthcoming changes to waste policy to enable the delivery of the Environment Bill, the Council's waste sites continue to remain strategically important.

11. STRATEGIC PROPERTY CONSIDERATIONS

- 11.1 The depot sites owned by the Council are operational assets and are therefore within the scope of the Operational Property Review which has been underway since 2021, and which is due to be reported on the same Agenda as this Report at the Executive Committee on 30 November 2022.
- 11.2 The Operational Property Review has concluded that the depots referred to within this report are retained for continued operational purposes.
- 11.3 It should be noted that the additional £3m capital funds sought has been included in the Operational Property Review, however no further provision of sums has been identified by the service for any additional works to the Depots.

12. PROCUREMENT CONSIDERATIONS

- 12.1 This report seeks to proceed to procurement for a construction contractor for the depot infrastructure works detailed in this report, at a value of £7.860m.
- 12.2 Either a restricted process or competitive procedure with negotiation will be used, and timetables are included in Section 8.
- 12.3 Due to the estimated contract value and the classification of the contract as a works contract, the procurement process shall comply with the Public Contract Regulations 2015 for an above threshold procurement process.
- 12.4 The Council's specific requirements for authorising proceeding to procurement are covered in 1.3 of the Contract Procedure Rules with the need to obtain the formal Approval of the Executive following the Agreement of the Portfolio Holder, Chief Officer, Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance for a procurement of this value. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 12.5 Further, this report seeks to approve a variation to the Veolia contract for the provision of the design and build of two weighbridges.
- 12.6 The Council's contract with Veolia was originally procured as an above-threshold contract following a competitive tendering process. The variation stated above can be completed in compliance with Regulation 72 (b) of the Public Contract Regulations.
- 12.7 The Council's requirements for authorising a variation are covered in CPR 23.7 and 13.1. For a contract of this value, the Approval of the Portfolio Holder following Agreement by the Chief

Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services, and the Director of Finance must be obtained. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.

12.8 Following Approval, the variation must be applied via a suitable Change Control Notice, or similar, agreed with the Provider.

12.9 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

13. FINANCIAL CONSIDERATIONS

13.1 This report requests approval for an additional £3m of capital funds from the capital programme to be allocated to the Depot Infrastructure works, which currently has a capital budget of £6.107m.

13.2 The additional £3m will be funded from the capital programme and will be included in the Q2 Capital Monitoring report which will be presented to the Executive during November 2022. Once approved, the revised capital budget for Depot Infrastructure works will be £9.107m. The Council faces a significant shortfall in resources available to finance future capital expenditure, though irrespective of the shortfall, the works detailed in the report do need to be urgently progressed.

13.3 Any ongoing routine and reactive maintenance costs, which will vary year to year, will be revenue costs and will continue to be funded from the existing corporate Repairs and Maintenance budget.

14. LEGAL CONSIDERATIONS

14.1 The Council has the legal power to hold, maintain and develop its landholdings and buildings in connection with its functions with regard waste and recycling, under the Environment Act 1990 and associated regulations. In furtherance of these powers the Council may provide and commission through a contract the works outlined in this report. Failure to ensure that its properties and buildings are maintained to a level to avoid risks to its staff, contractors and members of the public can lead to criminal, civil and contractual liability.

14.2 This report is seeking from the Executive approval to i) increase the capital budget to carry out the proposed depot capital works programme ii) agree the procurement strategy for these works and iii) agree a variation to the Veolia contract in relation to new weighbridge works at the depot.

14.3 The commissioning of a works contract to carry the necessary improvements, repairs' maintenance and ancillary works is a public works contract within the meaning of the Public Contracts Regulations 2015 (Regulations). Due to the estimated value falling above the relevant threshold, the Council must comply with the Regulations which may be using a Regulation compliant Framework which is available to the Council to use for its commissioning needs. Officers are however recommending following either of the procurement routes provided for within the Regulations, namely a restrictive procedure or a competitive procedure with negotiation as being the most appropriate procurement strategy.

14.4 Insofar as the works required in relating to the weighbridges, due to their value these would not need to be procured in accordance with the Regulations but must still comply with the Councils Contract Procedure Rules (CPRs). However, the report is recommending a direct award to Veolia under their existing Council Contract and as a result this would be categorised as a modification of that contract and therefore can only be achieved by compliance with Regulation 72. The Procurement comments to this report have set out the relevant modification available under

Regulation 72. In terms of complying with CPR's the justification for taking this course is explained in the report which appears to be sensible.

- 14.5 The Procurement section of this report sets out in more detail the application of the Council's CPR's and approvals.
- 14.6 Officers may wish to contact the Legal team for any legal advice including contract drafting and amendments to standard industry contracts
- 14.7 All works will need to be carried out with due regard to the council's statutory obligations, the Councils contractual obligations to their contractors in performing their obligations (such as the Council's waste contractor) which may be affected by this project and to owners and occupiers of all adjoining and neighbouring land and users.

15. WARD COUNCILLOR VIEWS

- 15.1 Ward Councillors from Bromley Common and Holwood, and Clock House where the two Waste Sites are located were asked to comment. Comments received included:
 - The procurement approach and processes are sensible based on the current procurement climate; and,
 - A robust maintenance plan is needed following the completion of the works, which should be reviewed annually.
- 15.2 Questions were also raised and answered about how much contingency has been factored in for future cost increases and the need for any immediate emergency works at the two Waste Sites before the Depot Infrastructure Works construction phase commences.

Non-Applicable Headings:	IT and GDPR, Personnel
Background Documents: (Access via Contact Officer)	Stage 3 Design Report

APPENDIX A – ASSESSMENT OF SCOPE OF WORKS

Site	Work Description	Compliance Considerations	Other Considerations
Central	Installation of new weighbridges in operational site road (Baths Road side)	Environmental Permitting Regulations 2020 - Records of weight of waste collected, stored, and processed must be taken. Weights and Measures Act 2015 - Weighbridges need to measure weight accurately. With age accuracy decreases.	Current weighbridges have a short life expectancy and site cannot operate without them New location enables the phasing of infrastructure works New location improves site efficiency and traffic flow.
Both	Installation of Fire Suppressant System, Tanks and Pump House	Environmental Permitting regulations - need to take appropriate measures to prevent fires on site and minimise the risk of pollution from them. Section 2(d) of the Health and Safety at Work – The Council has a duty of care	Supports in minimising damage to depot infrastructure and the service disruption in the event of a fire.

		for contractors staff working at the two Waste Sites	
Both	Waste Transfer Station slab replacement and repair	Indirectly the Environment Permitting Regulations - Assists in the prevention of pollution being emitted from the site. Section 2(d) of the Health and Safety at Work – Uneven ground is a safety risk.	The slab will need to be dug up to enable the drainage works. There is significant maintenance liability related to not undertaking this work.
Both	Waste Transfer Station drainage	Environmental Permitting regulations 2020 – Requirement to take appropriate measures to prevent water contaminated entering local water courses. Also link to fire system. Section 2(d) of the Health and Safety at Work – pooling of water in the Waste Transfer Station is a safety risk	Payment for waste is by weight and as such it is important that water drains away appropriately to keep cost to a minimum. Good drainage is required to enable the fire suppressant system to be compliant.
Both	Surface finishes to the hardstanding	Section 2(d) of the Health and Safety at Work – Uneven ground is a safety risk.	There is significant maintenance liability related to not undertaking this work, as the more expensive slab is likely to be impacted. Also, the surface will be impacted by the drainage works and as such needs to be put right.
Central	Push Walls repair	Section 2(d) of the Health and Safety at Work – Improve safety for those working near push walls	Work to the slab and surfaces may undermine the push walls. A number of push walls are cracked due to age and require replacement for continuation of use.
Central	Waste Transfer Station refurbishment, including repairs to the cladding.	Environmental Permitting regulations - need to take appropriate measures to prevent water contaminated flowing into local water courses.	Water can become contaminated by waste. With appropriate drainage it may not be such an issue. Water mixing with waste potentially a source of odour.
Churchfields	Waste Transfer Station refurbishment including to the rear push walls	Section 2(d) of the Health and Safety at Work – Improve safety for those working near push walls and in the WTS.	Work to the slab and surfaces may undermine the push walls. The WTS rear wall is damaged and needs repair. Some of the cladding.

Report No.

London Borough of Bromley

PART 1

Decision Maker: **EXECUTIVE**

Date: **30 November 2022**

Decision Type: Non-Urgent Executive Key

Title: **Future Council HQ Options**

Contact Officer: Michael Watkins, Assistant Director Strategic Property
Tel: 020 8313 4178 E-mail: Michael.watkins@bromley.gov.uk

Chief Officer: Director of Housing, Planning, Property and Regeneration

Ward: All Wards

1. REASON FOR REPORT

- 1.1 This report is provided for the Executive to consider the future provision of the Councils Head Quarters with the options being to remain at the Civic Centre site and refurbish it or to relocate to a new site which is available subject to agreeing the right purchase price. The cost of the purchase would be offset by the disposal of the existing Civic Centre site.
-

2. RECOMMENDATION(S)

Members are recommended to note the contents of this report in making their decisions as to which of the recommendations to pursue within the accompanying Part 2 Report.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
-

Corporate Policy

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

Financial

1. Cost of proposal:
 2. Ongoing costs:
 3. Budget head/performance centre:
 4. Total current budget for this head:
 5. Source of funding:
-

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: Not applicable
-

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? As this is a Borough Asset individual Wards have not been consulted, however this report was circulated to all Councillors prior to publication.
2. Summary of Ward Councillors comments: N/A

3 BACKGROUND

Existing Civic Centre Options and Costs

- 3.1 Members will be aware that there have been various debates over the last 8 years or so as to the potential to refurbish the Civic Centre Office site.
- 3.2 The existing Civic Centre is in poor Condition. It has not been refurbished for many years and is not reflective of the organisation the Council wishes to be and continues to aspire to be - Staff feedback has reflected of this for many years.
- 3.2 Desking/chairs are predominantly 25+Years old and were designed for large desk mounted PC's and Box style monitors. The Civic Centre site houses an over storage of records/equipment/old IT.
- 3.3 The Operational Property Review has identified that the Maintenance Liability alone is circa £8-9M. The condition of the Centre has now reached a point where it is not economically viable to maintain it without a significant refurbishment. Emergency works have been and continue to be undertaken to deal with infrastructure and building fabric failures which has been a drain on the R&M budget and ultimately will lead to buildings which will not be either insurable or capable of occupation due to building failure leading to H&S breach. An example of this is the electrical infrastructure at the Civic Centre which urgently needs to be updated.
- 3.4 The total number of staff intended to be located at the Civic site is circa 1,600. However, that does not mean that at any one time there will be 1,600 staff on site. In the traditional pre-pandemic non agile working model office occupancy in most organisations (public and private) was that occupancy at maximum was circa 70% against the total number of desks provided on an assumed 100% provision of 1 staff member to 1 desk.
- 3.5 Organisations approach to Agile Working recognised this and sought to reduce building footprints to accommodate the true needs of the organisation to generate savings from an oversupply of building footprint. The gap between occupancy and provision is linked to the fact that staff do not need a permanent desk allocation due to annual leave, absence and evolving working practices linked to technology.
- 3.6 Assuming a 50% occupancy figure this does not mean that staff will all be sitting at desks as a high proportion of staff coming in are using the Civic for meetings or working from it in a desk bound way for only part of the time i.e. the Council has a high proportion of frontline workers will spend a significant amount time out of the office on case visits or community surgeries and therefore do not need a desk in the office whilst undertaking these activities. Therefore the 50% figure would be more than enough to deal with changes if more staff wished to base themselves at the Civic Centre in the future. This provision could be further increase by creating more desk space within the retained buildings by releasing meeting space in the future if required.
- 3.9 The following table reflects the Options which have previously been presented to COE/SAG with Option 2 at £35M being the preferred option.

Scheme	Detail	Gross Cost
1	Assumed 70% ratio. Full Refurb Stockwell to allow for closure of St Blaise New 2 Storey Reception/Atrium Extension to Stockwell for YJS	£38M

	<p>New entrance and road config from Roch Ave Re-configuration of wedding rooms in Palace New CCTV Building New Lodge within N Block Light refurb of Dem Hub New furniture</p> <p>North Block/Palace Offices and E/W Wings not included.</p> <p>NB - OPR Liabilities on retained parts still required</p>	
2	<p>Assumed 50% ratio. Medium Refurb to Stockwell to allow for closure of St Blaise and 2 floors of Stockwell. Light refurb of retained premises and new furniture/AV. Reconfiguration of Receptions. YJS Extension.</p> <p>NB - OPR Liabilities on retained parts still required</p>	£35M
3	<p>25% ratio. Dispose St Blaise and Stockwell and Med Refurb on retained. N Block Medium. Palace Wings Hub Medium +. Receptions combined. YJS accommodated. Registrars accommodated.</p>	£20M

- 3.10 In mid-August the Council was approached by the owners of a significant real estate asset within the Borough, to advise that due to changes in working practices with most staff working from home, that they were planning to vacate their building and relocate to a smaller Office location in Central London. Consequently, they wished to explore the potential future for their site. This was considered a potential opportunity for the Council and consequently the Council's Property Team were instructed to investigate the potential to see what a move from the existing Civic Centre site to this building would constitute.
- 3.11 The outcome of this work and the associated costs are provided in the accompanying Part 2 Report.
- 3.12 The recommendation contained within that report is that the Council should purchase this opportunity and if successful in purchasing it then move its operations there. It would then sell the existing Civic Centre site to offset the purchase price.

3.13 Due to the commercial sensitivity the detail on pricing, purchase strategy, due diligence and business case have been deemed Commercially Confidential and therefore are dealt with in Part 2.

4 IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 There is not considered to be an impact on Vulnerable Adults and Children as a consequence of this decision.

5 POLICY IMPLICATIONS

5.1 It is essential that the Council manages its assets to meet the Council's aims and objectives.

6 FINANCE IMPLICATIONS

6.1 Are contained within the accompanying Part 2 Report.

7 PROCUREMENT IMPLICATIONS

7.1 Are contained within the accompanying Part 2 Report.

8 LEGAL IMPLICATIONS

8.1 Are contained within the accompanying Part 2 Report.

Non-Applicable Sections:	HR,
Background Documents: (Access via Contact Officer)	

Report No.
CSD22139

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 12 December 2022

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

Title: OPERATIONAL PROPERTY REVIEW

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

Chief Officer: Tasnim Shawkat, Director of Corporate Services and Governance

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 30th November 2022 the Executive considered the attached report summarising a review of the Council's operational property that had been undertaken to identify the optimal operational estate and understand the liability of it over a 10-year period together with the potential to undertake minor refurbishments where appropriate to minimise future liability. The report estimates that capital expenditure of £164m is needed to address the maintenance liability identified by the Condition Survey and additional refurbishment works across a number of the Council's assets. Further details are set out in a part 2 report also on this agenda.
- 1.2 The Executive agreed the recommendations in the report and the report is referred to full Council to note the liability implications and approve capital expenditure.
-

2. **RECOMMENDATION**

Council is requested to note the report and approve expenditure of £3,000k for the delivery of Operational Estate Strategy workstreams.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Transformation Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority (delete as appropriate):
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

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

Personnel

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

Legal

1. Legal Requirement: Non-statutory
 2. Call-in: Not Applicable: Council decisions are not subject to call-in
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Property

1. Summary of Property Implications: See attached report
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable
-

Customer Impact

1. Estimated number of users or customers (current and projected): Not Applicable
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No – all wards are affected
2. Summary of Ward Councillors comments: Not Applicable

Non-Applicable Headings:	Vulnerable Adults and Children/Policy/Finance/Personnel/ Legal/Procurement/Property/Customers/Ward Councillors
Background Documents: (Access via Contact Officer)	None

PART ONE - PUBLIC

Decision Maker: **EXECUTIVE**

Date: **30 November 2022**

Decision Type: Non-Urgent Executive Key

Title: **Operational Property Review**

Contact Officer: Michael Watkins, Assistant Director Strategic Property
E-mail: Michael.watkins@bromley.gov.uk

Chief Officer: Director of Housing, Planning, Property and Regeneration

Ward: All Wards

Reason for report:

1. A review of the council's operational property has been undertaken to identify the optimal operational estate and understand the liability of it over a 10-year period together with the potential to undertake minor refurbishments where appropriate to minimise future liability. This report provides an overview of the work undertaken.

2. RECOMMENDATION(S)

Members are recommended to:

- 1) To note the contents of this report and to agree to the following recommendations.
- 2) To formally adopt the Operational Estate Strategy as detailed at 3.22 to 3.30 within this report.
- 3) To agree to Officers progressing the various Workstreams identified at 3.34 to 3.43 within this report noting that works packages once scoped and costed will then be reported to the Executive for consideration to proceed and award works packages.
- 4) To agree that the sums identified within the report are incorporated into the Capital Programme.
- 5) To agree in principle to the funding of the £3M resources identified at 3.45 to enable Officers to progress the various Workstreams and such funding to made available from the Capital Programme.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
-

Corporate Policy

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

Financial

1. Cost of proposal: £3M
 2. Ongoing costs: N/A
 3. Budget head/performance centre:
 4. Total current budget for this head:
 5. Source of funding: Growth Fund
-

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: Not applicable
-

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? As this affects all Wards individual Wards have not been consulted.
2. Summary of Ward Councillors comments: Not applicable

3. COMMENTARY

Background

- 3.1 A review of the council's operational property has been undertaken to identify the optimal operational estate and understand the liability of it over a 10-year period together with the potential to undertake minor refurbishments where appropriate to minimise future liability.
- 3.2 The review has identified that the Maintenance Liability (as identified from the Condition Surveys) over the next 10 years amounts to £82.1M and that a further £82.3M would be required to refurbish the portfolio to a minimum standard producing a total figure of £164.4M.
- 3.3 The aim of the review was to seek ways to reduce that liability down to financially sustainable level on an ongoing basis. This report:
- Identifies and recommends properties that could be released for disposal.
 - Identifies and recommends properties that will be ringfenced for feasibility to deliver housing.
 - Identifies and makes recommendations on properties that have significant maintenance liabilities or disposal values that warrant consideration of a range of options going forward, and what that might mean for service delivery.
 - Identifies and makes recommendations on property opportunities for rationalisation
 - Identifies the properties that should be retained and maintained and the associated costs of doing so.
- 3.4 There are significant risks to the Council caused by the condition of the operational estate. These include:
- Regulatory and statutory compliance.
 - Pressure on the repairs and maintenance budgets to manage an increasing and urgent reactive maintenance need.
 - The potential closure of buildings which become unaffordable to maintain.
 - Financial consequences of temporary or permanent closures as allowed for under contractual or lease terms (as appropriate).
- 3.5 A Schedule of the Properties which the Operational Property Review has considered is attached at within the accompanying Part 2 Report together with a summary of the 10-year maintenance liability and cost of basic refurbishment for each.

Condition Surveys

- 3.6 The estimated maintenance liability is based on information provided in a series of condition surveys undertaken in 2021 by the Oakleaf Group, adjusted to allow for associated costs such as professional fees, contingencies, and inflation risk.
- 3.7 However, it is important to understand that these figures are professional views based on high level surveys so to provide enough information to enable strategic decision making. Any decisions to undertake works to the estate in the form of disposals, rationalisation or refurbishment would always be supported by individual costed business cases with appropriate professional support prior to the Executive executing such decisions.

Current Economic Climate and Market

- 3.8 The Maintenance Liability and Refurbishment costs contained within this report have taken into account the current high inflationary impact and supply chain risks being experienced in the national economy and the construction industry.

- 3.9 The UK Economy is in unprecedented times; emerging from a global pandemic, the impact of Brexit, a major conflict and refugee crisis on the European continent and a global escalation of fuel and commodity costs.
- 3.10 This is having an immediate impact on the Property and Construction Supply Chain in that key components for maintenance supply and infrastructure are beginning to have longer lead-in times (having already been extended due to Covid) and energy costs rising exponentially.
- 3.11 The Council is not alone in this situation, and it is likely that a number of partner organisations will face similar issues which could result in pressures being added to the Council.
- 3.12 The following contributing factors have been considered:

3.12.1 Inflation:

The rate of headline inflation went up quickly in 2021 and it has continued to rise this year. Currently at just over 10% the OBR expect it to reach around 11% this November. It could go even higher later over the winter period into the low teens. It is expected the rate of inflation will fall considerably over the next couple of years. The OBR don't expect the causes of the current high rate of inflation to persist. It's unlikely that the prices of energy and imported goods will continue (post 2022) to rise as rapidly as they have done recently. This means that inflation will decline.

3.12.2 Building Cost Inflation:

Industry, Mayors Office and Professional Bodies are all highlighting excessive inflation due to Ukraine running at 6-8% ahead of base inflation with some schemes reporting a 12% increase. Fuel costs, raw materials and shipping major components are key drivers for this increase – with a major skills shortage in the construction sector.

The Ukrainian situation will impact even further as a) steel predominantly comes from Europe (as a result of the devastation of Mariupol) and steel prices have risen by 15-20% will be impacted together with b) diversion of infrastructure priorities to move from Russian dependence on Oil/Gas.

3.12.3 Energy Costs:

The wholesale electricity market continues to rise, there has been a reduction in available power supplies compared to last year which, combined with higher gas prices, has led to an increase in the wholesale price of electricity. An increase in network and policy costs is also pushing prices up.

3.12.4 Market Conditions:

The pandemic and other factors has also seen a reduction in supply chain skill sets with increased competition for those skills that remain within the market place. Building contractors are predominantly now only fixing tender pricing for 3 months whereas before the industry norm was 6 months. It is inevitable that contract tender returns will increase so that contractors can adequately price in risk. The cost of collateral warranties will also rise.

- 3.13 Therefore, from a property perspective it was considered prudent to inflate the OPR estimates by 25% to account for current Building Inflation and an allowance for further increases.
- 3.14 The OPR, however, took a robust approach to the pricing provided by the Council's contractors and made assumptions to provided costs to reflect contingencies, omissions and inflation over a 10-year period – therefore the sums reported are still considered valid.

- 3.16 It may be prudent to wait till after the Winter to award major contracts which can be delayed as current BoE forecasts that the headline rate could go even higher later this year into the low teens and then potentially stabilise or decrease – the risk here is that contractors will price this increase in but that has to be countered against the fact that it is impossible to guarantee that the headline rate will fall and when.
- 3.17 It should be noted that residential values are now beginning to reflect market conditions and could well fall by 10% during 2023 potentially due to mortgage lender criteria on affordability responding to the uncertainty of the economy.

Key Findings and Financial Impact

- 3.18 The review has concluded that the Maintenance Liability (as identified from the Condition Surveys) over the next 10 years amounts to £82.1M and that a further £82.3M would be required to refurbish the portfolio to a minimum standard. This latter figure is an estimated figure based on Professional published categorisation rates per SqFt and is provided as a robust figure for budgeting purposes, with the intention that all decisions are to be subject to fully costed business cases.
- 3.19 It should be noted the Maintenance Liability figure only reflects the cost of repairs and replacement of fabric, plant and machinery and does not include any allowance for betterment or improvements. The additional £82.3M therefore does provide for these aspects and therefore would bring the portfolio into an acceptable standard for the properties function.
- 3.20 The review has also identified that it cannot be self-funding; it is highly likely that the council will need to spend more on the operational estate in the next ten years than can be generated by capital receipts from within the existing operational estate. However, there are a series of recommendations contained within this report to mitigate this over- arching sum and these will be detailed further below.
- 3.21 The OPR has reviewed the operational estate to ascertain where maintenance liabilities rest the review then investigated the requirements of Statutory requirements to ascertain which category of property fell into either Statutory or Non-Statutory provision.

Statutory	Non-Statutory
Waste Depots	Churchill Theatre and Central Library
Children and Family Centres	Group 2 Leisure Centres
SEN Services	Adult Education Centres
Adult Day Centres and Care Homes	Community Shops
Cemeteries Properties	Parks Buildings

Libraries	Ground Maintenance Depots
Youth Justice Services	Youth Centres
Council HQ Offices	
Other Council Provided Services	Traveller Sites NB – Some of these sites deliver a blend of Statutory Services

Operational Estate Strategy

3.22 It recommended that an Operational Estate Strategy is adopted by the Council for use as the framework for future decision making in relation to:

Which properties are retained and invested in.

Which properties are retained and maintained.

Which properties are released.

3.23 The aims of the strategy are threefold:

To deliver fit for purpose accommodation for council services

To deliver affordable maintenance liabilities and running costs

To maximise income generation for reinvestment into council priorities.

3.24 The direction of travel is to move from the estate as it currently is (old buildings which hinder service delivery, are inefficient and have single uses) to an optimal estate (fewer, fit for purpose buildings which are flexible and accommodate multiple uses).

Strategic Objective 1:

3.25 To **rationalise** the estate used for the delivery of council services through co-location or reconfiguration of retained assets to:

- Ensure business objectives are met
- Generate capital receipts for reinvestment in the retained assets
- Reduce maintenance liabilities
- Reduce premises running costs and Carbon impact
- Reduce rent payments

Strategic Objective 2:

- 3.26 To **target investment** in retained properties in order to:
- Facilitate rationalisation
 - Unlock service transformation potential, including facilitating more efficient ways of working
 - Ensure that they are fit for purpose in the medium to long-term and energy efficient
 - Have the greatest impact on delivery of Corporate Strategy aims and objectives
 - Impact the highest numbers of residents, staff and members
 - Generate new income

Strategic Objective 3:

- 3.27 To **release** property assets that are not required for delivery of council services, income generation or high priority strategic partnerships in order to:
- Generate capital receipts
 - Release sites for delivery of affordable housing
 - Transfer assets into community ownership where the community is best placed to manage it.

Strategic Objective 4:

- 3.28 Where properties are retained for strategic partnerships but are not required for delivery of council services or income generation, to negotiate lease arrangements that **divest the council of ongoing maintenance liabilities** wherever possible.

Strategic Objective 5:

- 3.29 To **reduce reliance on physical accommodation** through agile working and alternative models for service delivery where appropriate.

Strategic Objective 6:

- 3.30 Property arrangements reflect **prudential management of the council's finances**.

Future Shape of the Operational Estate

- 3.31 To inform the discussions around the future shape of the estate, officers have undertaken engagement with the Corporate Leadership Team and their heads of service to gain a better understanding of the business need in relation to the estate over the short, medium, and long-term.
- 3.32 The outputs of these discussions have been discussed and agreed with COE and SAG.
- 3.33 There is additional work that now needs to be undertaken to inform decision making around these parts of the operational estate, and therefore it is proposed that a number of workstreams are progressed to take this forward this work, these are detailed below.

Workstream 1: Future of HQ Accommodation

- 3.34 The existing Civic Centre has a maintenance liability of circa £9.5M and the range to refurbish depending on staffing numbers ranges from £20M at 20% staff ratio to £38M to 70% staff ratio.
- 3.35 A separate Report regarding the options for the Council's HQ is on the same Agenda as this

Report. However, the basis of that report is that the Council relocates from its existing from its existing site to a new one which would then save the need to refurbish the Civic Centre and the need to clear the maintenance liability. The purchase price of the new building would be off set by the disposal of the existing Civic Centre site.

Workstream 2: Churchill Theatre and Central Library

- 3.36 The Churchill Theatre and Central Library are in effect one building and was designed as such. The condition of this asset is poor, and the maintenance liability has been estimated at £15.7M with an unknown element for refurbishment – this could well be more than £28M. At this stage further investigations have not been perused as the costs of doing so are considered prohibitive.
- 3.37 It is recommended that the Executive agree that Officers open negotiations with the Trafalgar Theatre group to see if agreement can be reached on a more sustainable future for the theatre, which, in return for an initial investment, would see the council relinquishing its liability for ongoing maintenance of the theatre.

Workstream 3: Dispose of Properties not required to deliver services

- 3.38 A separate Report regarding the options for these Disposals is on the same Agenda as this Report. However, the basis of that report is that the Council divests itself of assets which are either surplus to requirements, produce poor returns or are likely to do so and those where long lease interests could be released by disposal through calculation of marriage value.
- 3.39 These disposals are estimated to generate circa £65.8M by the end of 2023/24.

Workstream 4: Refurbishment

- 3.40 The following categories of Property will be furbished, with the estimated refurbishment cost and the savings from maintenance liability:

Description	Refurbishment Estimate	Maintenance Liability Saving
Children and Family Centres	£6.7M	£1.9M
SEN Services	£0.46M	£0.27M
Adult Day Centres and Care Homes	£12.1M	£2.5M
Cemetery Properties	£0.86M	£0.59M
Libraries	£10.7M	£2.7M
Group 2 Leisure Centres	£23M	£4.3M
Adult Education Centres		

	£7.3M	£1.3M
Parks Buildings	£17.8M	£4.5M
GM Depots	£3.3M	£2M
Youth Centres	TBC	TBC
Traveller Sites	£9M	£5M
Surface Car Parks	£1M	£1M

3.41 It should be noted that further investigative works are needed to confirm the costs of these refurbishments and as such will be reported back to the Executive as a series of costed packages for consideration to award works.

Workstream 5: Sites to be developed for Council Housing Schemes

3.43 The sites which are believed to have potential for housing delivery are detailed below, that combined they could deliver up to 200 additional affordable units with associated TA savings. However, each one will be the subject of a separate feasibility study and business case.

Property	Ward	Maintenance Liability Saving
Station Road (Bromley North)	Bromley Town	£0M
Spa Leisure Centre Car Park/Lewis House (Beckenham Triangle)	Clock House	£0.18M
Belle Grove	St Pauls Cray	£0.12M
Manofields	Orpington	£1.7M
Proverst Adult Education Centre	St Mary Cray	£3M
	St Pauls Cray	£0.2M

Cornwall Drive		
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Prioritisation and timescales

- 3.43 Due to the large scale of works required it is not possible to simultaneously deliver all of the refurbishment works at the same time.
- 3.44 The following categorisation has been proposed to the Executive to agree as to which groups of property will be treated first.
- 3.45 The Council will not undertake these works direct as it does not have a suitable resource to do so. It will in effect commission these works through a market tested contract award based on specific work packages to be developed with appropriate professional expertise and assistance from the Councils Procurement teams.

Category 1	Category 2
<p>2023/24</p> <p>Future of the HQ Estate Move (complete)</p> <p>Disposals (complete)</p> <p>Undertake scoping discussion as to the future of the Theatre with the Theatre’s operators. This would also include the Central Library.</p> <p>Scope and tender for Refurbishment Works Phase 1:</p> <ul style="list-style-type: none"> Children and Family Centres SEN Services Adult Day Centres and Care Homes Cemetery Properties Libraries Group 2 Leisure Centres 	<p>2024/25 – 2025/26</p> <p>Refurbishment Works Phase 1 Programme in delivery – anticipated 2 year Programme</p> <p>Scope and tender for Refurbishment Works Phase 2:</p> <ul style="list-style-type: none"> Adult Education Centres Parks Buildings General Maintenance Depots Youth Centres Traveller sites. <p>Refurbishment Works Phase 2 Programme in delivery.</p>

Refurbishment Works Phase 1 Programme in delivery.	
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Resources Required

- 3.45 It is anticipated that an initial budget allocation of £3M is required to support delivery of the Operational Estate Strategy workstreams. This is to fund:
- Staff resources to lead and deliver the detailed options appraisals and business cases for the eight work streams.
 - This is estimated to cost circa £850K over 3 years and would pay for 2 X Qualified RICS Capital Programme Managers (BR14 - MG6) with Admin Support (BR8) and 1 X Procurement Officer (BR13)
 - These posts would be resourced via Fixed Term Contracts
 - A budget for expert advice to inform appraisal work and scope preparation against each of the workstreams – this is estimated to be in the region of £2.15M.
 - The advice is required to prepare Schedules of Works and would mainly be undertaken via firms of Chartered Quantity and Building Surveyors.
 - This work would be procured in accordance with the Councils Contracts and Procurement rules.
- 3.46 Separate Resource requirements have been identified within the accompanying Reports on the Council's HQ Options and other Disposals for Members to consider.

Future Business Cases and Executive Approvals

- 3.47 This report seeks the Executives agreement to the approach and some specific recommendations. However, it is the intention that each Works package once scoped and costed will then be reported to the Executive for final determination to proceed and award works packages.

4 IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 There is not considered to be an impact on Vulnerable Adults and Children as a consequence of this decision – other than that services will still continue to be provided from retained premises.

5 POLICY IMPLICATIONS

- 5.1 It is essential that the Council manages its assets so as to meet the Council's aims and objectives.

LEGAL IMPLICATIONS

- 6.1 The recommendations to this report are seeking authority from the Executive to agree to adopt the Operational Estate Strategy , to progress workstreams identified in the report and to add to the Council's Capital Budget
- 6.2 The Council has the legal power to hold, maintain and develop its landholdings and buildings in connection with its functions. Failure to ensure that its properties and buildings are maintained to a level to avoid risks to its staff, contractors and members of the public can lead to criminal, civil and contractual liability.
- 6.3 In terms of adding to the Council's Capital Budget, the Council's Constitution requires that any in year changes to the Budget and Policy Framework above £1M must be approved by Full Council

- 6.4 In undertaking and implementing the review it is clear that further reports and decisions will need to be made by the Executive. Furthermore, the Council must at all times comply with its legal duties including those that relate to lawful decision-making, equalities , stakeholder engagement/consultation and best value. Officers have provided within this report a table setting out statutory and discretionary functions relating to land and buildings .As the workstreams and their various strands develop, there will be further legal implications that arise which will need to be considered and advice sought as may be necessary.
- 6.5 It is apparent from this report that OES will require the engagement of specialist consultants and services and potentially certain building works will be undertaken.
- 6.6 The Public Contracts Regulations 2015 (Regulations) apply to the acquisition of works above a threshold (currently £4,269,550 excluding vat) and professional services (170,782 excluding vat). As to whether works and/or services fall within the Regulations is a matter which will require further detailed analysis and appraisal as to the recommended Procurement approach.
- 6.7 In order to progress implementation of the strategy , each procurement will need to ensure it complies with the Councils Contract Procedure Rules and internal decision-making approval under the Councils' Constitution . Officers should seek specific legal advice on any issue as may be appropriate.

PROCUREMENT IMPLICATIONS

- 7.1 The report indicates that various works may be required, related to Refurbishment or similar, but the details of these are to be determined.
- 7.2 For each individual procurement arising from this proposal, a formal decision on proceeding to procurement and subsequent contract award must be taken in line with the Councils Contract Procedure Rules and in compliance with the Public Contracts Regulations 2015. Formal consultation must take place with the Corporate Procurement Team.

FINANCE IMPLICATIONS

- 8.1 The financing of the Council's Capital Programme represents a significant challenge and a funding gap has been identified for period from 2022/23 to 2026/27. Given this any proposed capital spending during this period, will be subject to detailed business case review and affordability checks.
- 6..2 The report identifies estimated Capital Expenditure of £164M to address the maintenance liability identified by the Condition Survey and additional refurbishment works across a number of the Council's assets. A initial request to agree £3M of additional capital funding is contained within the report to support the initiation and ongoing delivery of this work.
- 6.3 Given the financial challenges faced by the Council in the funding of its capital programme, funding may entail external borrowing and the utilisation of the Council's revenue reserves.

Non-Applicable Sections:	HR
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Report No.
CSD22132

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **COUNCIL**

Date: **Monday 12 December 2022**

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

Title: **AUDIT AND RISK MANAGEMENT COMMITTEE - MEMBERSHIP**

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

Chief Officer: Tasnim Shawkat - Director of Corporate Services and Governance

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 2nd November 2022 the Audit and Risk Management Committee considered the attached report proposing the appointment of independent co-opted members to their Committee. The Committee decided to recommend to Council that the Constitution be amended to allow up to two non-voting co-opted independent members, and that the Chairman and Vice Chairman should agree a person specification. The Committee also specified that, subject to Council approval, the recruitment should take place more quickly than proposed in the original report (see paragraph 3.7 of this report.)
- 1.2 Council is also requested to confirm the appointment of Cllr Ruth McGregor to the vacant seat on the Committee, as nominated by the Labour Group.
-

2. **RECOMMENDATIONS**

- (1) **That Council agrees an amendment to the Constitution to allow the appointment of up to two independent co-opted Members to Audit and Risk Management Committee.**
- (2) **That Cllr Ruth McGregor be appointed to the Audit and Risk Management Committee.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Transformation Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Not Applicable
 4. Total current budget for this head: Not Applicable
 5. Source of funding: Not Applicable
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement (Currently guidance supported by government, but legislation is expected)
 2. Call-in: Not Applicable: Full Council decisions are not subject to call-in
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Property

1. Summary of Property Implications: Not Applicable
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable
-

Customer Impact

1. Estimated number of users or customers (current and projected): Not Applicable
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The attached report to Audit and Risk Management Committee on 2nd November 2022 sets out the background to the proposed appointment of up to two independent co-opted members of the Committee. Since the report was first published there have been some developments which are set out in the paragraphs below. The Committee also agreed a quicker programme for appointing the new independent co-opted members (see paragraph 3.7.)
- 3.2 There is currently no defined timescale for the proposed legislation to introduce a requirement for independent co-opted members on Audit Committees - the consultation response simply states, "once parliamentary time allows." However, the Chartered Institute of Public Finance and Accountancy (CIPFA) updated its Position Statement on Audit Committees in 2022. This Position Statement is not mandatory but nonetheless, it is supported by the Department for Levelling Up, Housing and Communities and local authorities are expected to make best endeavours to comply with the principles of the Statement.
- 3.3 The updated Position Statement advises that "The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise".
- 3.4 CIPFA's detailed underpinning guidance was published in October 2022 and provides some further context and guidance, including its rationale for the inclusion of independent members as follows:
- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
 - To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
 - To help achieve a non-political focus on governance, risk and control matters.
 - Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
 - Having two co-opted members shows a commitment to supporting and investing in the committee. While including co-opted members can bring real value to the committee, care is needed to ensure that the arrangement works well, both for the co-opted member and for the other committee members. It is essential that the co-opted member receives an adequate induction and ongoing support to provide organisational context and to build working relationships.
- 3.5 The proposed role description, attached for information as [Appendix A](#), aligns with this guidance, including the definition of 'independent' and the maximum terms of appointment. Any independent co-opted member appointed would not have voting rights; voting Members would consider any appropriate points raised by co-opted members when casting their votes.
- 3.6 The Council's Constitution does not currently mention the appointment of co-opted members to Audit and Risk Management Committee, so full Council's approval is sought.

Proposed process

- 3.7 If Council agrees to the recruitment of up to two co-opted independent members to the Committee, the proposed process and indicative timescales are set out below.

December 2022 – January 2023	If Council agrees the proposal, the Head of Audit and Assurance, the Director of Finance and the Monitoring Officer be authorised to advertise for co-opted non-voting member(s) of Audit and Risk Management Committee.
February 2023	The Head of Audit and Assurance, the Director of Finance and the Monitoring Officer, in consultation with the Chairman of Audit and Risk Management Committee, be authorised to shortlist suitable candidates.
March 2023	Interviews for shortlisted candidates, with a panel including the Director of Finance and a selection of Members from Audit and Risk Management Committee.
June 2023	First meeting of Audit and Risk Management Committee with co-opted independent member(s).

Non-Applicable Headings:	Vulnerable Adults and Children/Policy/Finance/Personnel/ Legal/Procurement/Property/Customers/Ward Councillors
Background Documents: (Access via Contact Officer)	See attached report

Independent Member – Audit and Risk Management Committee

Background

In accordance with guidance from the Chartered Institute of Public Finance Accountants (CIPFA), the London Borough of Bromley wishes to appoint up to two independent non-voting members to its Audit and Risk Management Committee, on a voluntary basis.

The role of the Committee includes the following:

- Oversight of internal audit work, including approving the audit plan and charter, and reviewing and scrutinising the outcomes of internal audit work
- Reviewing the Statement of Accounts and considering reports from the External Auditor
- Maintaining an overview of the effective development and operation of risk management.
- Maintaining oversight of counter fraud arrangements

The full Terms of Reference of the Committee is included as a separate document.

Duties and Responsibilities

In line with the Terms of Reference of the Audit and Risk Management Committee, the Independent Member(s) will:

- Actively promote good governance, risk management and control in the delivery of the Council's functions
- Be an independent source of support for the Committee providing independent challenge and scrutiny in response to reports presented to Committee
- Ensure that there is adequate and effective internal audit, counter fraud and risk management provision
- Review the Council's accounts and reports from external auditors
- Abide by the Council's Constitution and relevant elements of the Members' Code of Conduct.

The independent member(s) will not have voting rights, but voting members of the Committee will consider the contribution of the independent member(s) when casting their own votes.

Time Commitment

The Independent Member(s) will need to attend Audit and Risk Management Committee meetings at the Civic Centre, Bromley. Meetings are usually held three times a year but additional meetings may be convened if required. The meetings start at 7pm and typically last between 1 to 3 hours. Members will also need to attend training events as required. These are usually prior to the start of the meeting.

Committee members receive papers approximately one week in advance of the meeting and some reading and preparation time is required for each meeting.

The appointment will be for four years with an option to extend for a second term. The maximum period of appointment will be two terms.

Independence

To ensure that the role can be fulfilled impartially and objectively, the Independent Member(s) will not:

- Have been a member, co-opted member or employee of the Council at any time during the last 5 years
- Be a relative or close friend of any such person
- Be an active member of a political party or involved in the management of a local lobbying group
- Have any un-spent criminal convictions or be an un-discharged bankrupt
- Have any significant business dealings with the Council.

The post will be subject to a basic Disclosure and Barring Service (DBS) check.

Person Specification

Candidates for the position of Independent Member of the Audit and Risk Management Committee will have:

Skills and Abilities

- Ability to demonstrate integrity, objectivity and discretion, including in decision making.
- An ability and willingness to analyse complex information, question, probe and seek clarification in order to arrive at an independent and unbiased view.
- Effective interpersonal and communication skills.
- Strategic awareness and ability to identify emerging external factors that may impact on strategy, implementation of plans or reputation with key stakeholders.
- A desire to serve the local authority and a keen interest in public life.
- A commitment to equality, diversity and inclusion.
- A commitment to the seven principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty, leadership).

Knowledge and Experience

Members of the Audit and Risk Management Committee should have, or should acquire as soon as possible after appointment:

- A strong understanding of governance, risk management and control
- A strong understanding of the role of internal and external audit
- A strong understanding of risk management and the key risks and challenges facing the Council
- Appropriate experience of either internal audit, external audit, financial management or risk management
- Experience of working in or with large, complex organisations in the public or private sector with an understanding of the political environment that local authorities operate within
- An interest in and awareness of the functions of local government, including key applicable legislation and regulations
- Experience of working at Board-level in an executive or non-executive role is desirable but not essential.

Remuneration

No allowance is payable however travel expenses in connection with the role can be claimed.

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Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: None
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre:
 4. Total current budget for this head: £
 5. Source of funding:
-

Personnel

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

Legal

1. Legal Requirement: Non-Statutory - Government Guidance: Relevant legislation is expected but there are currently no defined timescales for this.
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: None
-

Property

1. Summary of Property Implications: None
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Not Applicable
-

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 In September 2020, Sir Tony Redmond published his 'Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting'. The purpose of the Review was to examine the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public.
- 3.2 Whilst most of the recommendations arising from the Review relate to external audit provision and the annual statement of accounts, the Review did also recommend that "consideration be given to the appointment of at least one independent member, suitably qualified, to the Audit Committee".
- 3.3 In May 2022, following the Redmond Review and subsequent consultation, the Government announced that it would make the inclusion of independent members a statutory requirement for local Councils. The consultation response stated "Fundamentally, it is important that councils, as with other public bodies, have appropriate measures in place: the government considers it proportionate to establish a simple principle that local authorities should have an audit committee, with at least one independent member. Mandating for audit committees would ensure widespread take-up, along with improved public accountability".
- 3.4 There is currently no defined timescale for this proposed legislation; the consultation response simply states "once parliamentary time allows".
- 3.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) updated its Position Statement on Audit Committees in 2022. This Position Statement is not mandatory but nonetheless, it is supported by the Department for Levelling Up, Housing and Communities and Local Authorities are expected to make best endeavours to comply with the principles of the Statement.
- 3.6 The updated Position Statement advises that "The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise".
- 3.7 CIPFA's detailed guidance on Audit Committees is currently being revised and is due to be published imminently (late Summer 2022). However, the Position Statement itself recommends that the appointment of co-opted independent members on the Committee should take into account the overall knowledge and expertise of the existing members to ensure a suitable balance of skills and experience to fulfil the Committee's functions.
- 3.8 Any independent co-opted member appointed would not have voting rights; voting Members would consider any appropriate points raised by co-opted members when casting their votes.
- 3.9 Currently, the Council's Constitution does not allow for the appointment of co-opted members to Audit and Risk Management Committee. Therefore, any decision to appoint independent members would require a recommendation to, and agreement from, full Council.
- 3.10 Members are asked to consider whether they wish to proceed with a recommendation to full Council to appoint one or more independent co-opted members to Audit and Risk Management Committee at this stage.

Key principles

3.11 Should Members wish to appoint co-opted member(s) to Audit and Risk Management Committee, then the following areas will need to be considered prior to drafting the final proposal for full Council, together with the person specification / job description:

- The number of independent co-opted members required – The government’s consultation response states there should be at least one (although legislation has not yet been drafted). CIPFA’s Position Statement recommends there should be at least two.
- Desired length of tenure – Common practice is four years, with a maximum of five in order to preserve independence. To ensure the smooth running of any future recruitment process, Members may wish to avoid a potential change of co-opted member(s) concurrent with the next election period.
- Definition of ‘independent’ – This would include any current connections to the Council (including to officers or contractors), and elapsed time between any previous connections to the Council. It may also include current or previous connections to other Local Authorities. CIPFA has not defined ‘independent’ although this may be contained in the forthcoming guidance. Review of other Authorities arrangements where there are co-opted members of the Audit Committee highlights differences in approach, ranging from none specified to no connections within the previous five years.
- Experience, knowledge and skills required – This includes any essential or desired skills or experience, such as board or other experience, knowledge and understanding of governance, internal audit, accounts, regulation and compliance or risk management.

3.12 Currently, the Members Allowance Scheme states that co-opted Members do not receive an allowance.

Proposed process

3.13 Should Members wish to make a recommendation to Full Council to appoint one or more co-opted independent members to the Committee, they are asked to comment on and agree (subject to amends as part of the discussion) the following proposed process. Timescales can be amended as required; they are currently based around a proposal going to the first Full Council meeting after the March Audit and Risk Management Committee.

November 2022 – February 2023	Job description and person specification drafted by Head of Audit and Assurance, shared with the Chairman of Audit and Risk Management Committee, the Monitoring Officer and the Director of Finance for review and comment.
March 2023	Final draft proposal and job description / person specification presented to Audit and Risk Management Committee for review and approval.
April 2023	Proposal presented to full Council for agreement.
May - June 2023	If full Council agree the proposal, the Head of Audit and Assurance, the Director of Finance and the Monitoring Officer be authorised to advertise for co-opted non-voting member(s) of Audit and Risk Management Committee.
July 2023	The Head of Audit and Assurance, the Director of Finance and the Monitoring Officer, in consultation with

	the Chairman of Audit and Risk Management Committee, be authorised to shortlist suitable candidates.
August / September 2023	Interviews for shortlisted candidates, with a panel consisting of a selection of Members from Audit and Risk Management Committee.
November 2023	First meeting of Audit and Risk Management Committee with co-opted independent member(s).

4. LEGAL IMPLICATIONS

The Government has set out its intention to mandate the inclusion of one independent member on every Local Government audit committee, however timescales have not yet been determined.

Non-Applicable Headings:	Impact on Vulnerable Adults and Children Transformation / Policy Implications Financial Implications Personnel Implications Procurement Implications Property Implications Carbon Reduction / Social Value Implications Customer Impact Ward Councillor Views
Background Documents: (Access via Contact Officer)	None

Report No.
CSD22131

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 12 December 2022

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

Title: LOCAL PENSION BOARD - ANNUAL REPORT 2022

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

Chief Officer: Tasnim Shawkat, Director of Corporate Services and Governance

Ward: All

1. Reason for decision/report and options

- 1.1 The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report would be provided to full Council. The current (2022) report is attached – this was approved by the Local Pension Board at its recent meeting on 22nd November 2022 and noted at Pensions Committee on 1st December 2022.
-

2. **RECOMMENDATION**

Council is requested to note and receive the Annual Report of the Local Pension Board 2022.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Transformation Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority (delete as appropriate):
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: Not Applicable
 5. Source of funding: Pension Contributions
-

Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of two Employer Representatives and two Member Representatives.
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Property

1. Summary of Property Implications: Not Applicable
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable
-

Customer Impact

1. Estimated number of users or customers (current and projected): Estimated number of users/beneficiaries (current and projected): 6,385 current employees; 5,790 pensioners; 7,007 deferred pensioners as at 31st March 2022.
-

Ward Councillor Views

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

Non-Applicable Headings:	Vulnerable Adults and Children/Policy/Finance/Personnel/ Legal/Procurement/Property/Customers/Ward Councillors
Background Documents: (Access via Contact Officer)	See attached report

Decision Maker: LOCAL PENSION BOARD
PENSIONS COMMITTEE
COUNCIL

Date: 22nd November 2022
1st December 2022
12th December 2022

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

Title: LOCAL PENSION BOARD - DRAFT ANNUAL REPORT

Contact Officer: Martin Doyle – Head of Pensions Shared Service
Tel No: 020 8871 6522
E-mail: martin.doyle@richmondandwandsworth.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

- 1.1 The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report, would be provided to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.
-

2. **RECOMMENDATIONS**

- 2.1 **Members of the Local Pension Board are asked to approve the draft LPB Annual Report at Appendix 1.**
- 2.2 **Members of the Pensions Committee and Council are asked to note the contents of the report.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
-

Corporate Policy

1. Policy Status: Existing Policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund.
 4. Source of funding: Contributions to Pension Fund
-

Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of two Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement Local Government Pension Scheme Regulations 2013 (as amended).
 2. Call-in: Not Applicable: No Executive decision.
-

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Estimated number of users/beneficiaries (current and projected): 6,385 current employees; 5,790 pensioners; 7,007 deferred pensioners as at 31st March 2022.
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The London Borough of Bromley Local Pension Board was established by Council on 23rd February 2015. The Board held an introductory meeting on 27th July 2015 and its first formal annual meeting on 26th October 2015.
- 3.2 In accordance with the Terms of Reference the Board are required to produce a single annual report to the Pensions Manager. This report should include:
- A summary of the work of the Local Pension Board and a work plan for the coming year
 - Details of areas of concern reported to or raised by the Board and recommendations made
 - Details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
 - Any areas of risk or concern the Board wish to raise with the Scheme Manager
 - Details of training received and identified training needs
 - Details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
- 3.3 Members are asked to note the contents of the Local Pension Board Annual Report.

4. POLICY IMPLICATIONS

- 4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

5. FINANCIAL IMPLICATIONS

- 5.1 Although permitted under Regulations, Local Pension Board members are not paid an allowance. As set out in the terms of reference, remuneration for Board members is limited to a refund of actual expenses incurred in attending meetings and training.
- 5.2 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This is currently done within existing in-house resources.
- 5.3 Any costs arising from the establishment and operation of the Local Pension Board are treated as appropriate administration costs of the scheme and, as such, are chargeable to the Pension Fund.

6. LEGAL IMPLICATIONS

- 6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014. A requirement is the establishment of Local Pension Boards.

Non-Applicable Sections:	Procurement/Personnel Implications; Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2015; Local Government Pension Scheme Regulations 2013; Local Pension Board Report, Supplementary Report and Appendices to Pensions Investment Sub-Committee, General Purposes & Licensing Committee and Council 3rd, 10th and 23rd February 2015.

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LONDON BOROUGH OF BROMLEY

LOCAL PENSION BOARD

ANNUAL REPORT NOVEMBER 2022

**LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
ANNUAL REPORT
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1. Foreword

- 1.1 The purpose of this London Borough of Bromley Local Pension Board Annual report is to provide information regarding the activities and role of the Board for Scheme Members, Scheme Employers and the Scheme Manager (Administering Authority).
- 1.2 The Local Pension Board was established by the London Borough of Bromley Pension Fund in response to new regulatory requirements introduced into the Local Government Pension Scheme Regulations 2013.
- 1.3 The role of the Local Pension Board is to provide assistance to the London Borough of Bromley in its role as an Administering Authority within the Local Government Pension Scheme in ensuring it remains compliant with the relevant legislation and requirements of the Pensions Regulator.

2. Background

- 2.1 The Local Government Pension Scheme Regulations 2013 (as amended) required that the Local Pension Board be established by 1st April 2015 to assist the Administering Authority (London Borough of Bromley) to:
- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and the requirements imposed by the Pensions Regulator.
 - Ensure effective and efficient governance and administration of the LGPS
- 2.2 The Local Pension Board is not a decision making body but is expected to support the Council's current committee structure.
- 2.3 The London Borough of Bromley Local Pension Board was approved at Full Council on 23rd February 2015.

3. Board Membership

- 3.1 The London Borough of Bromley Local Pension Board requires a total of four members. The membership is constituted as follows:
- 2 members representing the interests of the Fund's employers – Employer Representatives.
 - 2 members representing the interests of the Fund's members – Member Representatives.
- 3.2 At the last meeting of Local Pension Board held on 27th October 2021, the board members were:
- Employer Representatives:
- Brayan Bernal-Gil
 - Emma Downie (chair)
- Member Representatives:
- Lesley Rickards
 - Vinit Shukle

Board Meetings

- 4.1 Following an introductory meeting of the Local Pension Board Members which took place on Monday 27th July 2015, formal meetings of the Board took place on 26th October 2015, 10th November 2016, 10th April 2018, 6th November 2018, 12th June 2019, 22nd January 2020, 4th November 2020 and 24th November 2021. The table below shows the attendance of those meetings:

	Employer Representatives						Member Representatives				
	Mr B Toms	Ms J Harding	Ms J Reynolds	Ms P Borg	Ms E Dow nie	Mr B Bernal-Gil	Mr G Kelly	Mr T Conboy	Mrs L Rickards	Mr G Wright	Mr V Shukle
Introductory Meeting 27-07-15	✓	✓	N/A	N/A	N/A	N/A	✓	N/A	✓	N/A	N/A
Formal Meeting 26-10-15	✓	✓	N/A	N/A	N/A	N/A	X	N/A	✓	N/A	N/A
Formal Meeting 10-11-16	✓	✓	N/A	N/A	N/A	N/A	N/A	X	✓	N/A	N/A
Formal Meeting 10-04-18	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	✓	✓	N/A
Formal Meeting 06-11-18	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	X	N/A
Formal Meeting 12-06-19	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	N/A	✓*
Formal Meeting 22-01-20	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	N/A	✓
Formal Meeting 04-11-20	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	X	N/A	✓
Formal Meeting 24-11-21	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	N/A	X

* The member had not been formally appointed and was acting as an observer at the meeting

- 4.2 At the Local Pension Board meeting held on 10th November 2016, Mrs Lesley Rickards was elected by the members of the Board to act as its Chair for a period of 12 months, succeeding Mr Brian Toms, in line with the requirements of the Terms of Reference.
- 4.3 A meeting of the Local Pension Board was held on 10th April 2018 at which Pinny Borg was elected the Chair of the Pension Board. At the meeting on 6 November 2018, it was agreed that Pinny Borg would continue as Chair of the Pension Board until the term of office for all Board Members expires on 30th June 2019.
- 4.4 At the meeting on 12th June 2019, Emma Downie was elected the new Chair of the Pension Board, effective from 1 July 2019.
- 4.5 At the meeting on 22nd January 2020, it was agreed that Emma Downie's appointment would be extended to November 2020 to coincide with the next annual meeting of the Board when a new chairman would be appointed.
- 4.6 At the 4th November 2020 meeting, it was noted that Emma Downie was happy to continue as chairman.
- 4.7 At the 24th November 2021 meeting, Emma Downie was re-appointed as chairman.

5. Board Activity

- 5.1 Members of the Board are also invited to attend meetings of the Pensions Investment Sub-Committee and where appropriate meetings of the General Purposes and Licensing Committee.

6. Training

- 6.1 It is a requirement of the Public Service Pensions Act that Board members have the capacity to become conversant with the rules governing the Local Government Pension Scheme and the policy documents of the Administering Authority.
- 6.2 The following training has been made available to the Local Pension Board members:
- The Pensions Regulator e-learning package, covering conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.
 - A presentation on the Introduction to the LGPS was presented to the Local Pension Board Meeting on Tuesday 6th November 2018 by the Pensions Manager.

- A training update on “Pensions Made Simple” was carried out verbally by the Pensions Manager at the Local Pension Board Meeting on Wednesday 22nd January 2020.
- Board members are invited to attend the Members Pension Seminar led by the Director of Finance.
- Emma Downie and Brayan Bernal-Gil attended the CIPFA’s LGPS Local Pension Board Members’ Autumn Seminar 2020 on Thursday 1st October 2020.
- A training/consultation update on recent consultations, changes and developments affecting the Pension Fund was carried out by the Pensions Manager at the Local Pension Board Meeting on Wednesday 4th November 2020.
- A training/consultation update on recent consultations, changes and developments affecting the Pension Fund and the role of the Local Pensions Board in the governance of the Fund was carried out by the Head of Pensions Shared Service at the Local Pension Board Meeting on 24th November 2021.

6.3 Members have also been provided with the following documentation;

- The Local Government Pension Scheme Regulations
- Administration, HR, Payroll and Member Guides to the Local Government Pension Scheme
- Guidance on the creation and operation of Local Pension Boards
- Mercer Newsletters ‘Local Government Pension Scheme – Current Issues’
- Agendas and reports for the Pensions Investment Sub-Committee meetings

7. Board Observations and Comments

7.1 The Local Pension Board terms of reference set out that the Board should raise any areas of risk or concern with the Scheme Manager in the first instance. No such matters have been raised during the reporting period.

8. Conflicts of Interest

8.1 It is explained to each Board member that they are required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the London Borough of Bromley. Members are also required to complete ‘The Notification of Disclosable Pecuniary Interests Form’, ‘The Notification of Non-Pecuniary Interests Form’ and a ‘Declaration of Acceptance of Office Form’.

8.2 No declarations of interests were made at the formal meeting of the Board on 6th November 2018, 12th June 2019, 22nd January 2020, 4th November 2020 or 24th November 2021.

9. Expenses and Costs

- 9.1 All costs regarding the administration of the Local Pension Board have been contained within existing resources.

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of the Local Government Act 1972.

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