



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 14 June 2022

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

Councillor Simon Fawthrop (Chairman)
Councillor Shaun Slator (Vice-Chairman)
Councillors Jeremy Adams, Mark Brock, David Cartwright QFSM, Robert Evans,
Kira Gabbert, Julie Ireland, Simon Jeal, Jonathan Laidlaw, Ruth McGregor,
Tony Owen, Will Rowlands, Mark Smith and Melanie Stevens

A meeting of the Executive, Resources and Contracts Policy Development and
Scrutiny Committee will be held in the Council Chamber, Bromley Civic Centre on
WEDNESDAY 22 JUNE 2022 AT 7.00 PM

PLEASE NOTE: This meeting will be held in the Council Chamber at the Civic
Centre, Stockwell Close, Bromley, BR1 3UH. Members of the public can attend the
meeting: you can ask questions submitted in advance (see item 3 on the agenda) or
just observe the meeting. There will be limited space for members of the public to
attend the meeting – if you wish to attend please contact us, before the day of the
meeting if possible, using our web-form:

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

Please be prepared to follow the identified social distancing guidance at the meeting,
including wearing a face covering.

TASNIM SHAWKAT
Director of Corporate Services & Governance

Copies of the documents referred to below can be obtained from

<http://cds.bromley.gov.uk/>

PART 1 AGENDA

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

STANDARD ITEMS

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

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

Questions specifically on reports on the agenda should be received within two working days of the normal publication date of the agenda. Please ensure that questions specifically on reports on the agenda are received by the Democratic Services Team by **5pm on 16 June 2022.**

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

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

4 **MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETING HELD ON 24 MAY 2022 (EXCLUDING EXEMPT ITEMS) (Pages 5 - 10)**

5 **MATTERS OUTSTANDING AND WORK PROGRAMME (Pages 11 - 18)**

6 **FORWARD PLAN OF KEY DECISIONS (Pages 19 - 26)**

HOLDING THE RESOURCES, COMMISSIONING AND CONTRACTS PORTFOLIO HOLDER TO ACCOUNT

7 **SCRUTINY OF THE PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT (Pages 27 - 28)**

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

Portfolio Holder decisions for pre-decision scrutiny.

a **TREASURY MANAGEMENT - ANNUAL REPORT 2021/22 (Pages 29 - 50)**

b **CONTRACT VARIATION FOR ORACLE FUSION IMPLEMENTATION (Pages 51 - 58)**

HOLDING THE EXECUTIVE TO ACCOUNT

9 **PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS**

Members of the Committee are requested to bring their copy of the agenda for the Executive meeting on 29 June 2022.

POLICY DEVELOPMENT AND OTHER ITEMS

- a **BENEFITS SERVICE MONITORING REPORT** (Pages 59 - 84)
- b **CUSTOMER SERVICES CONTRACT MONITORING REPORT** (Pages 85 - 96)
- c **EXCHEQUER SERVICE - CONTRACT PERFORMANCE** (Pages 97 - 118)
- d **REVENUES MONITORING REPORT** (Pages 119 - 140)

PART 2 AGENDA

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

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

Items of Business

Schedule 12A Description

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

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 24 May 2022

Present:

Councillor Simon Fawthrop (Chairman)
Councillor Shaun Slator (Vice-Chairman)
Councillors Jeremy Adams, Mark Brock,
David Cartwright QFSM, Robert Evans, Kira Gabbert,
Julie Ireland, Simon Jeal, Jonathan Laidlaw,
Ruth McGregor, Tony Owen, Will Rowlands and
Mark Smith

Also Present:

Councillor Kate Lymer, Deputy Leader and Portfolio Holder
for Children, Education and Families

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Melanie Stevens.

2 DECLARATIONS OF INTEREST

There were no additional declarations of interest.

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

No questions were received.

4 MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETING HELD ON 24 MARCH 2022 (EXCLUDING EXEMPT ITEMS)

With regard to Minute 96a: North Block Solar PV Installation, the Chairman advised Members that the tender process for a solar photovoltaic system on the rooftop of North Block (based at the Civic Centre) would take battery back-up and solar panel efficiency lifespan into account. A Member noted that a review of operational property including car parks was underway and it was important to ensure the Local Authority's estate was as energy efficient as possible, particularly in light of rising fuel costs.

RESOLVED: That the minutes of the Executive, Resources and Contracts PDS Committee meeting held on 24 March 2022 (excluding exempt information) be agreed and signed as a correct record.

5 MATTERS OUTSTANDING AND WORK PROGRAMME

The report dealt with the Committee's business management including the proposed work plan for the 2022/23 municipal year.

In considering the proposed work plan, Members noted that the Local Authority's existing contract for provision of IT services was due to end in December 2023, and a Gateway report outlining the procurement process would be presented to the Committee in Autumn 2022. It was anticipated that a report on the Biggin Hill Airport Noise Action Plan would also be presented to the Committee in Autumn 2022. In response to a query from a Member, the Assistant Director of Governance and Contracts advised that legislation on post-Brexit commissioning changes was currently being considered by Parliament and a report outlining the possible impact of this legislation on the Local Authority would be presented to the Committee in Summer 2022.

In discussion, Members agreed not to reconvene the Committee's Housing and Capital Finance Task and Finish Group for the 2022/23 municipal year as any arising business in this area could be considered by the Committee.

RESOLVED: That the report be noted.

6 FORWARD PLAN OF KEY DECISIONS

The Forward Plan of Key Decisions presented key and private Executive decisions covering the period May 2022 to July 2022.

RESOLVED: That the Forward Plan of Key Decisions be noted.

7 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 25 May 2022:

(6) BROMLEY HOUSEHOLD SUPPORT FUND Report HPR2022/026

The report provided details of a recent Government announcement to extend the Household Support Fund from 1 April 2022 to 30 September 2022 to assist the most at-need households with significantly rising living costs.

The Head of Compliance and Strategy introduced the report and advised that due to the short timescales for implementation, it was proposed to continue with the existing Bromley Household Support Fund through which Bromley residents identified as being in need, including families with children and older people, were issued with food vouchers.

In opening the discussion, the Chairman observed that the food vouchers could be used in a broad range of large and small supermarkets and could not

be used towards the purchase of cigarettes, alcohol or vape materials. The application process was relatively straightforward with the first vouchers anticipated to be issued in the coming weeks; however, all eligible households would need to make a new application to qualify for the extension scheme. A Member queried whether fuel vouchers could be allocated in place of food vouchers and the Head of Compliance and Strategy advised that as fuel voucher options were limited, a decision had been made to offer food vouchers only which should free up the income of eligible households to help fund energy costs. The Local Authority had alternate arrangements in place to support households struggling with fuel poverty, including a debt management service and a welfare fund.

Another Member underlined the need to ensure that families with infants were referred to the scheme, including refugee families who were new to the borough. The Member further noted the importance of encouraging refugee families to apply for Pupil Premium for their school-aged children, and this would be raised with the relevant Lead Officer by the Head of Compliance and Strategy outside of the meeting. There was a contingency of £56k within the scheme for eligible households which did not fall within identified grant allocation areas, and this would be reviewed in late-July 2022 to ensure that all funds were allocated by the scheme's end date in September 2022. The Head of Compliance and Strategy advised that the Bromley Household Support Fund would be publicised in a range of ways, including via the Bromley website, education and childcare providers, the Adult Social Care team, and Age UK.

The Chairman presented the report recommendations to the Committee, and these were agreed unanimously.

RESOLVED: That the Executive be recommended to:

- 1. Note that Bromley Council's allocation for the Household Support Fund (HSF) was £1,868k;**
- 2. Approve the full utilisation of this ringfenced grant, in 2022/23, as detailed in paragraph 3.8 of Report HPR2022/026 and;**
- 3. Agree that any final changes be delegated to Chief Officers in consultation with the Portfolio Holders for Renewal, Recreation and Housing and Resources, Commissioning and Contracts Management.**

8 INFORMATION ITEMS

The items comprised:

- Risk Management

An Information Item on Health and Wellbeing Centre Viability was withdrawn.

RESOLVED: That Information Items be noted.

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

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

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

**10 PART 2 CONTRACTS REGISTER AND CONTRACTS
DATABASE UPDATE**

The report presented the Corporate Contracts Register for May 2022 and provided both the Council-wide larger value (£200k+) contracts register and the £50k+ register specific to the Executive, Resources and Contracts Portfolio. The register presented in the non-public (Part 2) part of the agenda included a commentary to inform Members of any issues or developments on each contract.

The Assistant Director of Governance and Contracts explained that whilst most existing contracts had a 'Green' RAG rating, a small number of contracts were rated as 'Amber' which indicated live action was being undertaken, such as work to prepare for a tendering exercise, or that decisions were due to be actioned soon, including contract extensions.

A Member underlined the need to ensure the Committee had sufficient time to consider the cost implications of upcoming contract extensions or renewals. The Assistant Director of Governance and Contracts confirmed that all contract extensions with a cumulative value of £100k or over were subject to Member decision-making which should be taken at least six months before contract-end. This was closely monitored and reported to Members via the Contracts Register. In addition, extension decisions were supported by the Gateway process which set out the full range of options and delivery models considered and recommended, including but not limited to third-party procurement, joint-tendering or in-sourcing, and was required to be completed before any extension contract could proceed to procurement decision (subject to Member decision for all contracts valued at £500k and above).

In response to a question from another Member, the Assistant Director of Governance and Contracts advised that the Part 2 Contracts Register included a commentary which flagged the expected next procurement action

for each contract and the recommended timescale for action. As part of a discussion on inflation issues, it was agreed that the commentary be expanded to include a reference to the inflation mechanism applicable to each contract. It was further confirmed that Contract Owners of all current contracts had been requested to discuss the application of inflation and that this would be an ongoing exercise.

The Chairman requested that an Excel spreadsheet of upcoming contracts be provided to Members alongside the Part 2 Contracts Register for future reporting. Another Member requested that the latest annual spend information for each contract be included in the commentary and the Assistant Director of Governance and Contracts would take this forward following the meeting.

RESOLVED: That the report be noted.

The Meeting ended at 7.59 pm

Chairman

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Agenda Item 5

Report No.
CSD22072

London Borough of Bromley

PART ONE - PUBLIC

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

Date: 22 June 2022

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

Title: MATTERS OUTSTANDING AND WORK PROGRAMME

Contact Officer: Kerry Nicholls, Democratic Services Officer
Tel: 020 8461 7480 E-mail: Kerry.Nicholls@bromley.gov.uk

Chief Officer: Director of Corporate Services and Governance

Ward: All Wards

1. Reason for decision/report and options

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

- Monitoring progress against actions arising from previous meetings; and
- Developing the 2022/23 Forward Work Programme.

2. **RECOMMENDATION(S)**

That PDS Committee reviews and comments on:

1. Progress on matters arising from previous meetings; and
2. The 2022/23 work programme, indicating any changes or particular issues that it wishes to scrutinise for the year ahead.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable:
 2. Making Bromley Even Better Priority (delete as appropriate): Not Applicable:
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £366k
 5. Source of funding: Revenue Budget
-

Personnel

1. Number of staff (current and additional): 6
 2. If from existing staff resources, number of staff hours:
-

Legal

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

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Matters Outstanding from Previous Meetings

- 3.1. **Appendix 1** provides a progress update on requests made by the Committee at previous meetings. This list is checked after each meeting so that any outstanding issues can be addressed at an early stage and timely progress made.

Work Programme

- 3.2 Each PDS Committee determines its own work programme, balancing the roles of (i) pre-decision scrutiny and holding the Executive to account, (ii) policy development and review and (iii) external scrutiny. ERC PDS Committee has the additional role of providing a lead on scrutiny issues and co-ordinating PDS work.
- 3.3 PDS Committees need to prioritise their key issues. The work programme also needs to allow room for items that arise through the year, including Member requests, call-ins and referrals from other Committees. Committees need to ensure that their workloads are realistic and balanced, allowing sufficient time for important issues to be properly scrutinised. Members also need to consider the most appropriate means to pursue each issue – the current overview and scrutiny arrangements offer a variety of approaches, whether through a report to a meeting, a time-limited working group review, a presentation, a select committee style meeting focused on a single key issue, or another method.
- 3.4 **Appendix 2** sets out the ERC PDS Committee Work Programme for 2022/23 including: the provisional report title (or activity); the lead division; and Committee's role. Committee is invited to comment on the proposed schedule and suggest any changes it considers appropriate. Other reports will be added to the 2022/23 Work Programme as items arise. In addition, there may also be references from other committees, the Resources, Contracts and Commissioning Portfolio Holder, or the Executive.

Sub-Committees and Working Groups

- 3.5 The Policy Development and Scrutiny Toolkit suggests that each Committee should aim to carry out no more than two or three full scale reviews each year, and it offers guidance and techniques for prioritising reviews. At a time of pressure on Member and officer resources it is important that any additional work is carefully targeted at priority issues where improvements can be achieved. In recent years, this Committee has examined a number of issues through its Working Groups - part of the Committee's workload may include follow-up work on some of these reviews.

Non-Applicable Headings:	Impact on Vulnerable Adults and Children, Transformation/Policy Implications, Financial Implications, Personnel Implications, Legal Implications, Procurement Implications, Property Implications, Carbon Reduction/Social Value Implications, Customer Impact, Ward Councillor Views
Background Documents: (Access via Contact Officer)	Minutes of previous meetings

MATTERS OUTSTANDING FROM PREVIOUS MEETINGS

Minute Number/Title /Date	Action/PDS Request	Update	Action by	Expected Completion Date
6. Forward Plan of Key Decisions (24 May 2022)	The 12-Month Forward Plan of Key Decisions to be circulated to all Members of the Council.	It was confirmed following the meeting that the Forward Plan of Key Decisions covered an approximate 3-month period in line with legislative requirements and a longer-term document was not held by the Local Authority.	Democratic Services	Completed.
10. Park 2 Contracts Register and Contracts Database Update	<p>The commentary in the Part 2 Contracts Register to include a reference to the inflation mechanism applicable to each contract and latest annual spend information where applicable..</p> <p>An Excel spreadsheet of upcoming contracts to be provided alongside the Part 2 Contracts Register and annual spend information to be included in the commentary.</p>	<p>To be included in future reporting.</p> <p>To be actioned.</p>	Assistant Director of Governance and Contracts	Summer 2022

**EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE
WORK PROGRAMME 2022/23**

Meeting Date: 28 July 2022	Division	Committee Role
Executive Agenda	Various	Pre-decision scrutiny
Risk Registers	Audit	Information Briefing
Review of the Procurement Framework post Brexit	Governance and Contracts	PDS Committee
IT Procurement and Provision	IT Services	Pre-decision scrutiny (PH)
Council Tax Support\Reduction proposal	Revenues & Benefits	Pre-decision scrutiny (PH)
Meeting Date: 14 September 2022	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Capital Programme Monitoring - 1st Quarter 2022/23	Finance	Pre-decision scrutiny (PH)
Scrutiny of the Chief Executive	Chief Execs	PDS Committee
Contract Register and Contracts Database	Procurement	PDS Committee
Biggin Hill Airport Noise Action Plan	Place	Pre-decision scrutiny
Free Speech (Chairman's Request)	Corporate Services/HR	PDS Committee

Meeting Date: 19 October 2022	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Section 106 Agreements: Update*	Planning and Regeneration	PDS Committee
Risk Register (Red Risks)	Audit	Information Briefing
Gateway Report: Procurement of Council IT Services	Governance and Contracts	Pre Decision Scrutiny
Meeting Date: 23 November 2022	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Treasury Management - Quarter 2 Performance 2022/23 & Mid-Year Review	Finance	Pre-decision scrutiny (PH)
Insurance Fund - Annual Report 2021/22	Finance	Pre-decision scrutiny (PH)
Risk Registers	Audit	Information Briefing
BT/ICT Contract Monitoring Report	IT	PDS Committee – Monitoring Report
Scrutiny of the Leader	N/A	PDS Committee
Cost of Agency Staff	HR	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Meeting Date: 5 January 2023	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Resources, Commissioning & Contract Management Portfolio Holder	N/A	PDS Committee
Scrutiny of the Executive Assistant to the Leader	N/A	PDS Committee
Capital Programme Monitoring - 2nd Quarter 2022/23	Finance	Pre-decision scrutiny (PH)

Benefits Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Revenues Service Monitoring Report	Revenues & Benefits	PDS Committee – Monitoring Report
Exchequer Service - Contract Performance Report	Finance	PDS Committee – Monitoring Report
Customer Services - Contract Performance Report	Customer Services	PDS Committee – Monitoring Report
Meeting Date: 2 February 2023		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Treasury Management – Annual Investment Strategy and Quarter 3 Performance 2022/23	Finance	PH Decision
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of the Chief Executive	N/A	PDS Committee
Scrutiny of the Resources, Commissioning and Contract Management Executive Assistant (<i>if applicable</i>)	N/A	PDS Committee
Contracts Register and Contracts Database Update	Procurement	PDS Committee
Property Investment Update	Property	PDS Committee
Risk Register (Red Risks)	Audit	Information Briefing
Meeting Date: 22 March 2023		
	Division	Committee Role
Matters Arising/Work Programme/Forward Plan	Democratic Services	Standard Items
Executive Agenda	Various	Pre-decision scrutiny
Scrutiny of The Leader	N/A	PDS Committee
Annual PDS Report 2022/23	Democratic Services	PDS Committee

*Part 2 (Exempt) Report

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LONDON BOROUGH OF BROMLEY

FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS PUBLISHED ON: 31 MAY 2022

PERIOD COVERED: June 2022 - September 2022

DATE FOR PUBLISHING NEXT FORWARD PLAN OF KEY AND PRIVATE EXECUTIVE DECISIONS: 5th July 2022

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
COUNCIL						
ENERGY MANAGEMENT	Council	18 July 2022 Executive; Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Zac Ajja Tel: 020 8461 7878 zac.ajja@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background document
MEADOWSHIP HOMES - PHASE 2	Council	18 July 2022 Executive, Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: James Mullender Tel: 020 8313 4292 James.Mullender@bromley.gov.uk	<u>Report is expected to be considered in the public part of the agenda with exempt material considered during confidential proceedings.</u>	Report and relevant background documents
NEXT STEPS FOR THE CRYSTAL PALACE PARK REGENERATION PLAN	Council	18 July 2022 Renewal, Recreation & Housing PDS Committee, Environment & Community Services PDS Committee and Executive	Meetings	Contact Officer: Alicia Munday Tel: 020 8313 4559 Alicia.Munday@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
EXECUTIVE						

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
ADOPTION OF THE PLANNING OBLIGATIONS SUPPLEMENTARY PLANNING DOCUMENT	Executive	29 June 2022 Renewal, Recreation & Housing PDS Committee	Meetings	Contact Officer: James Renwick Tel: 020 8313 4212 james.rewick@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
GATEWAY 1: ADVOCACY SERVICES	Executive	29 June 2022 Adult Care & Health PDS Committee	Meetings	Contact Officer: Kelly Sylvester Tel: 020 8461 7653 kelly.sylvester@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
LEARNING DISABILITY SUPPORTED LIVING - GATEWAY REPORT	Executive	29 June 2022 Adult Care & Health PDS Committee	Meetings	Contact Officer: Colin Lusted Tel: 0208 461 7650 Colin.Lusted@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
LEARNING DISABILITY SHORT BREAKS - GATEWAY REPORT	Executive	29 June 2022 Adult Care & Health PDS Committee	Meetings	Contact Officer: Colin Lusted Tel: 0208 461 7650 Colin.Lusted@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
SEND TRANSPORT REVIEW	Executive	29 June 2022 Children, Education & Families PDS Committee	Meetings and on-line public consultation via the website, direct engagement with local parent groups	Contact Officer: Scott Bagshaw Tel: 020 8313 4442 scott.bagshaw@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
RENEWAL OF PHOENIX CHILDREN'S CENTRE LEASE	Executive	29 June 2022 Children, Education & Families PDS Committee	Meetings	Contact Officer: Robert Bollen Tel: 020 8313 4697 Robert.Bollen@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
ADULTS SUBSTANCE MISUSE CONTRACT	Executive	29 June 2022 Adult Care & Health PDS Committee	Meetings	Contact Officer: Finola O'Driscoll finola.o'driscoll@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
PROVISION OF HOLIDAY AND SHORT BREAK SERVICE FOR DISABLED CHILDREN AND YOUNG PEOPLE	Executive	29 June 2022 Children, Education & Families PDS Committee	Meetings	Contact Officer: Daniel Manns Tel: 020 8313 4618 daniel.manns@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
ACCOMMODATION, SUPPORT AND TENANCY SUSTAINMENT SERVICES - AWARD OF CONTRACT	Executive	29 June 2022 Renewal, Recreation and Housing PDS Committee	Meetings	Contact Officer: Lydia Lewinson Tel: 020 8461 7691 lydia.lewinson2@bromley.gov.uk	<u>Report is expected to be considered in the public part of the meetings with confidential material considered during exempt proceedings.</u>	Report and relevant background documents
HOUSING SUPPORT MENTAL HEALTH SERVICES	Executive	29 June 2022		Contact Officer: Bola Bakare Tel: 0208461 7614 bola.bakare@bromley.gov.uk	<u>Report is expected to be considered in the public part of the agenda with exempt material considered during confidential proceedings.</u>	Report and relevant background documents
UKRAINE UPDATE	Executive	29 June 2022 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Tracey Wilson Tel: 020 8313 4515 tracey.wilson@bromley.gov.uk	<u>Report is expected to be considered in the public part of the meetings with confidential material considered during exempt proceedings.</u>	Report and relevant background documents
OPERATIONAL PROPERTY REVIEW	Executive	3 August 2022 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Hannah Jackson Tel: 0208 461 7690 Hannah.Jackson@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
COUNCIL OWNED INVESTMENT PROPERTY - STRATEGY AND PERFORMANCE UPDATE	Executive	3 August 2022 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Amy Milton Tel: 020 8461 7172 amy.milton@bromley.gov.uk	<u>Meeting in Public</u>	Report and relevant background documents
IT PROCUREMENT AND PROVISION	Executive	3 August 2022 Executive, Resources & Contracts PDS Committee	Meetings	Contact Officer: Vinit Shukle Tel: 0208 461 7713 Vinit.Shukle@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
INTEGRATED SEXUAL HEALTH TENDER	Executive	21 September 2022 Adult Care & Health PDS Committee	Meetings	Contact Officer: Mimi Morris-Cotterill Tel: 020 8461 7779 mimi.morris-cotterill@bromley.gov.uk	<u>Report is expected to be considered in the public part of the agenda with exempt material considered during confidential proceedings.</u>	Report and relevant background documents
AWARD OF CONTRACT - CAPITAL WORKS AT RED HILL PRIMARY SCHOOL	Executive	21 September 2022 Children, Education & Families PDS Committee	Meetings	Contact Officer: Robert Bollen Tel: 020 8313 4697 Robert.Bollen@bromley.gov.uk	<u>Report is expected to be considered in the public part of the meetings with confidential material considered during exempt proceedings.</u>	Report and relevant background documents
ADULT CARE & HEALTH PORTFOLIO						
CHILDREN, EDUCATION & FAMILIES PORTFOLIO						

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
EXTENSION OF THE POST-16 LEARNER TRACKER CONTRACT	Portfolio Holder for Children, Education and Families	Between 15 June 2022 and 30 June 2022 Children, Education & Families PDS Committee	Meetings	Contact Officer: Linda King Tel: 020 8466 3098 Linda.King@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents
AWARD OF CONTRACT - CONSULTANCY SERVICES	Portfolio Holder for Children, Education and Families	Between 15 June 2022 and 30 June 2022 Children, Education & Families PDS Committee	Meetings	Contact Officer: Robert Bollen Tel: 020 8313 4697 Robert.Bollen@bromley.gov.uk	<u>Report is expected to be considered in the public part of the meetings with confidential material considered during exempt proceedings.</u>	Report and relevant background documents
PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO						
RENEWAL, RECREATION & HOUSING PORTFOLIO						
RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT PORTFOLIO						
SUSTAINABILITY, GREEN SERVICES AND OPEN SPACES						
ONE MILLION POUNDS PLATINUM JUBILEE PARKS FUND	Sustainability, Green Services and Open Spaces Portfolio	Between 21 June 2022 and 30 June 2022 Environment & Community Services PDS Committee	Meetings	Contact Officer: David Braybrook Tel: 020 8313 4440 david.braybrook@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

WHAT IS BEING DECIDED?	WHO IS THE DECISION MAKER?	WHEN WILL THE DECISION BE MADE AND WHO WILL BE CONSULTED BEFORE THE DECISION IS MADE?	HOW WILL THE CONSULTATION TAKE PLACE?	HOW CAN YOU MAKE COMMENTS ON THE DECISION BEFORE IT IS MADE?	WILL THIS ITEM BE CONSIDERED IN PUBLIC OR IN PRIVATE?	WHAT SUPPORT DOCUMENTS AND OTHER INFORMATION WILL BE AVAILABLE?
TRANSPORT, HIGHWAYS AND OPEN SPACES						
REVIEW OF SCHOOL STREETS	Transport, Highways and Road Safety	Between 21 June 2022 and 29 July 2022 Environment & Community Services PDS Committee	Meetings	Contact Officer: Angus Culverwell Tel: 020 8313 4959 angus.culverwell@bromley.gov.uk	<u>Meeting in public</u>	Report and relevant background documents

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

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EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE 12/06/2022

SCRUTINY OF THE RESOURCES, COMMISSIONING AND CONTRACT MANAGEMENT PORTFOLIO HOLDER

Following the precedent set by former councillor Michael Rutherford, it is my intention to submit a brief paper in advance of meetings of the ERC PDS Committee that include scrutiny of the portfolio holder as an agenda item. I am happy to answer any follow-up questions on the matters described below or respond to any other queries members have regarding the portfolio.

1.1 Introduction

1.1.1 By the date of the ERC PDS Committee meeting on 22nd June, I will have been portfolio holder for 35 days. During the first few weeks, I have held induction meetings with all key directors and assistant directors across the various departments that sit within the portfolio. I am fortunate to already have working relationships with most of the key officers due to my membership of this committee from 2018 to 2022 as member, vice-chairman and finally chairman.

1.1.2 I have established clear ways of working with all officers to work effectively together going forward.

1.2 Finance

1.2.1 The first responsibility of the resources, commissioning and contract management portfolio holder is to ensure the most effective management possible of the borough's financial resources, in collaboration with the Director of Finance. Effective financial management means providing public services to the residents of the borough that both meet resident requirements and are cost-effective. It is also the portfolio holder's responsibility to ensure that the long-term financial health of the borough is considered when key decisions are taken.

1.2.2 The most pressing matter on the finances of the Council is undoubtedly rising prices. CPI inflation hit a 40-year high of 9% in April, with many commentators expecting further rises later in the year. As well as affecting the cost of services provided directly by the council, the pricing for many key contracts also incorporates an indexing mechanism to reported inflation.

1.2.3 It should be noted that published inflation measures are averages, with significant variation for specific goods or services. Inflation in the construction industry, driven by both prices rises for raw materials and labour costs, is higher than reported averages. This will have a significant impact on the financial viability of all council building projects.

1.2.4 Officers have been asked to challenge inflationary increases driven by indexation mechanisms within contracts. I am delighted to confirm that Liberata have already agreed to increase costs by inflation less 1.2 percentage points for 2022/23. Moreover, they have agreed to increase costs by inflation less 0.6

percentage points for 2023/24, and have committed that this reduction will be rolled forward to future years. This outcome is a testament to effective negotiation and the strength of our relationship with Liberata.

- 1.2.5 Thanks to Bromley's unique status as the only debt-free London borough, rising interest rates will mean an increase in treasury management interest income, whereas other boroughs will see a growing portion of revenue spend consumed by rising interest costs.
- 1.2.6 Regarding council tax, c. 70% of residents currently pay via direct debit. This payment method is preferred as it gives the borough certainty of collection and has lower transaction costs than other methods. I have asked officers to prepare a report regarding what measures can be taken to increase the proportion of residents paying via direct debit.
- 1.2.7 Regarding accounts payable, some councils offer early payment discounts to suppliers. These offer the opportunity for suppliers to be paid more quickly and for the council to enjoy lower costs. I have asked officers to review what options exist to implement such a system, the potential benefits, and potential demand from suppliers.
- 1.2.8 Following the conclusion of all outstanding points, the 2016/17 and 2017/18 accounts have been definitively signed off. The Finance Department, Audit & Risk Management and General Purposes & Licensing Committees continue to work out outstanding issues regarding the audits for subsequent financial years.

1.3 Property

- 1.3.1 The Operational Property Review represents a key workstream for the whole council in 2022/23. The decisions to be taken regarding the future of the borough's estate will have significant impacts in terms of ways of working, service provision and the capital budget. The review is due to be presented to this committee and Executive in August.
- 1.3.2 The council derives significant income from its portfolio of investment properties. The property team will bring a report to this committee and Executive in August regarding its future management including certain investment projects planned to improve the long-term yield of the portfolio.
- 1.3.3 Biggin Hill Airport Limited are due to submit their updated review of the Noise Action Plan (NAP) by 30th June. It is the Executive's intention for a further report to be brought to this committee regarding the updated review in the autumn.

1.4 Customer Services and IT

- 1.4.1 Following months of preparation, the Council's new website went live earlier this month.
- 1.4.2 In advance of the expiry next year of the BT contract, a paper will be brought to this committee in August regarding IT procurement and provision.

Cllr Christopher Marlow

Portfolio Holder for Resources, Commissioning and Contract Management

Report No
FSD22037

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: Resources, Commissioning and Contracts Management
Portfolio Holder

Date: For pre-decision scrutiny by Executive, Resources and Contracts PDS
Committee on 22 June 2022 and to be reported to Council on 18 July 2022

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - ANNUAL REPORT 2021/22

Contact Officer: David Dobbs, Head of Corporate Finance and Accounting
Tel: 020 8313 4145 E-mail: david.dobbs@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance
Tel: 020 8313 4668 E-mail: peter.turner@bromley.gov.uk

Ward: All Wards

1. Reason for report

- 1.1. This report summarises treasury management activity during the fourth quarter and includes the Treasury Management Annual Report for 2021/22, which is required to be reported to Full Council. The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management.
 - 1.2. Investments as at 31st March 2022 totalled £377.7m and there was no external borrowing. For information and comparison, the balance of investments stood at £442.9m as at 31st December 2021 and £380.1m as at 31st March 2021.
-

2. RECOMMENDATION(S)

- 2.1. The Resources, Commissioning and Contracts Management Portfolio Holder and Council are requested to:
 - (a) Note the Treasury Management Annual Report for 2021/22;
 - (b) Approve the actual prudential indicators within the report
 - (c) Note the publication of the revised Treasury Management and Prudential Codes, with formal adoption required in 2023/24

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Corporate Policy

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

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Interest on balances
 4. Total current budget for this head: Provisional net interest earnings of £4,202k achieved against a budget of £3,591k for 2021/22 (surplus of £611k). Budget for 2022/23 is £2,841k.
 5. Source of funding: Net investment income
-

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

- 3.1 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year comparing actual activity to the strategy. In practice, the Director of Finance has reported quarterly on treasury management activity for many years, as well as reporting the annual strategy before the year and the annual report after the year-end. This report includes details of investment performance in the final quarter of 2021/22 and the annual report for the whole of the 2021/22 financial year.
- 3.2 The 2021/22 Annual Treasury Strategy, including the Minimum Revenue Provision (MRP) policy statement and prudential indicators, was originally approved by Council in March 2021.
- 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 the following:
- 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 £4.6m in 2016/17, £5.6m in 2017/18, £5.5m in 2018/19, £5.4m in 2019/20, £5.3m in 2020/21, £5.2m in 2021/22 and £5.4m in 2022/23. This is based on a longer-term investment timeframe of at least 3 to 5 years and ensures that the monies available can attract higher yields over the longer term.
- 3.7 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 future investment decisions will also need to consider the likelihood that interest rates may continue to rise. 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 31st March 2022

- 3.8 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. The following table sets out details of investment activity during the fourth quarter and entire financial year:

	Qtr Ended 31/03/22		2022/23 Full Year	
	Deposits	Ave Rate	Deposits	Ave Rate
	£m	%	£m	%
Balance of "core" investments b/f	270.00	0.60	265.00	0.97
New investments made in period	30.00	0.85	225.00	0.40
Investments redeemed in period	-40.00	0.62	-230.00	0.72
"Core" investments at end of period	260.00	0.62	260.00	0.62
Money Market Funds	4.00	0.24	4.00	0.06
CCLA Property Fund*	40.00	24.57	40.00	21.12
Multi-Asset Income Funds*	40.00	-17.36	40.00	-0.87
Schroders Diversified Growth Fund	20.00	-17.39	20.00	-0.19
Project Beckenham Loan	3.75	6.00	3.75	6.00
Sovereign Bonds	10.00	1.84	10.00	1.84
"Alternative" investments at end of period	117.75	-0.15	117.75	7.19
Total Investments at end of Period	377.75	0.38	377.75	2.67

- 3.9 Details of the outstanding investments at 31st March 2022 are shown in maturity date order in Appendix B and by individual counterparty in Appendix C. The return on the new "core" investments placed during the fourth quarter of 2021/22 was 0.85% (0.48% during the third quarter).
- 3.10 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 general 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, increases in the Bank of England base rate have begun to feed through into improved lending rates with counterparties.
- 3.11 The chart in Appendix A shows total investments at quarter-end dates back to 1st April 2004 and shows how available funds have increased steadily over the years. This has been a significant contributor to the over-achievement of investment income against budgeted income in recent years.

Interest Rate Forecast (provided by Link Asset Services)

- 3.12 The current Bank of England base rate is 1%, following an increase at the May meeting of the Monetary Policy Committee. The market believes that further rises will follow, especially in the light of persistent inflationary pressures in the economy. Link's current interest rate view is shown in the table below.

Link Group Interest Rate View												
	Now	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Bank Rate	0.75%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
3 month ave. earnings	-	0.80%	1.00%	1.00%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
6 month ave. earnings	-	1.00%	1.10%	1.20%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
12 month ave. earnings	-	1.40%	1.50%	1.60%	1.70%	1.70%	1.60%	1.60%	1.50%	1.40%	1.40%	1.40%

Money Market Funds

- 3.13 The Council currently has 6 AAA-rated Money Market Fund accounts, with Federated Prime Rate, Aberdeen Standard (formerly known as Ignis), Insight, Blackrock, 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 money market funds have fallen considerably in recent years, though they have recently started to climb. The Funds currently offer rates in the range of 0.82% to 0.94%.
- 3.14 The total balance held in Money Market Funds has varied during the year to date moving from £23m as at 31st March 2021 to £35m as at 30th September 2021 to £60m as at 31st December 2021 and £4m at 31st March 2022. The Money Market Funds currently offer the lowest interest of all eligible investment vehicles with the exception of the Government Debt Management Account Deposit Facility; however, they are the most liquid, with funds able to be redeemed up until midday for same day settlement.
- 3.15 Daily balances in the Money Market Funds will vary considerably and have been higher than usual during 2021/22 owing to the receipt of Covid related grant funding by the Council. Additionally, 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

- 3.16 Deposit with Housing Associations have recently attracted favourable rates and most recently 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 £35m, with rates varying from 0.6% to 2.15%.

Loan to Project Beckenham

- 3.17 On 26th June 2017 Council approved the inclusion in the strategy of a secured loan to Project Beckenham relating to the provision of temporary accommodation for the homeless that had previously been agreed to be advanced from the Investment Fund. A loan of £2.3m was made in June 2017, at a rate of 6%, although that may increase to 7.5% if the loan to value ratio exceeds a specified value. As at 31st March 2021, the loan balance stood £2.1m and six fund advances totalling £1.65m have been made during 2021/22, and the loan balance as at 31st March 2022 was £3.7m.

Sovereign Bonds

- 3.18 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 duration of 3 years and an exposure limit of £25m. On 30th November 2021, an investment of £10m was made for two years at a rate of 1.84%.

Pooled Investment Schemes

3.19 In September 2013, the Portfolio Holder and subsequently Council approved the inclusion of collective (pooled) investment schemes as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years. The limit was subsequently increased to £40m by Council in October 2015, £80m in June 2017 and £100m in December 2017. Such investments would require the approval of the Director of Finance in consultation with the Resources Portfolio Holder.

IFRS 9 and the Statutory Override

3.20 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.

3.21 However, from 2018/19 onwards, local authorities have been required to account for financial instruments in accordance with IFRS 9. This required that changes in the capital value of pooled fund investments are recognised in revenue in-year. Subsequently, MHCLG (now DLUHC) issued regulations providing a statutory override to reverse the impact of IFRS 9 on the Council's General Fund – this 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. It would, however, be advantageous for Bromley and other Council's if the override was extended or made permanent.

3.22 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 and £1,196k respectively) and above 2% for 2020/21 and 2021/22 (£1,520k and £1,676k respectively) – 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

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

Annualised Net Return	Dividend %	Capital Growth %	Total Return
01/02/14 – 31/3/14	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
Cumulative Return	4.42	2.51	6.94

3.24 The annualised fund return for the year to 31st March 2022 was capital growth of 17.29% and dividends paid of 3.82% resulting in a total return of 21.12%.

Multi-asset Income Fund

3.25 Following approval by Council in June 2017, the limit for pooled investment schemes was increased to £80m and an investment of £30m was made on 12th July 2017 in the Fidelity Multi-Asset Income Fund following the agreement of the Resources, Commissioning and Contracts Management Portfolio Holder. A subsequent investment of £10m was made on December 30th 2019. The annualised fund return for the year was capital reduction of 4.98% and dividends paid of 4.11% resulting in a total return of -0.87%.

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	4.11	-4.98	-0.87
Cumulative Return	4.32	-0.65	3.67

Global Diversified Income Fund

3.26 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 investment of £10m was made 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. The net fund return for the year was 0.02%.

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
Cumulative return	2.94	-2.92	0.02

Property Acquisition Scheme (Meadowship Homes)

3.27 As agreed by the Executive during 2021, the Council will embark on a property acquisition scheme under a funding arrangement with Orchard & Shipman. This will involve the formation of an LLP which will be a joint venture between the Council and Orchard & Shipman. As part of this scheme, the Council will make 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.

Actual prudential indicators for 2021/22

3.28 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 2021/22 were approved by the Executive and the Council in February/March 2021. Appendix D sets out the actual performance in 2021/22 against those indicators.

Economic Background during 2021/22 (provided by Link Asset Services)

3.29 Further information on the economic background is included as Appendix E.

Revised Treasury Management and Prudential Codes

3.30 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.

3.31 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).

3.32 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.

- 3.33 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 .

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

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

- 3.35 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

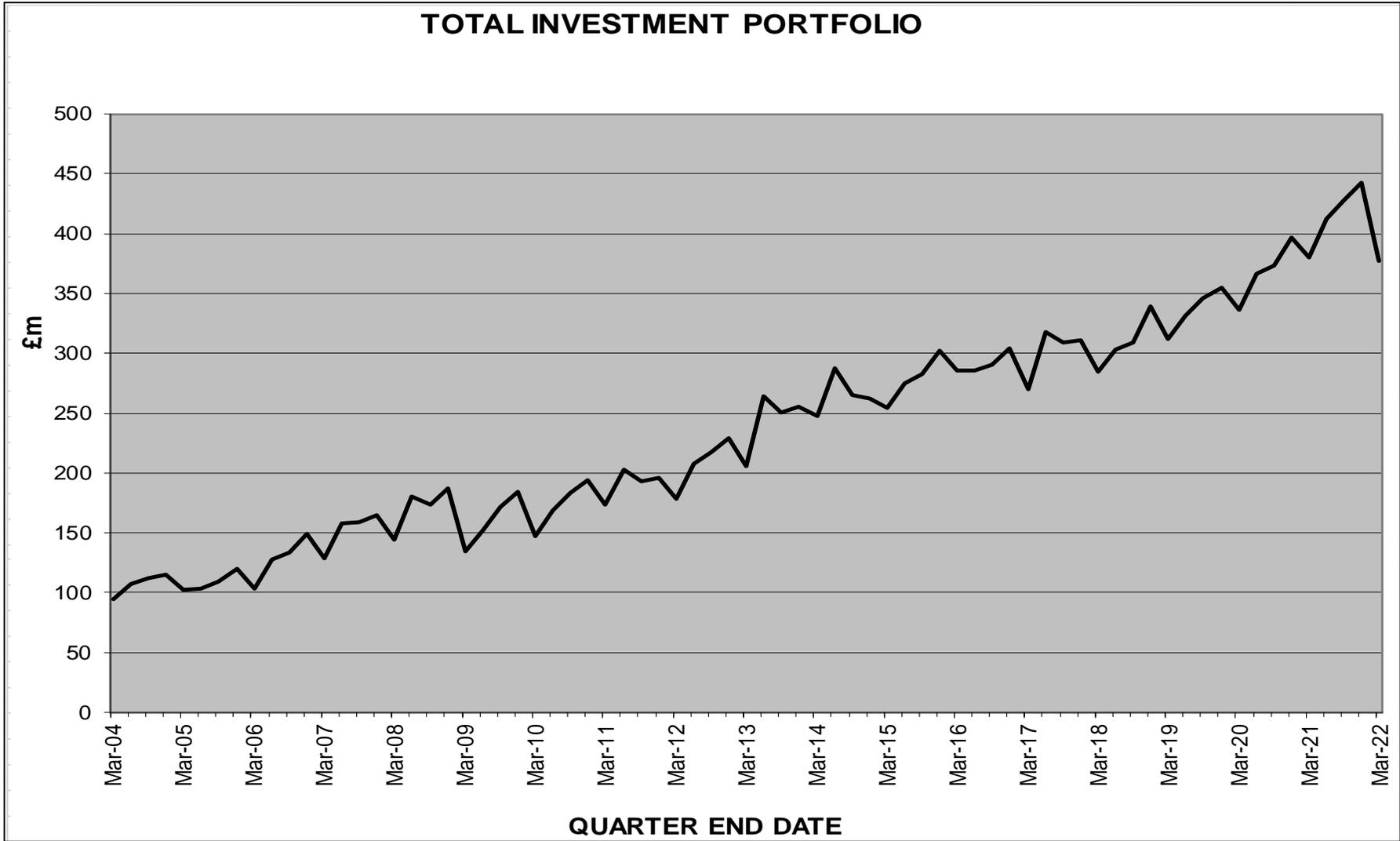
- 5.1 The provisional outturn for net interest on investments in 2021/22 was £4,202k compared to the budget of £3,591k, mainly due to the continued high level of balances available for investment as well as the high level of interest earned on the pooled funds, housing association deposits and the Project Beckenham loan.
- 5.2 The draft budget for 2022/23 has been set at £2,841k. This reflects an expected reduction in balances available for investment as a result of the utilisation of capital receipts and grants/contributions as well as earmarked revenue reserves. Whilst the Bank of England base

rate is expected to continue to rise and this has started to improve counterparty rates, the Council anticipates a lag before this translates into investment opportunities that will provide a sustainable return in excess of what is currently being achieved on the entire portfolio.

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/ MHCLG/ DLUHC Guidance on Investments External advice from Link Asset Services



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INVESTMENTS HELD AT 31st MARCH 2022

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m
FIXED DEPOSITS				
GOLDMAN SACHS INTERNATIONAL BANK	01/04/2021	01/04/2022	0.39	10.0
AL RAYAN BANK PLC - LONDON	09/04/2021	08/04/2022	0.35	10.0
AL RAYAN BANK PLC - LONDON	09/04/2021	08/04/2022	0.35	5.0
GOLDMAN SACHS INTERNATIONAL BANK	09/04/2021	11/04/2022	0.39	5.0
NATIONAL WESTMINSTER BANK	16/04/2021	14/04/2022	0.18	10.0
PLACES FOR PEOPLE HOMES LTD	14/04/2020	14/04/2022	2.15	10.0
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/2020	20/04/2022	1.45	5.0
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	25/11/2021	25/05/2022	0.37	5.0
QATAR NATIONAL BANK SAQ	06/12/2021	06/06/2022	0.54	5.0
METROPOLITAN HOUSING TRUST	12/06/2020	10/06/2022	1.50	5.0
NATIONAL WESTMINSTER BANK	23/06/2021	23/06/2022	0.17	20.0
THURROCK COUNCIL	12/06/2020	13/06/2022	1.55	5.0
SANTANDER	17/12/2021	17/06/2022	0.30	15.0
AL RAYAN BANK PLC - LONDON	06/07/2021	06/07/2022	0.35	5.0
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	16/07/2021	15/07/2022	0.22	10.0
PRINCIPALITY BUILDING SOCIETY- CARDIFF	30/07/2021	29/07/2022	0.17	10.0
NATIONAL WESTMINSTER BANK	13/08/2021	12/08/2022	0.17	5.0
NATIONAL WESTMINSTER BANK	16/08/2021	16/08/2022	0.19	5.0
CLOSE BROTHERS	16/08/2021	16/08/2022	0.45	10.0
LANCASHIRE COUNTY COUNCIL	19/08/2021	19/08/2022	0.15	5.0
NATIONAL WESTMINSTER BANK	13/12/2021	13/09/2022	0.41	5.0
CLOSE BROTHERS	29/10/2021	28/10/2022	0.55	10.0
NATIONAL WESTMINSTER BANK	29/10/2021	28/10/2022	0.28	15.0
QATAR NATIONAL BANK SAQ	03/12/2021	02/12/2022	1.03	10.0
GOLDMAN SACHS INTERNATIONAL BANK	27/01/2022	28/12/2022	1.10	5.0
YORKSHIRE HOUSING LTD	20/01/2021	20/01/2023	1.00	10.0
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	27/01/2022	27/01/2023	0.84	15.0
CLOSE BROTHERS	18/03/2022	17/03/2023	0.75	10.0
WALSALL METROPOLITAN BOROUGH COUNCIL	20/04/2020	20/04/2023	1.68	10.0
OPTIVO	23/08/2021	23/08/2023	0.60	10.0
TOTAL FIXED INVESTMENTS				260.0
OTHER FUNDS				
ABERDEEN STANDARD (IGNIS) LIQUIDITY FUND				0.0
PRIME RATE (FEDERATED) STERLING LIQUIDITY FUND				0.0
FIDELITY INSTITUTIONAL CASH FUND				4.0
INSIGHT STERLING LIQUIDITY FUND				0.0

CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014		40.0
FIDELITY MULTI-ASSET INCOME FUND	12/07/2017		40.0
SCHRODERS GLOBAL DIVERSIFIED	01/03/2021		20.0
PROJECT BECKENHAM LOAN	09/06/2017		3.7
SOVEREIGN BONDS	01/12/2021	1.84	10.0
TOTAL INVESTMENTS			<u>377.7</u>

INVESTMENTS HELD AT 31st MARCH 2022

	Start Date	Maturity Date	Rate of Interest %	Amount £m
<u>UK BANKS</u>				
NATWEST BANK PLC	16/04/2021	14/04/2022	0.18000	10
NATWEST BANK PLC	23/06/2021	23/06/2022	0.17000	20
NATWEST BANK PLC	13/08/2021	13/08/2022	0.17000	5
NATWEST BANK PLC	16/08/2021	16/08/2022	0.19000	5
NATWEST BANK PLC	13/12/2021	13/09/2022	0.41000	5
NATWEST BANK PLC	29/10/2021	28/10/2022	0.28000	15
SANTANDER PLC UK	17/12/2021	17/06/2022	0.30000	15
CLOSE BROTHERS LTD	18/03/2021	18/03/2022	0.40000	10
CLOSE BROTHERS LTD	29/10/2021	16/08/2022	0.45000	10
CLOSE BROTHERS LTD	29/10/2021	28/10/2022	0.55000	10
GOLDMAN SACHS INTERNATIONAL BANK	27/01/2021	27/01/2022	0.13500	5
GOLDMAN SACHS INTERNATIONAL BANK	01/04/2021	01/04/2022	0.38500	10
GOLDMAN SACHS INTERNATIONAL BANK	09/04/2021	11/04/2022	0.38500	5
AL RAYANBANK PLC - LONDON	09/04/2021	08/04/2022	0.35000	10
AL RAYANBANK PLC - LONDON	09/04/2021	08/04/2022	0.35000	5
AL RAYANBANK PLC - LONDON	06/07/2021	06/07/2022	0.35000	5
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	28/01/2021	27/01/2022	0.22000	15
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	25/11/2021	25/05/2022	0.37000	5
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	16/07/2021	15/07/2022	0.22000	10
<u>UK BUILDING SOCIETIES</u>				
PRINCIPALITY BUILDING SOCIETY	30/07/2021	29/07/2022	0.17000	10
<u>OVERSEAS BANKS</u>				
QATAR NATIONAL BANK	03/12/2021	02/12/2022	1.03000	10
QATAR NATIONAL BANK	06/12/2021	06/06/2022	0.53500	5
<u>LOCAL AUTHORITIES</u>				
THURROCK COUNCIL	12/06/2020	13/06/2022	1.55000	5
WALSALL MBC	20/04/2020	20/04/2022	1.45000	5
WALSALL MBC	20/04/2020	20/04/2023	1.68000	10
LANCASHIRE COUNTY COUNCIL	19/08/2021	19/08/2022	0.15000	5
<u>Housing Associations</u>				
OPTIVO	23/08/2021	23/08/2023	0.60000	10
PLACES FOR PEOPLE HOMES LTD	14/04/2020	14/04/2022	2.15000	10
METROPOLITAN HOUSING TRUST	12/06/2020	10/06/2022	1.50000	5
YORKSHIRE HOUSING LTD	20/01/2021	20/01/2023	1.00000	10
<u>Other Investments</u>				
FIDELITY MONEY MARKET FUND	15/08/2005			4
ABERDEEN STANDARD (IGNIS) LIQUIDITY FUND	25/01/2010			0
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND	15/06/2009			0
INSIGHT STERLING LIQUIDITY FUND	15/06/2009			0

CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			40
SCHRODERS	01/03/2021			20
SPRING CAPITAL LOAN	09/06/2017			3.7
SOVEREIGN BONDS	01/12/2021	01/12/2023	1.84000	10
TOTAL INVESTMENTS				377.7

PRUDENTIAL AND TREASURY INDICATORS – 2021/22

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. The table below shows the actual performance in relation to the indicators in 2020/21 and compares the outturn in 2021/22 with the original estimates approved in February 2021.

Further details on capital expenditure outturn will be reported to the Executive in June 2022. The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The Code (published in 2009 and updated in 2011 and 2017) was adopted by full Council on 15th February 2010.

PRUDENTIAL INDICATORS	2020/21	2021/22	2021/22
	Actual	Estimate	Actual
Total Capital Expenditure	£19.7m	£20.3m	£21m *
Ratio of financing costs to net revenue stream	0%	0%	0%
Net borrowing requirement (net investments for Bromley)			
brought forward 1 April	£336.1m	£349.1m	£380.1m
carried forward 31 March	£380.1m	£286.1m	£377.7m
in year borrowing requirement /movement in net investments	£44m	£-63m	£-2.4m
Capital Financing Requirement as at 31 March	£25.7m	£25m	£24.5m *
Incremental impact of capital investment decisions	£ p	£ p	£ p
Increase in council tax (band D) per annum	-	-	-

TREASURY MANAGEMENT INDICATORS	2020/21	2021/22	2021/22
	Actual	Estimate	Actual
Authorised Limit for external debt -			
borrowing	£30.0m	£30.0m	£30.0m
other long-term liabilities	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m

Operational Boundary for external debt -			
borrowing	£10.0m	£10.0m	£10.0m
other long-term liabilities	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m
Actual external debt	£25.7m	£25.0m	£24.8m *
Upper limit for fixed interest rate exposure	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%
Upper limit for total principal sums invested for more than 364 days beyond year-end dates	£170.0m	£170.0m	£170.0m

* Denotes figures based on final draft outturn and therefore possibly subject to minor amendment as part of the Capital Closing process.

Economic Commentary (provided by Link Asset Services)

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

USA. The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.

In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.

The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

More recently, the inversion of the 10y-2y Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

EU. With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”

While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a “technical” recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

China. After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

Japan. The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

World growth. World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

Deglobalisation. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply

lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

Central banks' monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

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Report No.
FSD22046

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT

Date: For pre-decision scrutiny by Executive, Resources and Contracts Policy Development and Scrutiny Committee on 22 June 2022

Decision Type: Non-Urgent Executive Key

Title: CONTRACT VARIATION FOR ORACLE FUSION IMPLEMENTATION

Contact Officer: James Mullender, Head of Finance, Adults, Health & Housing
Tel: 020 8313 4196 E-mail: james.mullender@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All Wards

1. Reason for report

- 1.1. This report provides an update on progress of the Oracle Fusion implementation for Finance and Procurement functions, and requests approval of a contract variation to allow the implementation of additional functionality and the provision of support days.

2. **RECOMMENDATIONS**

2.1. **The Executive, Resources and Contracts PDS Committee is requested to:**

- (a) consider the contents of the report; and
- (b) note that a post completion report will be presented to Members by the end of the 2022/23 financial year.

2.2. **The Portfolio Holder is requested to:**

- (a) agree a variation of up to £150k to the Namos contract for the implementation of Oracle Fusion for Finance and Procurement functions as detailed in paragraph 3.3.4.

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: Estimated Cost: £150k
 2. Ongoing costs: Recurring Cost: Not applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £1.55m
 5. Source of funding: Capital receipts
-

Personnel

1. Number of staff (current and additional): Currently 4.7 FTEs
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement.
 - Section 151 of the Local Government Act 1972: "...every local authority shall make arrangements for the proper administration of their financial affairs..."
 - Regulation 6 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016: requirement for a separate bank account for the Pension Fund
 - Regulation 3 of The Public Procurement (Electronic Invoices etc.) Regulations 2019: requirement to accept and process electronic invoices
 2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Around 600 Council employees and 40 Liberata employees
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1. Background

- 3.1.1. In November 2020 the Leader agreed a variation to the BT contract include the procurement of Oracle Fusion Cloud Enterprise Resource Planning (ERP) licenses for Finance and Procurement functions to replace the on-premise Oracle R12 system.
- 3.1.2. A procurement exercise was then undertaken on the G-Cloud 12 framework for a System Integrator to undertake the implementation with a contract awarded to Namos Solutions Limited agreed by the Director of Finance with a value of up to £490k.
- 3.1.3. The specification used for the G-Cloud procurement specified that the provider must implement specific modules/functionality, and that there were other areas that the Council would like to explore but were not a requirement - Narrative Reporting, Advanced Collections, Strategic Purchasing, IRFS16, Assets.

3.2. Implementation Progress

- 3.2.1. The implementation project commenced in May 2020 with initial system design workshops carried out the same month. The project progressed mainly to plan with full system testing commencing in January and completing by the end of February. Three data migration cycles were completed as planned before the final migration into the live system. The project team has worked well with Namos.
- 3.2.2. Despite the challenges of managing a system implementation entirely remotely during the COVID-19 pandemic, Oracle Fusion ERP went live on 28th April, just 3 weeks later than originally planned.
- 3.2.3. Although this was not as 'neat' as an end of financial year cut off as originally planned, it did mean that the R12 system could be made available again with less downtime for finance staff so that they could continue working on the 2021/22 outturn and final accounts.
- 3.2.4. Given that a new Chart of Accounts was implemented at the same time, as well as interim changes to the procurement approvals process until core HR system configuration has been completed, there have been relatively few issues that have arisen post go-live, and most of those have since been resolved and/or temporary workarounds put in place.
- 3.2.5. The implementation of Oracle Fusion Enterprise Performance Management (EPM) to replace the previous in-house developed Employee Budget Monitoring (EBM), Full Budget Monitoring (FBM) and Budget Estimates systems is still in progress, with Financials Application Walkthroughs taking place in June.
- 3.2.6. Go-live for EPM is currently planned for late July, which unfortunately means that the first quarter budget monitoring for 2022/23 will have to be undertaken manually as the FBM system cannot easily be updated to reflect the new Chart of Accounts and 'pull' information from Fusion.
- 3.2.7. A full post completion report including lessons learnt will be reported to Members by the end of the 2022/23 financial year.

3.3. Contract Variation

- 3.3.1. At the time of the original procurement, Oracle indicated that typical System Integrator costs would be around £450k for Financials.

- 3.3.2. In order to allow for specific configuration etc that may not be included in a typical/standard implementation, the contract was awarded for up to £490k.
- 3.3.3. All functionality in the previous R12 system has been successfully implemented in Fusion, as well as the inclusion of the following additional functionality:
- A supplier portal for suppliers to submit invoices and view payment etc (go-live is pending the next quarterly update from Oracle due in June 2022 so that it works for all suppliers, not just those registered for VAT)
 - Optical Character Recognition to help automate the processing of accounts payable invoices
 - Separation of the Pension Fund as a separate business unit
- 3.3.4. It is now requested that a variation to the contract of up to £150k, increasing the total contract value to up to £640k, is agreed to include the following potential additions:
- Advanced Collections
 - Fixed Asset Accounting
 - Narrative Reporting
 - 4-year Capital Monitoring in EPM
 - Support days
 - Any changes arising as a result of the HR/Payroll Fusion implementation
- 3.3.5. The cost of any additional work under the variation will be in accordance with Namos' published G-Cloud pricing document/rate card.
- 3.3.6. The longer-term expectation is for the Financial Systems team to require no third-party support (they have already raised a Service Request direct with Oracle for a change in ERP). However, given that the EPM set up is much more tailored to meet the Council's requirements, it is prudent to allow for a number of support days to help with any issues that arise over the first year of usage.
- 4. CUSTOMER PROFILE**
- 4.1. The Council's main financial system and budget monitoring systems are used by around 800 staff across the Council and Liberata.
- 4.2. The system makes payments to around 6,000 employees and pensioners on average per month, 2,100 other suppliers (12,000 invoices), and raises invoices to 2,400 customers and service users (11,000 invoices).
- 5. MARKET CONSIDERATIONS**
- 5.1. According to Oracle Partner Finder there were 30 Oracle Partners in the United Kingdom with Implementation Service Expertise (Expertise is a partner accreditation for demonstrating success and experience in a particular solution area) at the time of the original award to Namos.
- 5.2. Of those, there were only 2 with Expertise in Oracle ERP Financials Cloud. Given the knowledge Namos now have of the Council's implementation, it is proposed that the existing contract is varied rather than conduct a further procurement exercise.

6. STAKEHOLDER CONSULTATION

- 6.1. This is a corporate Council contract that does not materially affect the way services are provided to our stakeholders. No formal consultation is required in advance of a procurement exercise.

7. SUSTAINABILITY / IMPACT ASSESSMENTS

- 7.1. This proposal has been judged to have little or no impact on local people and communities.

8. POLICY CONSIDERATIONS

- 8.1. The further improvements to a fit for purpose, future proofed financial system will enable the Council to meet the Making Bromley even Bromley ambition to manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
- 8.2. The system also meets key principles of the Council's ICT Strategy.

9. PROCUREMENT CONSIDERATIONS

- 9.1. This report seeks approval for a variation of up to £150k to the Namos contract for the implementation of Oracle Fusion.
- 9.2. The contract was originally procured via G cloud through a compliant direct award.
- 9.3. The variation stated above can be completed in compliance with Regulation 72 (a) of the Public Contract Regulations which allows change to a contract without re-advertisement on Find A Tender where the proposed change, irrespective of monetary value, is provided for in the initial procurement documents in a clear, precise and unequivocal option clause which specifies the conditions of use and the scope and nature of the change.
- 9.4. 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.
- 9.5. Following Approval, the variation must be applied via a suitable Change Control Notice, or similar, agreed with the Provider.
- 9.6. 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.

10. IT AND GDPR CONSIDERATIONS

- 10.1 The Council, as part of its on-going commitment to sustaining an evolved approach to data protection and information management, requires the following to be considered and evidenced for all contractors providing a service for or on behalf of the Council;
- Privacy By design and by default – adequate system and process controls must be ensured as part of the base design and implementation of the system
 - A Data Protection Impact Assessment to be carried out to ensure the protection of the rights and freedoms of data subjects as well as protect the councils statutory and regulatory processing obligations. The assessment must address the provider's need to evidence appropriate information security and management controls to safeguard personal and sensitive personal data

- The provider is required to take all reasonable steps to assist the Council in complying with obligations regarding the rights of the Data subject – any exercise of the rights of the data subject must be actioned within 30 days where legally obliged to comply.
- All systems hosted by the provider or their subcontractors must have adequate information security and management tools and processes in place.
- Providers must be able to evidence have necessary GDPR compliance including, but not limited to; policies, training, register of processing activities and the appointment of a data protection officer where required
- Contractually SLA's must be agreed to for breach notification and reporting
- Data Sovereignty – providers that use hosted or cloud-based services must ensure they are in UK Data Centres
- Adequate Disaster recovery agreements must be in place to ensure the service reliant on the application are brought back on line in a reasonable timescale.
- Exit strategy: explicit determination of what happens to the information collected and stored by providers after the contract finishes must be identified, documented and actioned as appropriate.

10.2 Any project to implement the system must engage ISD and BT by raising a CCN in a timely manner to ensure sufficient time to manage network changes and integrations with existing applications and infrastructure.

10.3 The criteria above were all satisfied prior to the contract award to Oracle and Namos, so the proposed contract extension will continue to meet the Council's requirements.

11. FINANCIAL CONSIDERATIONS

11.1. In February 2020, Council approved the addition of £1,750k to the Capital Programme for a replacement financial system. Following the options appraisal and estimated costing for the recommended option to implement Oracle Fusion as agreed by the Leader, the total capital scheme budget was reduced to £1,550k.

11.2. Implementation costs incurred or committed to date total less than £750k, although there are some costs that are not yet known such as archiving of the old R12 system/data and decommissioning the hardware, and changes to line of business systems to reflect the new chart of accounts.

11.3. Allowing for the proposed contract variation of £150k and prudent estimates of these other costs, it is currently expected that the final scheme costs will come in at around £300k-£400k less than budgeted.

11.4. The main reasons for the lower costs are that an external project manager was not recruited, and financial systems team posts were not backfilled as planned. Full details will be provided in the post completion report.

12. LEGAL CONSIDERATIONS

12.1. The report explains that a contract has been awarded to Namos to provide the Oracle Fusion Enterprise Performance Management system by way of a compliant direct award through the use of the Crown Commercial Services Cloud 12 Framework.

12.2. The recommendation to this report is now seeking to vary the Namos Contract by adding additional Oracle Fusion for finance functions.

- 12.3. As the Namos contract was awarded through the compliant use of the Framework, the Public Contracts Regulations 2015 (the Regulations) deem the procurement under such arrangements to be in compliance with the Regulations.
- 12.4. Under the general law parties to a contract may agree to vary a contract. Clause 32 of the Call-off contract would permit a variation to be made to the contract where it isn't a material change to the framework/call-off contract. It can be reasonably argued that the proposed variation does not fall outside the permitted items available to purchase under the relevant Framework Lot. In addition, however, insofar as the Council is concerned the variation must not amount to a substantial change within the meaning of the Regulations or as may otherwise be permitted within the Regulations.
- 12.5. Regulation 72 sets out a number of circumstances and rules where a variation would be compliant with the Regulations and would therefore not require a further procurement exercise. The report has explained that in the Procurement Documents the Council stated 'There are other modules/processes Bromley would like to explore but these are not a requirement – Narrative Reporting, Advanced Collections, Strategic Purchasing, IRFS16, Assets'. Further as part of the Framework Namos include a pricing document/rate code in G-Cloud. The report has advised that these Framework rates have been used to calculate the value of the variation.
- 12.6. In addition, by taking this course the Council can benefit from the inherent knowledge and expertise that Namos have gained through the implementation of the Oracle ERP Financials Cloud, which had been designed specifically for the Council's particular requirements. As such it would make sense in terms of technical fit, convenience, and duplication of costs, not to change to another contractor.
- 12.7. These circumstances would seem to be sensible and satisfy the circumstances set out in Regulation 72 (1) (a) which would permit a modification where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses
- (i) state the scope and nature of possible modifications or options as well as the conditions under which they may be used, and
 - (ii) do not provide for modifications or options that would alter the overall nature of the contract or the framework agreement
- This ground would appear to have been met by virtue of the potential scope of further modules and processes as stated in the Procurement Document and the use of the Suppliers Framework rates.
- 12.8. The Council must still comply with its own internal rules including its Contract Procedure Rules (CPR's) and to obtain value for money in order to satisfy its fiduciary duties towards taxpayers.
- 12.9. The Council's Contract Procedure Rules (CPR 23.7 and 13.1) permit such a variation and provides that authorisation for a variation above £99,999 is with the Portfolio Holder with the agreement of the Chief Officer, Assistant Director of Governance and Contracts, Assistant Director of Legal Services and Director of Finance, and evidenced by this Member Gateway Report.
- 12.10. Should officers require assistance with regard to drafting of the variation agreement then legal assistance is available.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children, Personnel Implications, Strategic Property
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Background Documents: (Access via Contact Officer)	Capital Programme Monitoring Q3 2019/20 and Capital Strategy 2020 to 2024 – Council 24 th February 2020 Formal Consultation on Outline Service Proposals and Procurement Strategy of a Replacement Financial System – Leader 25 th November 2020
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Report No.
FSD22038

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Wednesday 22 June 2022

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

Title: BENEFITS SERVICE MONITORING REPORT

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

Chief Officer: Director of Finance

Ward: All Wards

1. Reason for decision/report and options

- 1.1 This report provides information regarding the performance of the Benefits Service provided by Liberata for the period 1 December 2021 to 31 March 2022. A letter from Amanda Inwood-Field Liberata's London Regional Contract Director is attached as Appendix 1. This communication provides Liberata's perspective of performance, together with an update on initiatives to be introduced in the coming months.
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2. RECOMMENDATION(S)

2.1 The PDS is requested to:

- note the information contained with the report and the letter provided by Liberata detailed in Appendix 1.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Benefits Service impacts on all benefit recipients including vulnerable adults and/or those with children.

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: Not Applicable
2. Ongoing costs: Not Applicable
3. Budget head/performance centre: Exchequer – Benefits and Admin
4. Total current budget for this head: £5.865m
5. Source of funding: Existing revenue budget 2021/22 including Government grants and Subsidy

Personnel

1. Number of staff (current and additional): 3 plus Liberata staff
2. If from existing staff resources, number of staff hours: Not Applicable

Legal

1. Legal Requirement: Statutory Requirement
The main pieces of legislation covering the Service are:
Housing Benefit Regulations 2006
The Council Tax Reduction\Support Schemes Regulations 2012
The Local Government Finance Act 2012
2. Call-in: Not Applicable

Procurement

1. Summary of Procurement Implications: The Benefits Service is provided by Liberata as part of the Exchequer Services contract.

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications:

Customer Impact

1. Estimated number of users or customers (current and projected): 17,328

Ward Councillor Views

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

COMMENTARY

- 3.1 The Exchequer Services Team monitors the contract, sets targets and performance standards, liaises with partners, progresses the development and improvement of services through leadership on specific initiatives. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements. Graphical illustrations as to the level of performance being achieved are attached as appendices to this report.
- 3.2 To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. Regular meetings take place between senior managers in both organisations to discuss escalated items, technological advances and further development opportunities.
- 3.3 The Exchequer Service specification effective from 1 April 2020 introduced key performance indicators for the processing of new claims and change in circumstances as well reducing the tolerance level for errors to 4% (previously 5%).
- 3.4 During this reporting period the levels of reported change in circumstances and Universal Credit notifications have returned to pre-pandemic levels.

3.5 Outstanding work

The target in the specification requires that the level of outstanding work is less than 5,700 documents of which 2,200 are in pending. At the 31 March 2022 there were 1706 outstanding documents. Of the 1706 documents, 876 were in pending awaiting further information. A graph showing the level of outstanding work since November 2019 is attached at Appendix 2.

A graph illustrating the number of Housing Benefit and Council Tax Support new claims, change in circumstance and Universal Credit notifications (new, changes and stops) since January 2021 is attached at Appendix 3

3.6 Claim Processing

The speed of processing indicator is a combination of the time taken to assess new claims and change of circumstances.

The below table shows the Benefits Sections performance under the Right Time Indicator, the annual target for which is 13 days:

Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
6.51	7.25	11.04	8.63	7.35	7.59	8.43	11.37	8.24	6.04	4.19	2.23

Average 2019/20 **6.22 days**

Average 2020/21 **6.13 days**

Average 2021/22 **6.32 days**

Performance under the Right Time Indicator is illustrated as Appendix 4

3.7 Tabled below are the performance figures in respect of the 2 components, new claims and change of circumstances.

New claims – target for 2021/22 is 19 days

Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
12.93	12.47	13.42	12.58	13.72	14.11	11.42	14.25	14.31	11.61	13.58	11.66

Average 2019/20 **14 days**
Average 2020/21 **14 days**
Average 2021/22 **13 days**

3.8 **Change in circumstances – target for 2021/22 is 9 days**

Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
6.26	9.94	10.88	8.34	6.78	6.97	8.11	11.08	7.56	5.66	3.73	2.00

Average 2019/20 **6 days**
Average 2020/21 **7 days**
Average 2021/22 **7 days**

3.9 The average processing days covers a wide variance amongst claims. Appendix 5 and 5a show the “spread” in respect of new claims and change of circumstances.

For the period 1 December 2021 to 31 March 2022, 526 new Housing Benefit claims were processed, no claim took in excess of 100 days to process. Of the 22,802 changes in circumstances processed, 5 (0.02%) took in excess of 100 days to process. The reasons why are detailed below:

Change in circumstances

Reason why the change was processed in excess of 100 days	Number of claims
Additional time given for the claimant to provide information	4
Administration delay	0
Retrospective changes advised by DWP report (Atlas)	1
Total	5

DWP Benchmarking - processing times for new claims and changes

The table below shows the latest benchmarking figures released by the DWP in respect of new claims and change of circumstances processing for the 19 Outer London authorities:

Local Authority	Quarter 2 2021/22	Changes	Quarter 3 2021/22	Changes
	New Claims		New Claims	
Barking and Dagenham	25	9	24	9
Barnet	23	7	32	14
Bexley	12	4	11	8
Brent	39	13	35	11
Bromley	14	8	13	10
Croydon	37	9	38	11
Ealing	27	14	23	16
Enfield	30	5	27	7
Greenwich	22	13	22	9
Harrow	19	5	23	7
Havering	15	6	13	7
Hillingdon	17	7	20	7
Hounslow	8	4	13	6
Kingston upon Thames	25	8	20	6
Merton	14	11	19	10
Redbridge	12	5	11	7
Richmond upon Thames	21	8	22	10
Sutton	16	8	15	11
Waltham Forest	15	5	18	6

Based on the Quarter 3, 2021/22 data Bromley's performance for new claims was joint 2nd and joint 5th for changes.

Attached as Appendix 6 and 6a are graphical illustrations of Quarter 2 and 3's 2021/22 performance against the contractual target.

3.10 Error rate

From 1 April 2020 the Exchequer Services specification requires the contractor to ensure that financial errors are found in less than 4% of the cases checked by the Authority's monitoring team. The level of tolerance for errors is strict compared to many other authorities; with DWP statistics indicating that the average error rate nationally is in excess of this figure. However, the tolerance was set in the knowledge that errors result in poor customer service and waste of resources through reworking.

The contractor remained within the 4% tolerance contained in the specification for the 12 months covered in this reporting period as shown in the table below. A graphical illustration is entered as Appendix 7.

Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
1.4%	0%	2.1%	1.8%	0.6%	1.1%	0.5%	0.4%	1.4%	2.1%	1.2%	1.8%

3.11 **Complaints**

Considerable changes have occurred in both Housing Benefit legislation and Council Tax Support since April 2013, with many experiencing a reduction in entitlement. In many cases this has led to a complaint and/or an appeal as a result of the claimant not comprehending the revised entitlement is due to changes in the scheme. There were no “Stage 2” complaints during the period April 2021 to 31 March 2022, which is an indication that a good service is being provided and that the customer’s areas of discontent are being resolved therefore preventing unnecessary complaints.

3.12 **Housing Benefit Overpayments**

At the May 2016 meeting of the Executive, it was agreed that the recovery target and the corresponding penalty/incentive scheme should be suspended from the 1 September 2014. The level of overpayments being created as a result of Real Time Information and projected under Optional Real Time Information making the terms included in the Exchequer Services specification unattainable.

Housing Benefit overpayment recovery rate percentage is based on the amount of debt raised in month against amount of debt recovered in month. Using this formula, the percentage recovered often exceeds the amount created and is referred to as the underlying trend.

Appendix 8 shows the monthly recovery rates since April 2020.

3.13 **Call Centre (Help line)**

The graph at Appendix 9 details the performance of the Call Centre from April 2019.

The number of calls received for the period December 2021 to March 2022 was 34,548. This is a slight increase when compared to the 32,281 calls received for the same period in 2020/21 and has been attributed to the migration of Housing Benefit claims to Universal credit and the re-instatement of debt recovery action.

The average abandonment rate for the period December 2021 to March 2022 was 3.1 % which is within the 5% tolerance allowed for under the specification.

3.14 **Caseload**

A graph showing the overall number of claims in payment and the Council Tax Support caseload is attached as Appendix 10. Prior to Covid-19 the overall caseload had been consistently reducing due to the natural migration of working age Housing Benefit claimants to Universal Credit.

At the end of March 2022, the combined caseload was 17,328 and the Council Tax Support was 14,170.

3.15 **Discretionary Housing Payments (DHP's)**

The DWP allocation for 2021/22 was £723,755. This was reduction of £169,534 on the 2020/21 allocation of £893,289. From 1 April 2020 the DHP fund has been administered by Liberata and monitored by Bromley.

The fund was fully utilised with 770 awards being made.

3.16 **Council Tax Support/Reduction (CTS)**

The Council Tax scheme for 2021/22 retained the minimum contribution of working-age claimants to 25% of the household's Council Tax liability.

At the end of March 2022 there were 14,170 households in receipt of Council Tax Support of which 9,001 were of working age and 5,169 were elderly.

Council Tax Band	A	B	C	D	E	F	G	H	Total
Total Number of working-age claims	339	1814	3622	2320	678	175	51	2	9001

The working age caseload has decreased by 703 since November 2021.

3.17 **Service Development**

We committed to improving and enhancing the service by implementing initiatives that will allow us to automate our "back office" processes. It is envisaged that these will eventually lead to a significant reduction in processing times.

So far, we have introduced on-line applications forms for Housing and Council Tax Support with the majority of new claims received since May 2021 being made electronically. This is a positive result which will allow us, in the coming months, to automate the processing of low risk claims.

We are currently focusing on increasing the percentage of Universal Credit notifications that can be processed without any manual intervention and are making significant progress. Ultimately this will enhance the customer journey and deliver a reduction in the processing times for change in circumstances.

3.18 **Universal Credit (UC) update**

Universal Credit (UC) 'Full service' started in Bromley on 25th July 2018. The removal of temporary accommodation Housing Costs from Universal Credit has lessened the financial impact for Bromley.

In the October 2021 Budget the Government amended the taper rate for UC (reducing an amount for every £1 you earn over the government set figure) therefore for every £1 a client earns the benefit reduces by 65p when on Housing Benefit (HB) but in Universal Credit it

reduces by 55p. This change makes it more beneficial to clients who are earning and on a low income to claim UC rather than remain on HB.

The Budget also advised that there are plans to create a new housing element of Pension Credit, replacing pensioner Housing Benefit, which is now intended to take effect in 2025, to align with the full rollout of working-age Housing Benefit into Universal Credit.

The inclusion of Pensioners was initially in the plans for Universal Credit but all reference to them being included had been missing for a few years and wasn't expected to be so soon, if at all. The impact of this will be significant to the Borough as the pensioner caseload is proportionally high. This also suggests that from 2025 the only residents in Bromley on HB will be those in temporary or supported/exempt accommodation.

The Department of Works and Pensions (DWP) statistics show 15,532 households in Bromley were on Universal Credit (latest provisional figures from February 2022, compared to 19,760 in February 2021) with 19,560 people in total on UC of which 8,050 are in employment.

The DWP also advise that 87.46% (national figure) of new Universal Credit claims are being paid in full at the initial 1st payment date (5 weeks from application date). Advance payments for clients who cannot manage for the first 5 weeks are available and easy to apply for once the initial application and Identification checks are completed, these are loans that will need to be paid back from future entitlement.

The Citizens Advice Bureau (CAB) have been contracted to deliver both assistance in claiming UC and follow that through with Budgeting support. This service is available in person at Bromley Jobcentre Plus and also via telephone.

4 TRANSFORMATION/POLICY IMPLICATIONS

One of the "Making Bromley Even Better" ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley's residents. To achieve this, we will ensure robust contract management with a focus on efficiency and innovation to improve services for Bromley residents.

5. FINANCIAL IMPLICATIONS

5.1 Housing Benefit and Council Tax Support present significant "business". The 2021/22 budget includes payments in excess of £90m for Housing Benefit and £14m (net) for Council Tax Support. Any deterioration in performance could result in, for example:

- Increase in "Local Authority Error" overpayments, leading to receipt of reduced subsidy from Central Government
- Potential increase in overpayments which may not be recoverable.

6. LEGAL IMPLICATIONS

6.1 This is a contract monitoring report pursuant to CPR23. There are no specific legal implications raising from this report.

7. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

As part of the initiative to achieve greener ICT Liberata moved their systems to data centres compliant with ISO 14001 standards, an internationally agreed standard that sets out the requirements for an environmental management system. This helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.

The MyBromley account software supports 7268 subscribers to e-billing, reducing paper production and postal service reliance. Officers continue to work with Liberata on projects to increase back-office automation and further reduce paper volumes.

Liberata also supports staff to volunteer for local organisations, such as Age Concern befriending scheme.

Non-Applicable Headings:	Impact on Vulnerable Adults and/or children, Personnel, Procurement, Property and Ward Councillor views
Background Documents: (Access via Contact Officer)	

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Claudine Douglas-Brown
Assistant Director of Exchequer Services
London Borough of Bromley
Civic Centre
Stockwell Close
Bromley
BR1 3UH

Date: 7th June 2022

Our Ref: AIF/GT

Dear Claudine,

As we approach the June Executive, Resources & Contracts PDS meeting where we consider and review the performance of the Benefits service, we take this opportunity to write to you with Liberata's assessment of the performance of this critical, high profile service that we provide to London Borough of Bromley (LBB) and its customers.

Liberata's Business Continuity plans remain in place and employees have continued to work from home where possible to do so. However, there are plans now to move to hybrid working whereby most employees will split their working arrangements between home and office.

Our experience during the COVID pandemic has enabled us to continue successfully building on the online strategies in line with the Council's transformation programme. We have commenced implementation of the 'Channel Shift Strategy' which includes a number of initiatives that will encourage customers to transact with the service online. This will eventually include adding 'how to' videos on the Bromley website which will highlight how easy and convenient the online application forms are to use. The additional provisions now in place for vulnerable customers have proven critical in ensuring that services can be accessed seamlessly by all citizens within the borough.

This summary covers performance for the year 1st April 2021 to 31st March 2022.

1. Current Status of the Benefits Service

The Benefits caseload, which measures all households receiving Housing Benefit (HB) and/or Council Tax Support (CTS), was 17,383 as at the end of March 2022. The caseload at the same time last year was 18,512.

The average performance for the processing of New Claims and Changes during the year April 2021 to March 2022 was 13.00 days for New Claims compared to

14.46 days for the same period last year. For Changes it was 7.02 days compared to 6.84 days. This is against an annual contractual target of 19 days and 9 days respectively.

Outstanding work at the year end totalled 830 items. In addition there were 876 items pended, where we were waiting for information from the claimant and/or third-party. This compares to 4,075 items and 1,118 items respectively for the same period last year. Although work volumes have reduced, we are still seeing a high volume of new Universal Credit (UC) award notices and changes. The reduction in outstanding work is due to a combination of reducing work volumes and the impact of us automating the processing of UC notifications.

1.1 ATLAS

ATLAS is a process of transferring data from the DWP systems to the Local Authority systems. The data covered includes details of changes to state benefit which customers may not have previously notified us of. We have been able to automate the processing of the majority of the ATLAS files received. This increases our processing speed and reduces the risk of re-keying errors by assessors. The number of ATLAS files being transmitted has continued to reduce as a number of these cases now come through the UC channels.

1.2 Verify Earnings and Pensions (VEP) Alerts Service

During the year we have continued to receive VEP alerts, from the DWP. These alerts help ensure that the earnings and pension information held on the Academy benefits system is accurately maintained.

Our specialised VEP Team help ensure that the daily VEP files that we receive from the DWP are downloaded and processed. These alerts extract key information held by various organisations including HMRC and the Pension Service to provide 'real time' information which is essential in the administration of Benefits.

These files not only help ensure the accuracy of our data but they also significantly reduce the potential for overpayments in cases where the customer may have delayed or not notified the Council of any changes in their household income.

1.3 Temporary Accommodation

We have a strong relationship with the LBB Housing Teams, Orchard & Shipman and the Mears Group. Regular monthly meetings ensure that any benefit issues

arising are quickly resolved. This also allows us to effectively fast track particular cases to prevent arrears from accumulating and help sustain tenancies.

The dedicated Temporary Accommodation benefit assessment staff work closely with LBB's Housing staff and stakeholders in a virtual team which focuses on benefit claims being paid quickly and efficiently.

1.4 Quality

As ever we continue to be firmly focused on ensuring the quality of our service and always looks for ways to eradicate errors from the assessment process. The average financial error rate for the period April 2021 to March 2022 was 1.2% which is a significant improvement from the same reporting period last year when it was 2.1%. This is compared to a contractual target of 4%. Quality assurance checking undertaken during the year was key in ensuring that Liberata deliver a high quality service to customers and mitigate the risk of financial error.

All new employees, and any existing employees who require upskilling, undergo an intense training program. Once the training is completed these employees are subjected to significant monitoring of their work in order to ensure that they achieve the required accuracy levels. Any errors identified are immediately addressed with the employees and form part of the discussions during their regular review meetings with their manager. Additional refresher training and mentoring is also provided to ensure that high standards of quality in the assessments are maintained.

The DWP accept that a certain level of error will be made in the administration of Benefits. As such, an upper and lower threshold of Local Authority error is outlined by the DWP. Liberata's performance continues to remain well below the lower threshold thereby attracting maximum subsidy for the Authority.

1.5 Overpayment Strategy

A natural bi-product of administering Housing Benefit and Council Tax Support will be the creation of overpayments. This will require recovery of this debt from some of the most vulnerable members of the community.

The recovery rate of overpaid Housing Benefit as at the year end was 113.51%. This underlying trend includes the recovery of both current year and previous year debts. Liberata continues to effectively recover debts by using a variety of techniques including Blameless Tenant recovery, Direct Earnings Attachment and Debt Collection Agencies. These recovery techniques have proven effective tools in securing the repayment of these debts.

1.6 Universal Credit

Volumes of UC notifications have continued to be higher than pre-pandemic volumes. Liberata has implemented automation which means that around 80% of UC new claim notifications are automated through the system thereby avoiding the need for any manual intervention. This not only increases processing speed but also reduces the risk of any processing errors.

1.7 Discretionary Housing Payments (DHP)

Liberata administers DHP on behalf of the Council which allows us to assist some of the most vulnerable customers within the borough. This provides support for customers who are experiencing issues with rent arrears and rent shortfalls in order to mitigate the risk of evictions. Liberata work closely with the Council to ensure that assistance from the discretionary fund is targeted at people who are in genuine need of support.

2. Corporate Visiting Team (CVT)

During the pandemic Visiting Officers had been unable to conduct face to face visits with customers in their homes. However, following the easing of restrictions these visits recommenced in October. Prior to this we were following the DWP's 'Trust and Protect' protocol to verify customer information which enabled the service to accept income and capital verbally or by email. We are now completing visits for these cases to conduct a physical check of this documentation. In addition new visit requests are being scheduled to ensure that vulnerable customers are supported when accessing the service.

3. Call Centre & Customer Services

The Revenues & Benefits Call Centre received 34,638 calls for the period 1st December 2021 to 31st March 2022. This was a 7% increase on volumes for the previous year. Just over 97% of calls were answered with an average speed to answer of 100 seconds. Of these calls 72% were answered within the service level target.

The Call Centre also received 1,917 calls for the NNDR service. This was 24% higher than the same period last year which saw 1,551 calls being offered. Volumes were driven by businesses calling about the Omicron Hospitality and Leisure (OHLG) and Covid Additional Relief Fund (CARF) support grants.

The Customer Services front facing team continued to operate mainly on an appointment only service, but vulnerable customers who presented without an

appointment were also seen. During this reporting period, the team saw 521 R&B customers compared with 434 during the same period in 2020/21, a 20% uplift in footfall. This appointment only system does not appear to have had an adverse impact on the ability of customers to transact with the Council, and there have been no complaints about this aspect of the service.

4. Service Developments

Liberata's goal is to continue to improve and enhance the services provided to the Council and its citizens through the introduction of innovative and effective solutions.

Examples of current year new and ongoing initiatives;

- Risk Based Verification (RBV) has been implemented; this allows claims to be risk scored in line with the customer's circumstances. Those customers who are deemed as low risk now have their new claims and changes processed without the need for them to provide additional information to validate their claims. This drastically improves the processing speed for these claims which provides an enhanced customer experience.
- Benefits self-service portal fully implemented; this is now being widely used by customers, the Council's Housing teams, Leaving Care and the Citizens Advice Bureau. This enables online new claims and changes to be submitted directly into the back office system.
- Universal Credit (UC) Automation; During the year we utilised functionality within the Academy system which drove our automation levels up from 40% to 80% by the year end. We are continuing to review the process to see how we can further increase our automation levels.

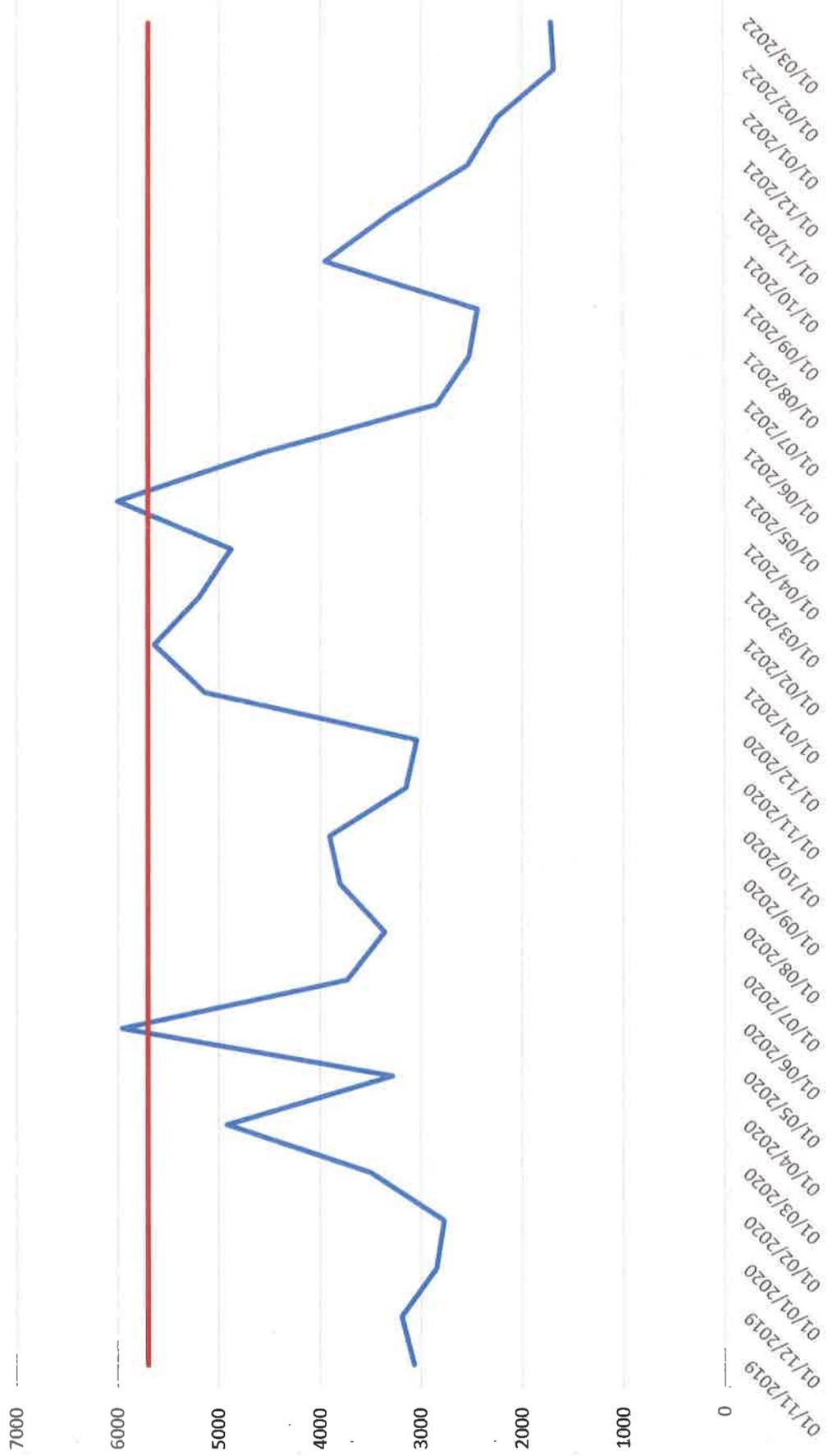
Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely,

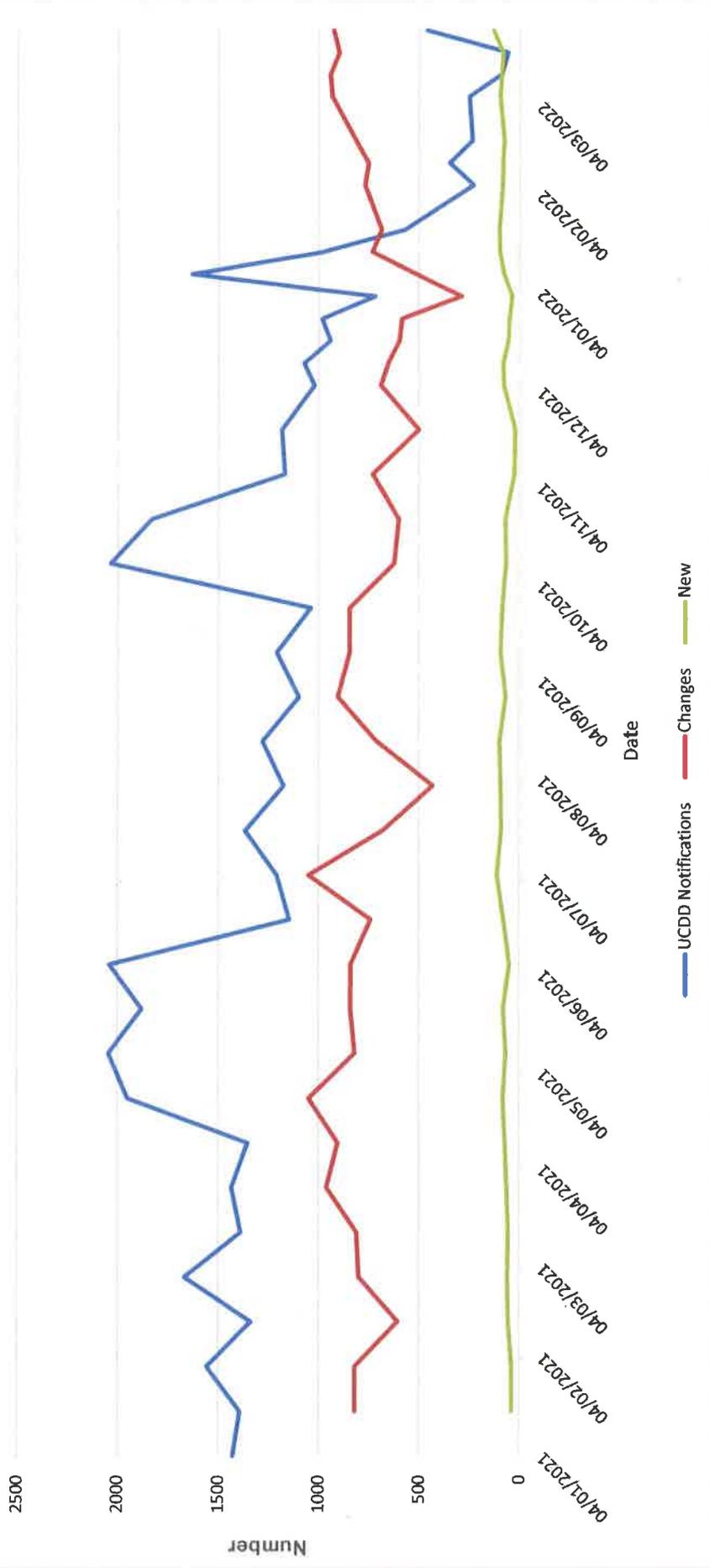
Amanda Inwood-Field

Amanda Inwood-Field
London Regional Contract Director

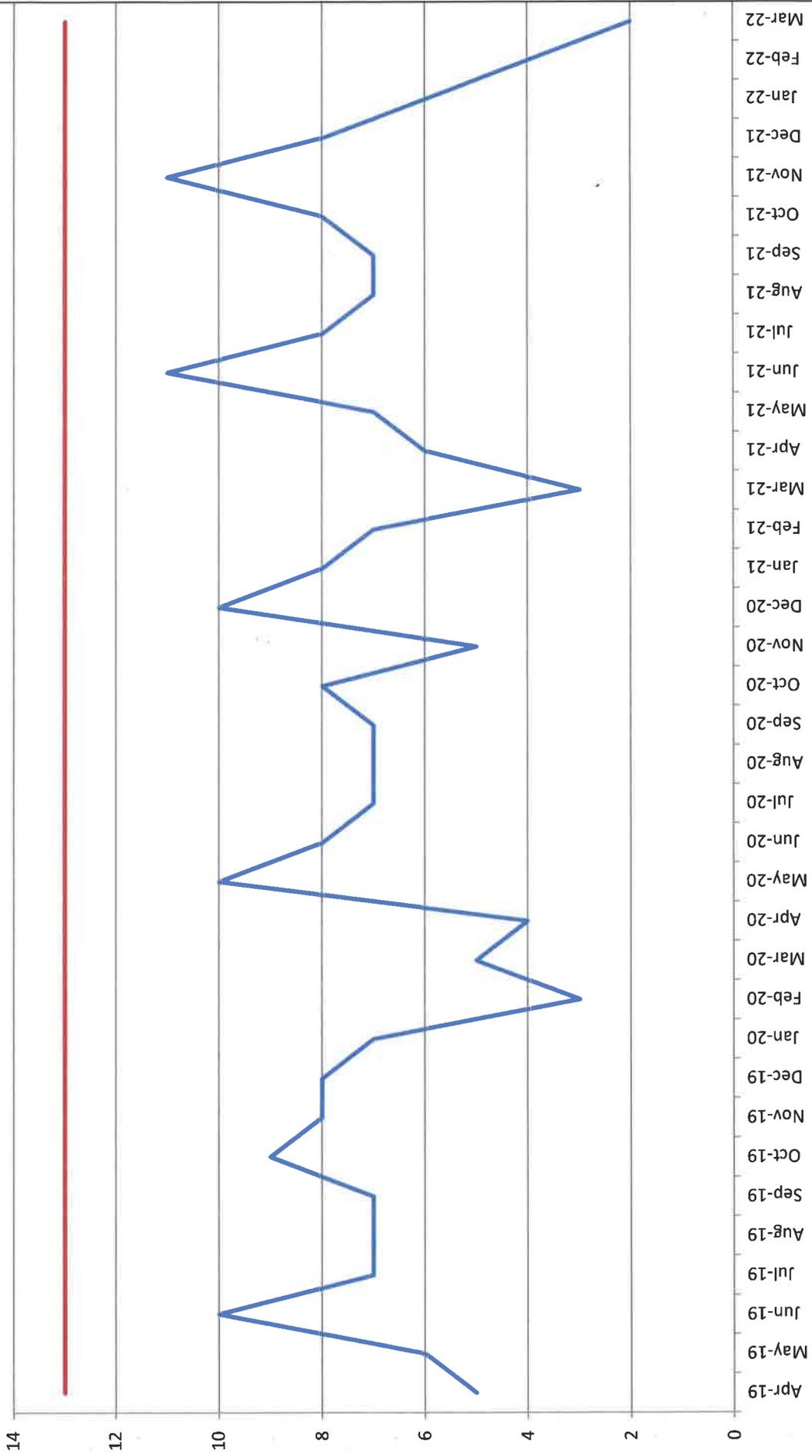
Outstanding Work - November 2019 to March 2022 Target - 5700

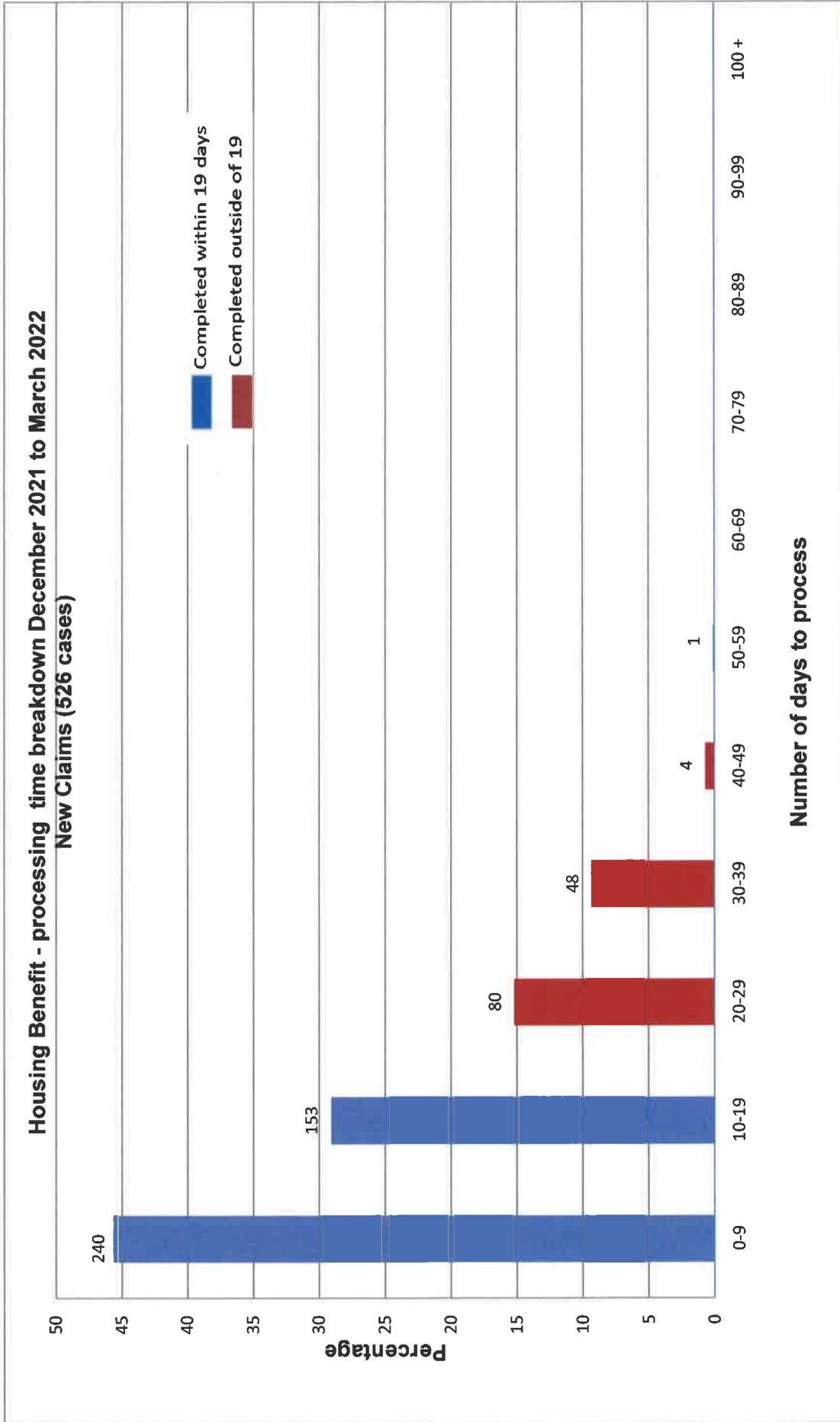


New claims, Changes in Circumstances and Universal Credit notifications received since January 2021

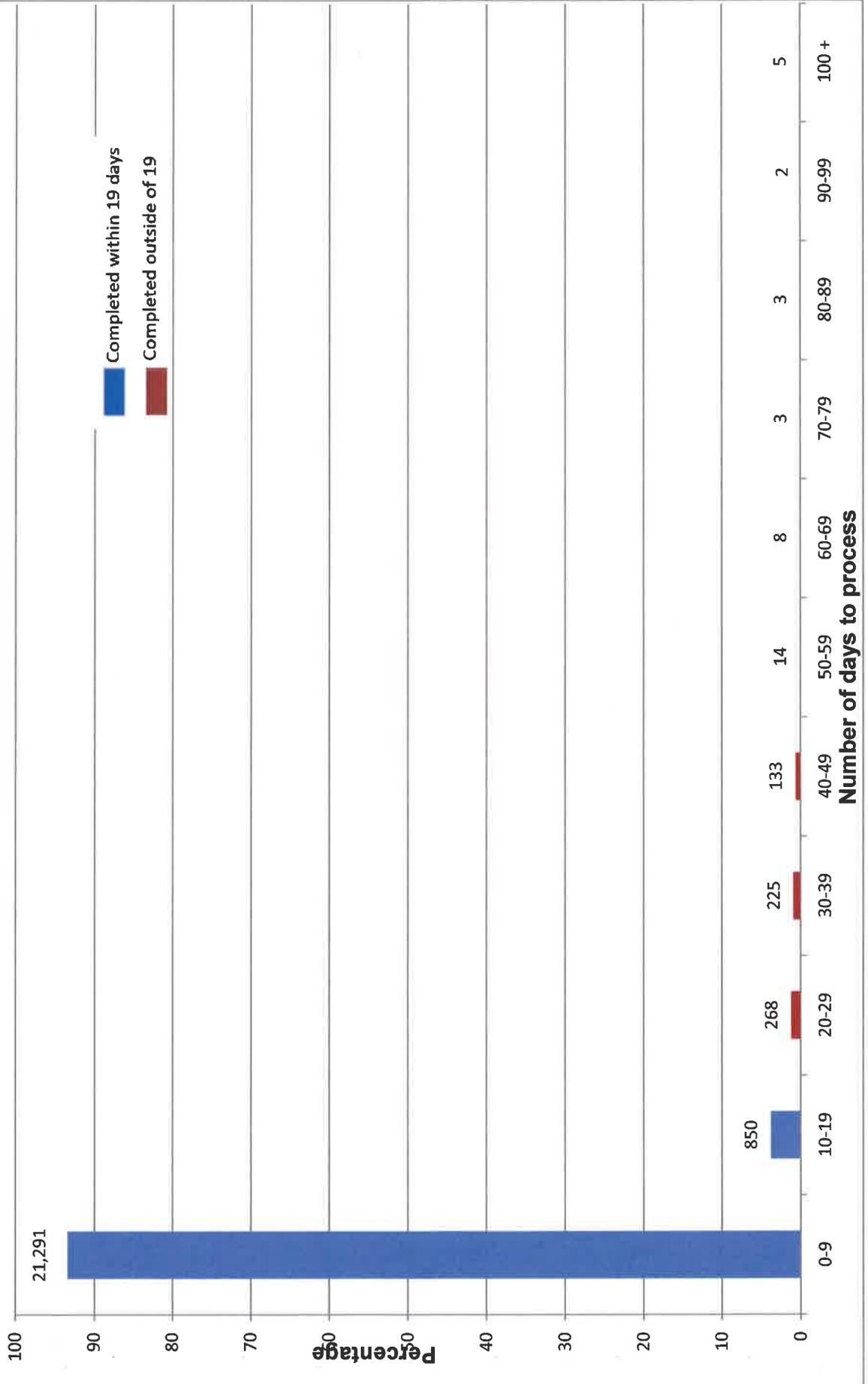


Right Time Indicator - April 2019 to March 2022
Target - 13 days

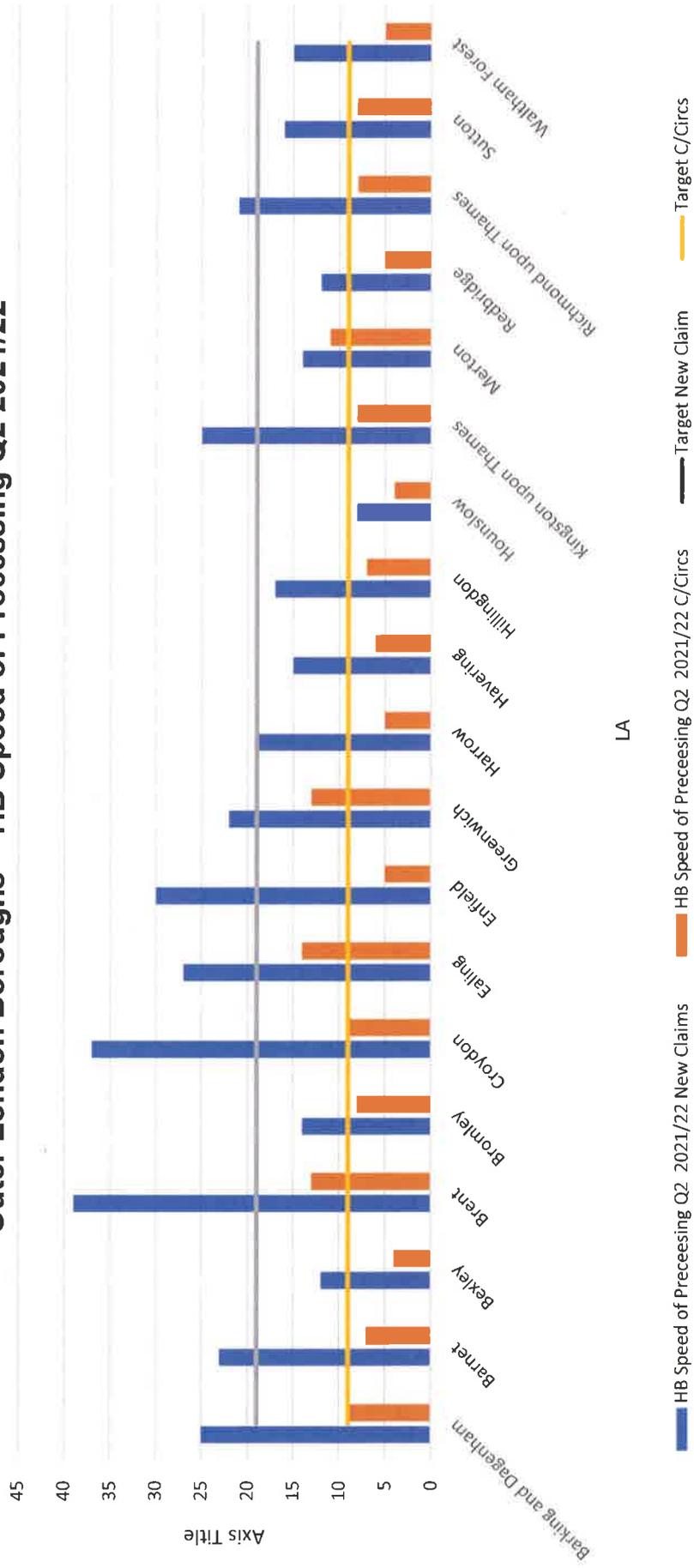




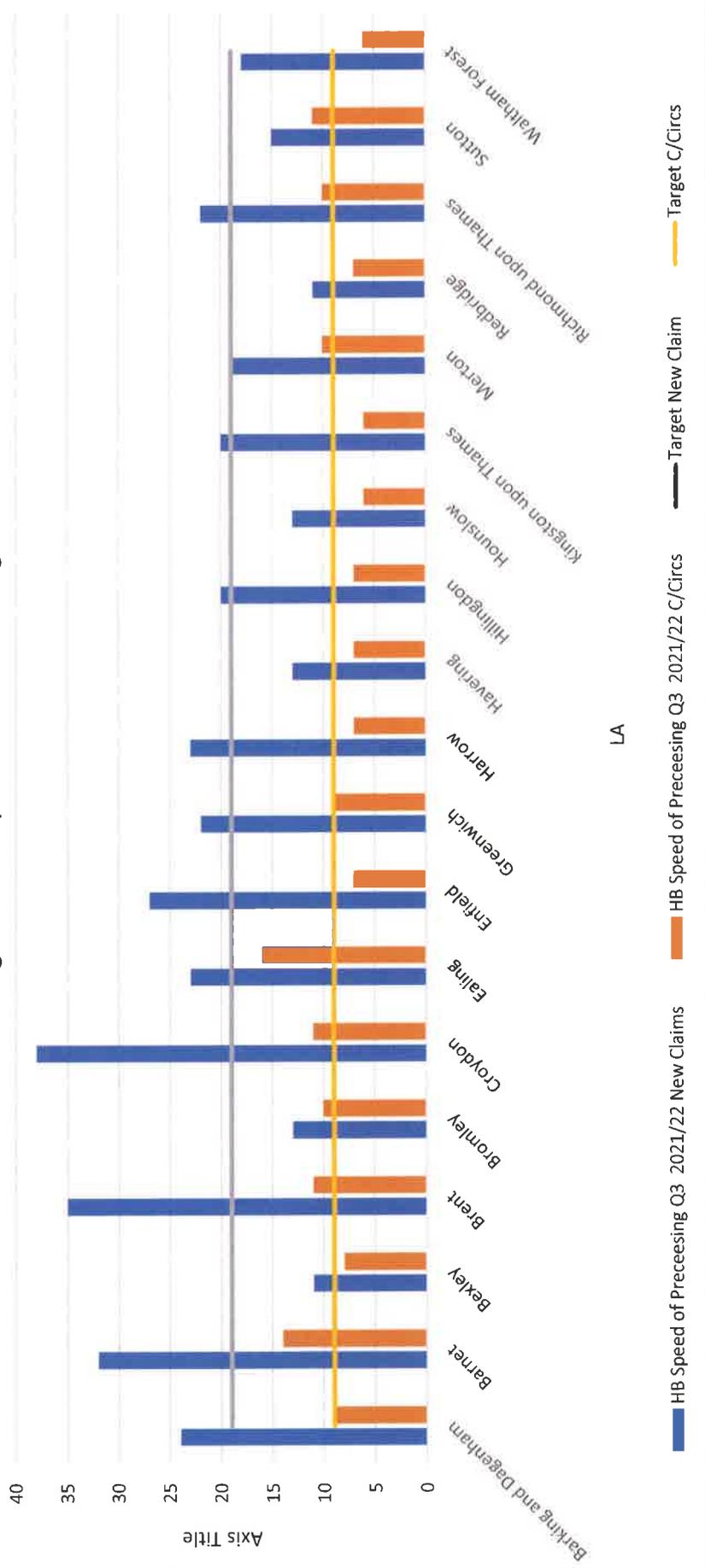
**Housing Benefit - processing time breakdown - December 2021 to March 2022
Change in Circumstances (22,802)**



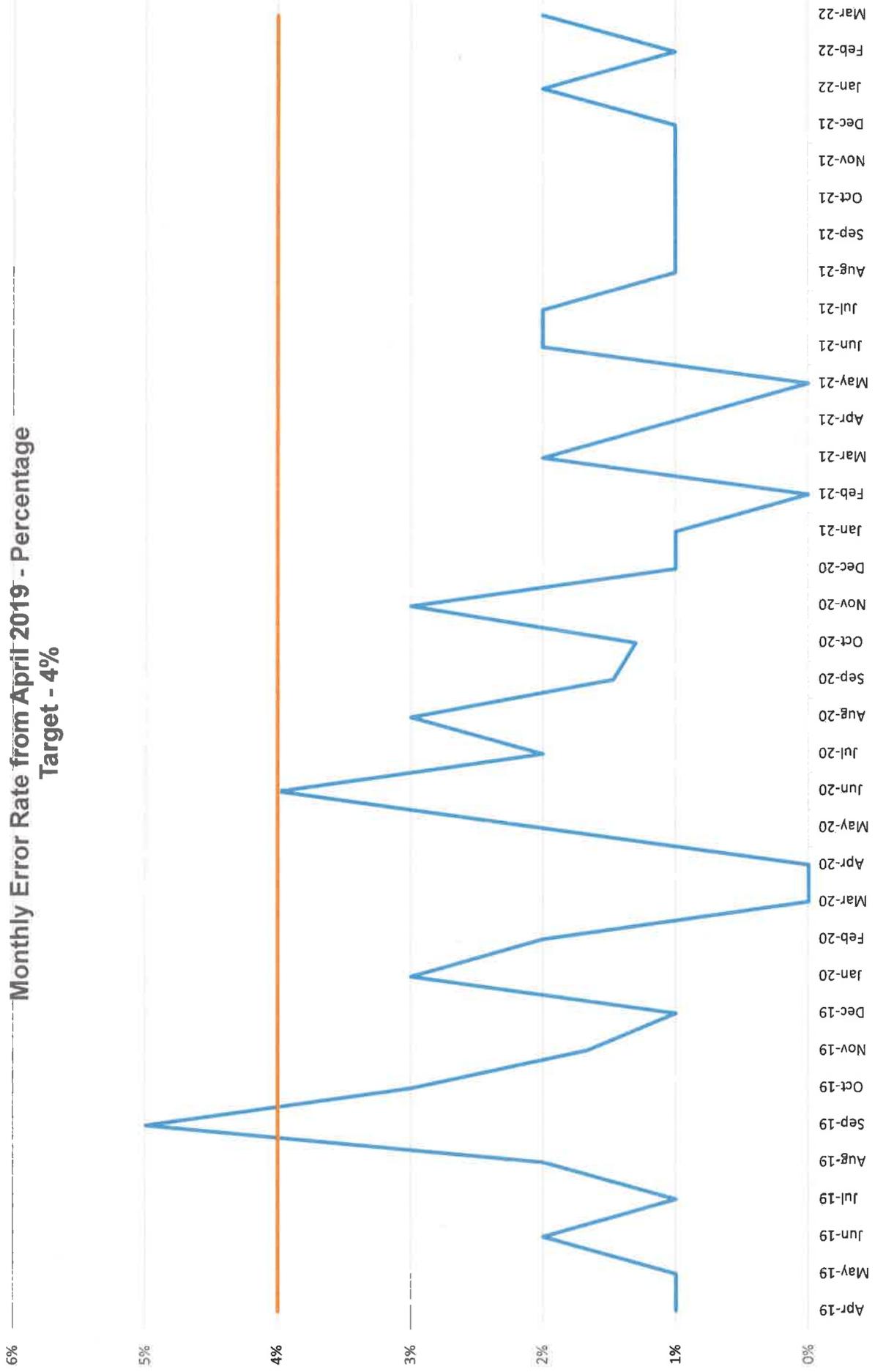
Outer London Boroughs - HB Speed of Processing Q2 2021/22



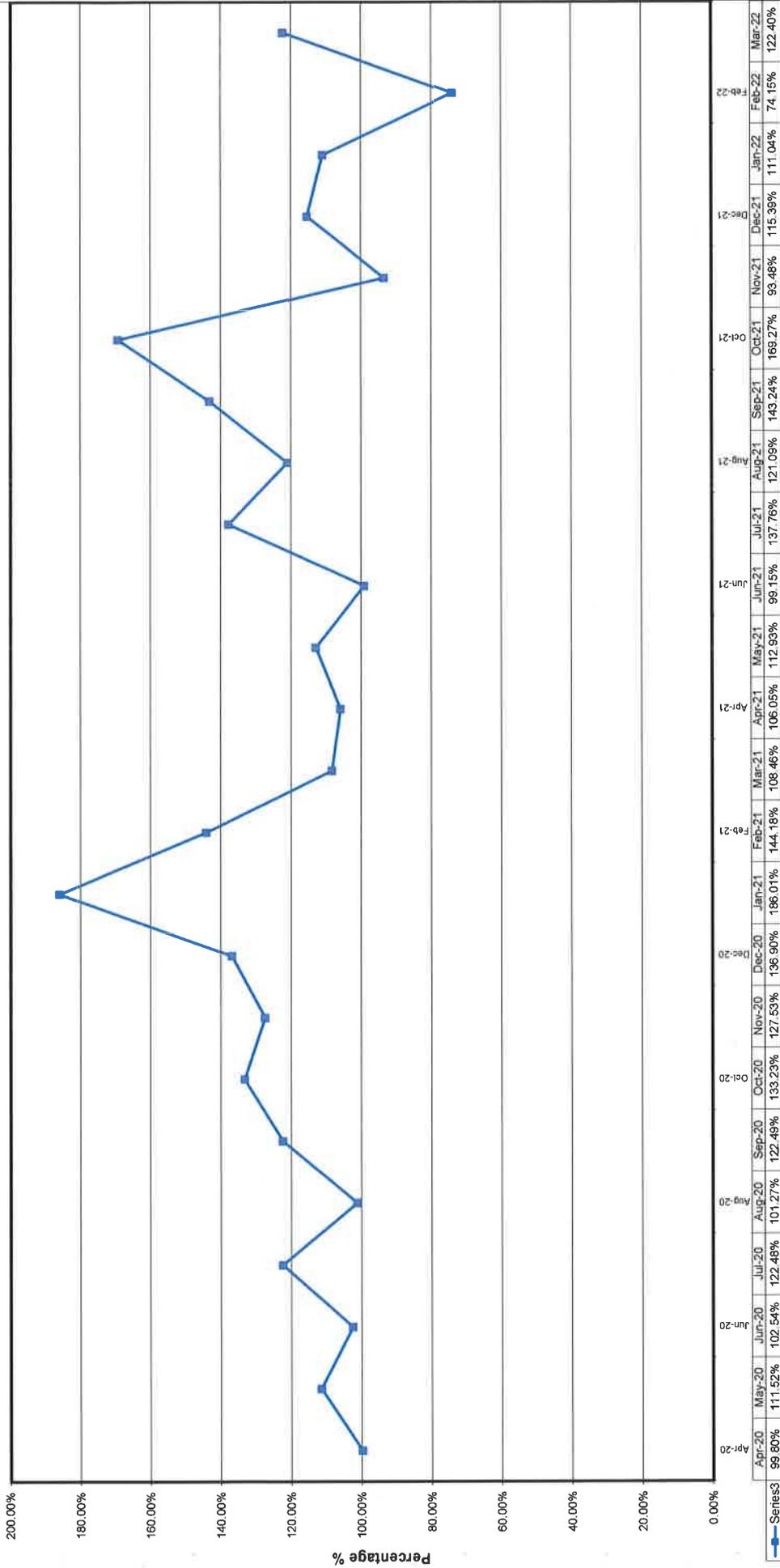
Outer London Boroughs - HB Speed of Processing Q3 2021/22



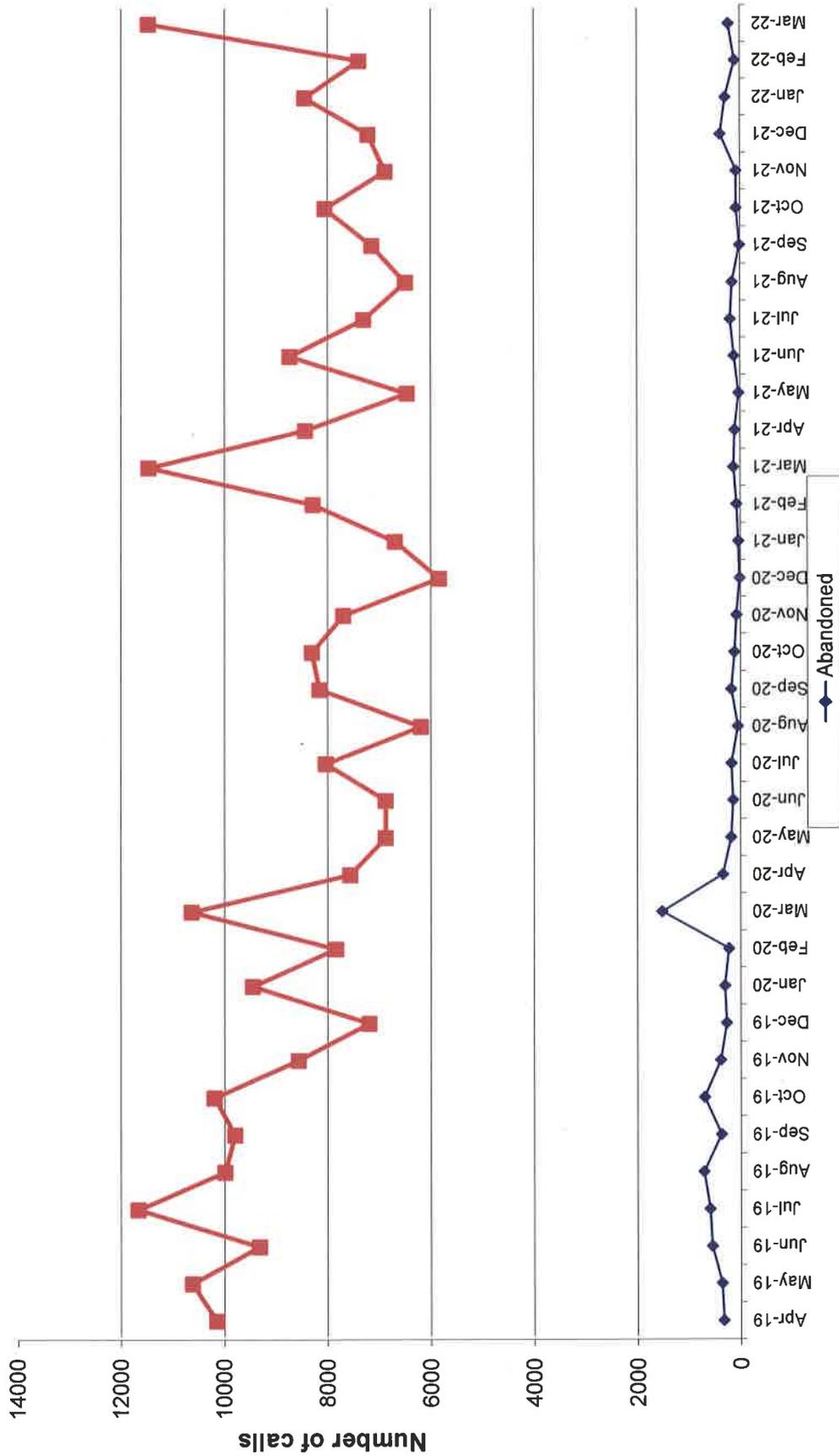
Monthly Error Rate from April 2019 - Percentage
Target - 4%

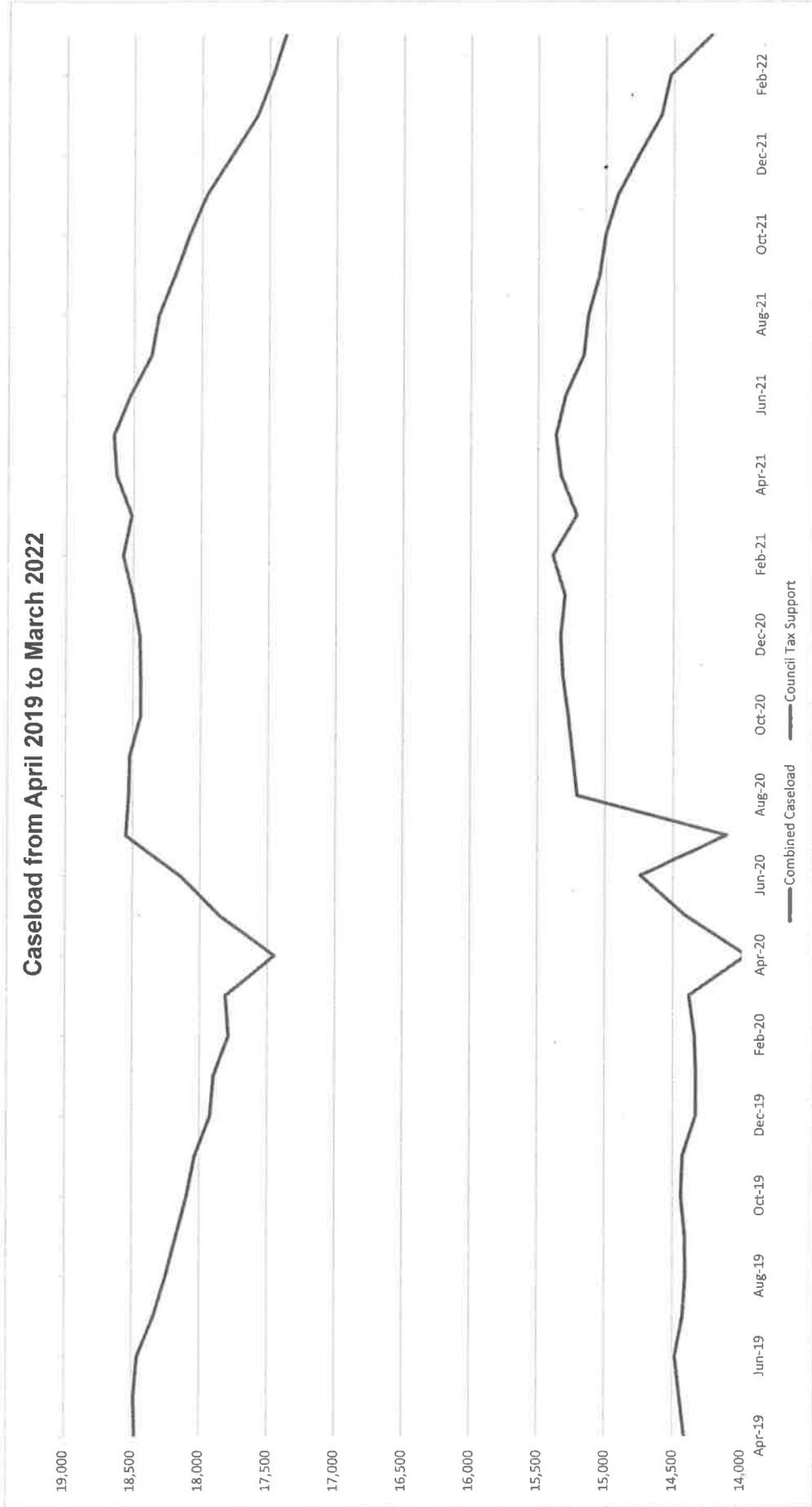


Monthly Overpayment % recovered against that created since April 2020



Revenues and Benefits Call Centre - number of telephone calls received and abandoned from April 2019 to March 2022





Report No.
CSD22062

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Wednesday 22 June 2022

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

Title: CUSTOMER SERVICES CONTRACT MONITORING REPORT

Contact Officer: Duncan Bridgewater, Assistant Director - Customer Services
Tel: 0208 461 7676 E-mail: Duncan.Bridgewater@bromley.gov.uk

Chief Officer: Director of Human Resources, Customer Services and Public Affairs

Ward: All Wards

1. Reason for decision/report and options

This report provides information on the performance of the Customer Service Contract provided by Liberata for the period 1st December 2021 to 30th April 2022.

A letter from Amanda Inwood-Field, Contract Director for Liberata, provides her update on each individual element and is attached at Appendix 1.

2. **RECOMMENDATION(S)**

The Committee is requested to note and comment on the information contained within the report and the letter provided by Liberata detailed in Appendix 1.

Impact on Vulnerable Adults and Children

1. Summary of Impact: An Equality Impact Assessment indicates that ongoing support for vulnerable adults and children will be provided by Customer Services by phone and face to face for those unable to access digital services. For those unable to visit or phone us, the service supports the enhancement of self-service options.

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: Customer Services Contract
4. Total current budget for this head: £945k
5. Source of funding: Existing revenue budget

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: The Customer Services contract forms part of the Exchequer Services contract

Property

1. Summary of Property Implications: None

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications:
The contractor's initiatives are detailed in section 11 of this report.

Customer Impact

1. Estimated number of users or customers (current and projected): 1,500 visitors, 410,000 phone calls, 22,000 e-mails and 9 million web visits annually

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Customer Services contract covers four key areas: Corporate Contact Centre, Reception Services, Web Team (Bromley Knowledge) and Blue Badge/Freedom Pass processing. The Corporate Contact Centre deals with telephone enquiries regarding environmental services, electoral, registrars, parking, blue badges, disabled freedom passes as well as the switchboard.
- 3.2 Reception deals with face to face enquiries from main reception, for most areas of the council with the exception of registrars and children services, who manage their own reception points.
- 3.3 The Web Team (Bromley Knowledge) maintain the corporate website (www.bromley.gov.uk) in terms of its technical functionality, performance and accuracy of the content as provided by service experts, as well as working on the recent software upgrade. Administration of Blue Badge and Discretionary Disabled Freedom Passes applications and renewals is also carried out within the contract.
- 3.4 Overall the contractor has performed well throughout this monitoring period, with one occurrence of under-performance outlined in the report. Volumes of calls fluctuated as a result of the normal seasonal changes. Since the pandemic began there has been a consistent demand in customer contact via the website as customers were asked to use online services instead of traditional contact channels. Many web transactional services remain high over the reporting period with overall traffic to the website remaining increased compared to pre-covid volumes. Contractor performance is reviewed at monthly meetings.
- 3.5 Call Monitoring is completed every month. The contractor provides a sample of call recordings and feedback is given to the contractor at monthly review meetings.
- 3.6 Reception is an appointment only service, except for emergencies and vulnerable customers. Demand has been stable over the reporting period, with demand slightly increasing recently.
- 3.7 The top Key Performance Indicators for this contract are listed in the table below and referenced in appendix 2; they measure the headline activities within the contract in order that our customers get a quick response and access to our services efficiently and effectively.

	Measure	Definition	Target
1	Call Management	Number of calls answered by the agents within the specified timescales compared to total number of calls received	50% Calls answered within 1 minute
2	Call Management	Number of days that the service dropped below 40%	Daily service level does not drop below 40% of call answered within 1 minute
3	Email Management	Number of emails responded to within 5 working days compared to total number of emails received	100% responded to within 5 working day
4	Face to Face Management	Number of customers entering the reception areas must be seen within 5 minutes of their arrival compared to total number of customers, remainder within 15 minutes	80% of customers seen within 5 minutes of arrival
5	Switchboard Management	% of calls bailed to operator or requesting operator	50% Calls answered within 1 minute
6	Customer Satisfaction	% of randomly selected customers, across different channels are either satisfied or very satisfied	90%

3.8 **Customer Services – Contact Centre:** This area performed well and within service level. The monthly service level target answering 50% of calls within 60 seconds was met for all of the months in the reporting period. Call volumes have reduced compared with the same months from 2021-22.

Contact Centre Target – 50% within 60 secs	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Answered	5773	7644	7895	9334	8743
% of calls ans. in 60 secs	82.80%	89.00%	76.10%	76.09%	66.20%
Average wait time (secs)	00:00:32	00:00:24	00:00:46	00:00:46	00:01:12
Number of day's service fell below 40%.	0	0	0	0	0

3.9 **Switchboard:** Performance was within service level. Call volumes have reduced compared with the same months from 2021-22, with 9% less calls received this year. The majority of calls received through the switchboard are handled via automated technology and the table below shows the volumes requiring manual transfer.

Switchboard Target – 50% within 60 secs	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Answered	4587	6081	5203	6685	5361
% of calls ans. in 60 secs	95%	97%	95%	95%	94%
Average wait time (secs)	00:00:12	00:00:09	00:00:46	00:00:12	00:00:15
Number of day's service fell below 40%.	0	0	0	0	0

3.10 **Reception:** Reception is an appointment only service. Emergencies and vulnerable customers are seen without an appointment. Demand has slightly increased over the reporting period as national restrictions eased.

Reception	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Number of customers seen	96	167	160	208	192
80% within 5 minutes	100%	100%	100%	100%	100%
100% within 15 minutes	100%	100%	100%	100%	100%

3.11 **E-mail:** E-mail handling targets were met for the reporting period. Email volumes are down on the same period in the previous year as customers have switched to other digital service options.

Emails Target – 80% within 1 day and 100% within 5 days	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Number of emails received	1223	1429	1339	1611	1376
% emails processed within 1 day	88%	97%	98%	100%	96%
% emails processed within 5 days	100%	100%	100%	100%	100%

- 3.12 **Out of Hours Emergency Call Centre:** Performance was within service level for 4 of the 5 months in the reporting period. The out of hours service during February was affected by Covid related staffing issues.

Out of Hours (Appello) Target – 80% within 30 secs	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Answered	1073	1056	989	1213	1445
% of calls ans. in 30 secs	83.71%	86.44%	78.54%	87.41%	81.84%
Average wait time (secs)	00:00:16	00:00:13	00:00:26	00:00:10	00:00:38

- 3.13 **Web – Bromley Knowledge:** The web team achieved 100% against all targets during this reporting period.

Web site – Target 100%	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Critical updates within 1 working hour	100%	100%	100%	100%	100%
Urgent updates within 1 working day	100%	100%	100%	100%	100%
Important updates within 2 working days	100%	100%	100%	100%	100%
Regular updates within 5 working days	100%	100%	100%	100%	100%

Following executive approval in September 2021, the upgrade to the corporate website successfully went live on the 9th June. The new design conveys our distinct brand identity and places us in a better position for future developments, as well as being a more robust, reliable and accessible platform. The project team will now look at future development opportunities which will be brought to future meetings for consideration.

- 3.14 **Blue Badge and Discretionary Freedom Pass:**

This area performed well and within service level. Technical developments continue to enable the contractor to deploy Robotic Process Automation (RPA) to be used within the assessment process. It is expected that this will save processing time.

The Council aims to process applications within 6-8 weeks of receipt of all requested information. The KPI and contractor performance is measured against the time taken for the activities required of the contractor. Time taken for any face to face assessments or further information requirements are not included in this calculation.

Blue Badges – target 80% within 4 weeks	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Volume	325	310	465	479	402
% processed within 4 weeks	100%	100%	100%	100%	100%

Freedom Pass – Target 100% within 4 weeks	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Volume	60	59	44	45	88
% processed within 4 weeks	100%	100%	100%	100%	100%

- 3.15 **MyBromley Account:** The table below outlines the volume usage for the services currently available to registered users, and volume of customers registering in this monitoring period. MyBromley Account continues to grow and as of the end of April 2022 the number of registrations had risen to 107,604.

MyBromley registrations	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Volume	1,431	1,652	1,511	2,246	1,821
Cumulative Volume	100,494	102,095	103,580	105,802	107,604

- 3.16 **Customer Satisfaction:** The number of customers surveyed, and responses are outlined below, satisfaction is above target for this service.

Customer Satisfaction Target – 90% Customer Satisfaction	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Number of surveys sent	7,910	10,231	7,907	10,256	8,539
Number of responses	24	28	15	23	25
% Customer Satisfaction	96%	97%	90%	100%	92%

- 3.17 **Compliments and Complaints:** During this period, nine customers made contact to thank the staff regarding the service that was provided by Customer Services. The contractor also received five complaints during this reporting period which were associated to Blue Badge and Freedom Pass applications and delays with the face to face assessments and clerical errors by the contractor.

Compliments & Complaints	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Complaints	0	0	0	3	2
Compliments	3	3	0	2	1

4 IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 An Equality Impact Assessment indicates that ongoing support for vulnerable adults and children will be provided by Customer Service by phone and face to face for those unable to access digital services. For those unable to visit or phone us, the service supports the enhancement of self-service options.

5 TRANSFORMATION/POLICY IMPLICATIONS

- 5.1 None

6 FINANCIAL IMPLICATIONS

- 6.1 It is currently projected the contract expenditure in 2022/23 will be to budget at £945k.

- 6.2 For information, the actual spend for the contract in 2021/22 was £906k.

7 PERSONNEL IMPLICATIONS

- 7.1 None

8 LEGAL IMPLICATIONS

- 8.1 This Committee is requested to note and comment on the information contained within this report as to the performance of the Customer Service Contract provided by Liberata for the period 1st December 2021 to 30th April 2022.
- 8.2 The Council's Constitution, at Part 4 – Rules of Procedure, provides the terms of reference for the Executive, Resources and Contracts Policy Development and Scrutiny Committee as it relates to the Executive and the Resources, Commissioning and Contract Management Portfolio. Under these terms of reference, this Committee is responsible for receiving reports and making recommendations on performance monitoring of services falling within the remit of this portfolio.
- 8.3 Contract Procedure Rule 23.2 provides that for all Contracts with a value higher than £500,000, or which are High Risk, an annual report must be submitted to the Portfolio Holder, the responsible Officers having submitted for consideration a formal Gateway Review, covering, as appropriate, the matters identified in the Council's standard Gateway Review Template for consideration as part of Contract Monitoring/Management requirements.

9 PROCUREMENT IMPLICATIONS

- 9.1 The Customer Services contract forms part of the Exchequer Services contract

10 PROPERTY IMPLICATIONS

- 10.1 None

11 CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

- 11.1 As part of the initiative to achieve greener ICT Liberata moved their systems to data centres compliant with ISO 14001 standards, an internationally agreed standard that sets out the requirements for an environmental management system. This helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.
- 11.2 The My Bromley account software supports 7268 subscribers to e-billing, reducing paper production and postal service reliance. Officers continue to work with Liberata on projects to increase back-office automation and further reduce paper volumes.
- 11.3 Liberata also supports staff to volunteer for local organisations, such as Age Concern befriending scheme.

12 CUSTOMER IMPACT

Customers Services potentially impacts all residents and visitors in the borough.

13 WARD COUNCILLOR VIEWS

None

Non-Applicable Headings:	5, 7,10,13
Background Documents: (Access via Contact Officer)	Appendix 1 – Letter from Liberata Appendix 2 – Key Performance Indicators

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London Borough of Bromley
Civic Centre
Stockwell Close
Bromley
BR1 3UH

Date: 31st May 2022

Dear Duncan,

As we approach the June Executive & Resources PDS meeting where we consider and review the performance of Corporate Customer Services, we take this opportunity to write to you with Liberata's assessment of the performance of this critical high profile service that we provide to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the period 1st December 2021 to 30th April 2022.

Customer Services Performance

The Corporate Contact Centre delivered an overall service level of calls being answered within 60 seconds of 78% against a target of 50. In total 97% of calls were answered.

Call volumes were 40,638, a reduction of 29% in comparison to the same 5 month period of 2020/21.

During the period, the team answered 98% of all Switchboard calls with an average speed to answer of 12 seconds. The overall service level for the period was 95% against the target of 50% answered within 60 seconds. Call volumes totalled 28,301, a decrease of 9% in comparison to the same 5 month period of 2020/21.

The out of hours service overall service level was 84% for this reporting period. The service was affected by resource issues associated to a spike in Covid cases for the month of February.

The Customer Services front facing team continued to operate mainly an appointment only service, but vulnerable customers who presented without an appointment were seen. During this reporting period, the team saw 823 customers compared to 400 during the same period in 2020/21. The increase in the number of appointments being made is associated to the relaxation of Covid regulations.

Website December 2021 – April 2022

The performance of the website continues to remain strong and the team have managed to achieve 100% for all 4 of their main KPI's. These include;

- Critical updates completed within 1 hour (100%)
- Urgent updates completed within 1 working day (100%)
- Important updates completed within 2 working days (100%)
- Regular updates completed within 5 working days (100%)



On average the Bromley Knowledge team complete over 110 updates per month, including working with service areas to develop and design content for the website and issuing tweets via the Council Twitter Account.

This high level of performance was achieved despite the massive increase in time-critical urgent content needing updating and publishing relating to the coronavirus pandemic and the introduction of the energy rebate repayment scheme.

Over the last reporting period the Bromley Knowledge team have been working with council officers, Jadu and BT on a project to totally re-design the corporate website. This has included helping to author Liberata's original vision document and to undertake and manage the migration of information from the current site onto the new. This massive task required the re-creation of somewhere in the region of 11,000 web pages, downloads and online forms. This has been done in parallel with running the live site. The migration process started at the end of November and is now complete. The new website is planned to go live in June 2022.

Since the start of the pandemic with lock downs and office closures, the number of visitors to the website has doubled to around 630k visits per months with visitors accessing over 2.2 million pages per month and is the single largest channel for customer information and access to services.

MyBromley Account Developments

MyBromley Account continues to grow and as of the end of April 2022 the number of registrations had risen to over 107,000 which equates to over 77% of households in Bromley. New functionality was introduced to remove any obsolete accounts in order to comply with GDPR. A notification email is now sent to any account holder who has not used their account for two years advising that it will be deleted unless they access it within a specified time period.

Activity in the portal continues to grow and currently there have been over 186,000 page visits and transactions carried out within the portal relating to Revenues and Benefits between May 2021 and April 2022. New online forms were added to the portal during the summer which means that residents can now apply for council tax discounts and exemptions, housing benefits or advise of a change in circumstance using these new forms.

The online evidence upload facility has been used over 23,000 times over the last 12 months by customers who were able to provide information without needing to visit the civic centre.

Performance

Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens. We have increased our engagement in the various forums to ensure that the Council remains at the forefront of Digital engagement amongst its peers.

Yours sincerely,

Amanda Inwood-Field
London Regional Contract Director



Key Performance Indicators

Customer Contact Centre - Key Performance Indicators (KPI's)

	Measure	Definition	Target
1	Call Management	Number of calls answered by the agents within the specified timescales compared to total number of calls received	50% Calls answered within 1 minute
2	Call Management	Number of days that the service dropped below 40%	Daily service level does not drop below 40% of call answered within 1 minute
3	Email Management	Number of emails responded to within 5 working days compared to total number of emails received	100% responded to within 5 working day
4	Face to Face Management	Number of customers entering the reception areas must be seen within 5 minutes of their arrival compared to total number of customers, remainder within 15 minutes	80% of customers seen within 5 minutes of arrival
5	Switchboard Management	% of calls bailed to operator or requesting operator	50% Calls answered within 1 minute
6	Customer Satisfaction	% of randomly selected customers, across different channels are either satisfied or very satisfied	90%
7	Blue Badge Processing	% of Blue badge application and renewals processed within 4 weeks of receipt of complete application form	80%
8	Discretionary disabled Freedom Pass Processing	% of discretionary Disabled Freedom Pass applications and renewals processed within 4 weeks of receipt of complete application form	100%

Web Management – Key Performance Indicators (KPI's)

Title	Measure	Monitoring Frequency	Reporting Frequency	Target
Critical Updates	% completed within 1 working hour	Daily	Monthly	100% within 1 working hour
Urgent Updates	% completed within 1 working day	Daily	Monthly	100% within 1 working day
Important Updates	% completed within 2 working days	Daily	Monthly	100% within 2 working days
Regular Updates	% completed within 5 working days	Daily	Monthly	100% within 5 working days

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Report No.
FSD22040

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Wednesday 22 June 2022

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

Title: EXCHEQUER SERVICE - CONTRACT PERFORMANCE

Contact Officer: Claudine Douglas-Brown, Assistant Director: Exchequer Services
Tel: 020 8461 7479 E-mail: Claudine.Douglas-Brown@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All Wards

1. Reason for decision/report and options

- 1.1 This report provides information regarding Liberata's performance in the provision of Exchequer Services for the period 1st April 2021 to 31st March 2022.
- 1.2 A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, provides an update on each individual service and is attached at Appendix 1 with statistical data relating to the services shown in subsequent appendices.
-

2. **RECOMMENDATION(S)**

- 2.1 **The Committee is requested to note the information contained within the report on Liberata's performance and the action taken to address any performance issues.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Exchequer Service impacts on adults receiving social care, adults who lack mental capacity to manage their finances and the Council's suppliers/customers.
-

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: Exchequer Service – Payment, Income and Charging
 4. Total current budget for this head: £1.91m
 5. Source of funding: Existing budget 2021/22
-

Personnel

1. Number of staff (current and additional): 5fte plus Liberata staff
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. Legal Requirement: Statutory Requirement

Legal Requirement: Statutory Requirement:
Public Health (Control of Disease) Act 1984
Late Payment of Commercial Debts (interest) Act 1998
The County Court Act 1984
The Civil Procedure Rules
Environmental Protection Act 1990
Housing Act 2004
The Care Act 2014
The Public Contracts regulations 2015
 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:

Customer Impact

1. Estimated number of users or customers (current and projected): Estimated number of users/beneficiaries (current and projected): The services covered in this report affect those who owe general income to the Council, all of the Council's suppliers and all adult social care clients. This amounts to an estimated 40,000 people
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 This report provides information regarding the performance of the Exchequer Services provided by Liberata for the period 1st April 2021 to 31st March 2022.
- 3.2 The Exchequer Client Unit monitor the contractor's compliance against the contract to ensure that services are provided to the required standard, meeting the agreed targets and performance standards. Where there are areas of concern or underperformance, the Assistant Director, Exchequer Services will agree an action plan with Liberata to address these issues. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements.
- 3.3 To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. To further illustrate the commitment to the continuous improvement agenda the Contract Director and Finance Service Delivery Director meets with Bromley regularly to deal with escalated issues, review policies and develop new ideas.
- 3.4 The Exchequer Services covered in this report are:-
- Sundry Debtors, Mortgages and Corporate Debt
 - Accounts Payable
 - Financial Assessment and Charging
 - Appointee and Deputyship

3.5 Sundry Debtors, Mortgages & Corporate Debt

- 3.5.1 The Sundry Debts performance is measured on the amounts recovered at the end of each reporting period. At the 31st March 2022, there were 4,215 invoices outstanding totalling £20.14m. Of the total amount, £9.94m (49.36%) had been outstanding for less than 30 days.
- 3.5.2 As at 31st March 2022, the amount recovered in respect of invoices raised between 1st April 2022 and 31st March 2022 was £58.96m or 80.68%. This is an increase of 9.19% (£12.21m) when compared with 2020/21.
- 3.5.3 The table below lists the debts where Liberata were unable to pursue recovery action. In addition, invoices totalling £6.41m, were raised within the last 14 days of the month which means recovery action would not have taken place yet. In addition, £1.2m of residential care charges that would normally have been raised earlier in the year were raised in March due to the transition to the new Social Care IT system. These factors adversely affected in-year collection.

Table 1

Description	No. of Invoices	Value of Invoices
Invoices raised during the last 14 days of the month	773	£6,407,617
Community Infrastructure Level (CIL) invoices due after the 30th September 2021	7	£188,851
Disputed and Escalated debts	318	£2,550,858
Debts placed on hold by LBB Departments	42	£106,190
Debts secured by Charging Order	2	£2,975
Debts referred for Write Off	12	£19,706
Total	1,154	£9,276,197

3.5.4 Table 2 shows the in-year collection rate however to reflect Liberata's recovery performance it has been adjusted to take account of those debts where Liberata could not pursue payment. This gives a revised collection rate of 92.41% at 31st March 2022 which exceeded the target of 92%.

Table 2

	As at 31/03/20	As at 31/03/21	As at 31/03/22
Unadjusted Collection Rate	86.77%	71.49%	80.68%
Adjusted Collection Rate	99.79%	83.13%	92.41%

3.5.5 The suspension of enforcement action during the pandemic in addition to the increase in customers struggling financially affected the level of income collected however, with the easing of restrictions and the implementation of an income recovery plan, the collection performance has increased significantly when compared to the performance at the same time last year.

3.5.6 The Exchequer Client Unit continues to work closely with Liberata to ensure all possible action is taken to maximise collections.

3.5.7 **Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2019/20 through to 2021/22. This shows that the level of outstanding debt continues to reduce and remains lower than the same time last year.

3.5.8 **Appendix 3** shows the comparison between the number of invoices outstanding each month from April to March for the years 2019/20 through to 2021/22.

Aged Debt as at 31st March 2022

3.5.9 The out-of-year collection rate across all years was 99.15% with £18.5m collected up to the end of March 2022. The factors which continue to affect out-of-year collection are shown below. Once these were excluded the adjusted collection rate was 99.75%.

Table 3

Description	Value of Invoices
Disputed and Escalated debts	£2,575,546.32
Debts referred for Write Off & awaiting cancellation	£1,205,502.41
Debts placed on hold by LBB Departments	£74,727.87
Debts with LBB's Legal Team	£77,088.61
Debts secured by Charging Order	£318,654.92
Total	£4,251,520.13

3.5.10 Table 4 shows the movement in the out-of-year debt for the year 1st April 2021 31st March 2022 along with the overall percentage reduction.

Table 4

Fin Year	31-Mar-21	31-Mar-22	Reduction since 31/03/21
	£,000	£,000	%
Pre 2017	1,409	1,333	5%
2017/18	722	689	5%
2018/19	652	576	12%
2019/20	3,052	1,017	67%
2020/21	18,657	2,411	87%
Total	24,492	6,026	75%

3.5.11 **Appendix 4** shows the overall recovery position of debts in each financial year up to 31st March 2022. The total debt outstanding is £4.3m less than it was at the 31st March 2021 however the debts in dispute or on hold at the request of the service department continues to remain high. We are working with Liberata and the service departments to resolve queries and disputes as quickly as possible so that recovery action can continue.

3.5.12 Cases are escalated by Liberata to the Exchequer Client Unit who liaise with senior LBB officers regarding pursuing the debt or writing it off if it is uncollectable.

Utilities

3.5.13 The total debt outstanding for Utilities was £334k as at 31st March 2022, which was £97k higher than the previous year. For the period 1st April to 31st March 2022 Liberata issued 239 invoices compared to 138 the previous year. Liberata are continuing to pursue payment and are liaising with the service department in respect of the disputed invoices.

3.5.14 **Appendix 5** shows a summary of Utility debts on 31st March 2022.

Income

3.5.15 The Income Team raised 11,591 sundry invoices (excluding the Trade Refuse service) with a value of £73.1m from 1st April 2021 to 31st March 2022.

3.5.16 During the same period, 1,582 invoices relating to all financial years with a total value of £8.47m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled.

3.5.17 **Appendix 6** shows the value of invoices raised month by month for the period from 1st April 2021 to 31st March 2022 compared to the same periods in the previous two financial years.

3.5.18 **Appendix 7** shows the number of invoices raised month by month for the period from 1st April 2021 to 31st March 2022 compared to the same periods in the previous two financial years.

3.5.19 The outstanding debt for Trade Waste was £158k as at 31st March 2022. Table 5 provides an analysis of the outstanding debt and compares it to the position as at 31st March 2021. This shows that the debt was £16k higher than the previous year but this can be largely attributed to the £13k increase in disputed debts which are being followed up with the service department.

Table 5

Age Analysis of Trade Balance	As at 31st March 2021	As at 31st March 2022	Variance	
			£k	%
Under 30 days old	2,066	357	-1,709	
Invoices 31-365 days old	49,707	50,207	500	
Invoices over 1 year old	90,311	107,834	17,523	
Total	142,085	158,398	16,313	11.48%
Recovery Status of Trade Balance				
Payment arrangements/Direct Debits	1,416	689	-727	
Invoices in dispute	26,614	39,669	13,056	
Awaiting cancellation	0	0	0	
Awaiting write off	40,395	37,850	-2,545	
Active Recovery	73,660	80,191	6,531	
Total	142,085	158,398	16,313	11.48%

Nightly Paid Accommodation Charges

3.5.20 The outstanding debt for Nightly Paid Accommodation charges as at 31st March 2022 was £8.3m for current and former occupiers. Table 6 gives a breakdown of the outstanding debt as at 31st March 2021 and 31st March 2022 which shows an increase of £930k.

Table 6

	As at 31 March 2021	As at 31 March 2022	Variance %
Charges raised for current year and arrears brought forward for previous years	£15,245,135	£18,625,840	22.18%
Payments received from debtors	-£1,569,495	-£1,631,261	3.94%
Housing Benefit awards	-£6,200,745	-£8,587,793	38.50%
Sub total	£7,474,895	£8,406,786	12.47%
Less combined total debts written on/off	-£17,097	-£118,675	594.13%
Total	£7,457,798	£8,288,111	11.13%

3.5.21 The number of clients moving into Temporary Accommodation has increased throughout the pandemic to date. There was a 23% rise, consequently, the collectable rent also increased by a similar percentage. Housing Benefit payments increased in the same period by £2.39m (38.5%) and the cash collected increased by 62K (3.94).

3.5.22 The Coronavirus Act 2020 introduced on 26th March 2020 adversely affected the collection of rent charges. Initially, the prevention of any eviction proceedings meant that non-paying tenants were permitted to remain in temporary accommodation thereby accruing charges. Liberata and Housing were unable to issue Notices to Quit or follow through with any pending eviction proceedings. On 29th August 2020, the guidance changed to allow notice to be given where arrears levels had reached the value of a minimum of 6 months' rent due to non-payment. Notice periods were gradually reduced and returned to pre-COVID lengths on 1st October 2021 however the impact of the Coronavirus Act 2020 is still evident.

3.5.23 In addition to the impact referred to above, this type of debt means that often payment arrangements are for very small instalments over long periods of time. Tenants have issues with affordability and do not possess the assets to enable successful enforcement or legal action. Although Liberata have always conducted searches on untraceable tenants, a new

and more efficient process has been introduced with tenant details automatically passed through systems cyclically over a period of 6 months. Where tenants are located the appropriate action is taken immediately.

3.5.24 Liberata have been working with the Council to improve the functionality of the Housing system and as a result, Liberata are now issuing 4-weekly bulk statements resulting in an increase in contact from tenants. Since April 2022 tenants have been able to make online payments however the most popular request from tenants is a payment card. This is being considered along with Direct Debit facilities and a Customer Portal.

3.6 Accounts Payable

3.6.1 Under the Public Contracts Regulations 2015 the Council is required to publish prompt payment data showing the percentage of undisputed invoices paid within 30 days.

3.6.2 A performance summary covering the period from 1st April 2021 to 31st March 2022 is shown in the table below. This shows that the percentage of undisputed invoices paid within 30 days was 97%, against a target of 99%. There was a slight dip of 1% when compared to 2020/21 and this can be attributed to the transition to the new Social Care IT system.

Table 7

Target: 99%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Manuals	67	13,164	13,231	99%	170	13,061	13,231	99%
I-Proc	252	11,619	11,871	98%	440	11,431	11,871	96%
Carefirst/ContrOCC	648	11,645	12,293	95%	980	11,313	12,293	92%
Adults	10	369	379	97%	40	339	379	89%
Cumulative YTD Total	977	36,797	37,774	97%	1,630	36,144	37,774	96%

3.6.3 Table 8 below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1st April 2021 to 31st March 2022 was 96%. This is an increase in BACS payments of 1% compared to last year.

3.6.4 The number of payments made by cheque continues to reduce year on year and officers will continue to work with Liberata to reduce this further.

3.6.5 Liberata worked closely with Council Officers in Finance on the implementation of Oracle Fusion which went live at the end of April. The system has provided new functionality which includes a supplier portal and automatic information capture from supplier invoices, both of which will help to improve supplier set up and invoice processing.

Table 8

Month	2020/21				Month	2021/22			
	BACS Count	BACS %	Cheque Count	Cheque %		BACS Count	BACS %	Cheque Count	Cheque %
April	2,917	97%	93	3%	April	2,454	96%	94	4%
May	2,531	95%	134	5%	May	2,522	95%	123	5%
June	2,566	95%	140	5%	June	2,874	96%	123	4%
July	2,688	95%	140	5%	July	2,516	96%	105	4%
Aug	2,220	95%	154	5%	Aug	2,242	96%	83	4%
Sept	2,739	94%	161	6%	Sept	2,953	97%	99	3%
Oct	2,710	94%	164	6%	Oct	2,535	96%	101	4%
Nov	2,702	95%	151	5%	Nov	2,315	95%	126	5%
Dec	2,972	96%	114	4%	Dec	3,063	98%	73	2%
Jan	2,672	97%	91	3%	Jan	2,474	96%	101	4%
Feb	2,627	95%	139	5%	Feb	2,870	98%	73	2%
Mar	3,460	95%	187	5%	Mar	3,286	95%	172	5%
	32,804	95%	1,668	5%		32,104	96%	1,273	4%

3.7 Financial Assessment and Charging

3.7.1 The Key Performance Indicator figures for the team covering the period from 1st April 2021 to 31st March 2022 are shown in table 9 below.

Table 9

Indicator	Target	Actual 2019/20	Actual 2020/21	Actual 2021/22
Complete Financial Assessments within 10 working days	100%	65%	89%	97%
Produce the charging file from CareFirst weekly	100%	100%	100%	100%

3.7.2 Performance continued to improve towards the end of the financial year after the implementation of an automated Workflow Manager which supported Liberata's ability to achieve the KPI month on month. However, the implementation of the new Financial Assessment system ContrOCC in November 21, resulted in some technical issues which led to processing delays. Both Liberata and the Council have been working to resolve any remaining system issues.

3.7.3 Although there have been some system issues, the new system has also provided the following improvements:

- A reduction in data input leading to faster processing.
- A reduction in manual intervention reducing the risk of human error.
- The time taken to complete the annual uplift of charges has reduced by approximately 50%.
- Automated calculations and production of letters.

3.7.4 The increased resourcing levels implemented by Liberata remain in place. This has enabled them to maintain a high level of service within the Financial Assessment service. The resilience

created has supported their focus on both processing and quality checking, which both play a pivotal role in their compliance framework. Liberata's Quality Officer carries out targeted quality checks on the existing team with a higher level of checking undertaken on new starters or upskilled employees.

3.7.5 The online financial assessment form and evidence upload facility has been implemented and Liberata have seen a steady increase in usage of these facilities. The online form prompts a customer to provide specific evidence meaning officers will not have to request additional documentation at a later stage. This will have a positive effect on the processing times of the applications. Liberata are currently investigating whether Robotic Process Automation (RPA) can assist with the assessment process, which will further reduce processing days when finalising the contributions.

3.7.6 Over the next few months the Exchequer Client Unit will be working closely with Liberata Project Managers to prepare for the forthcoming Social Care Reforms. From October 2023, the government will introduce a new £86,000 cap on the amount anyone in England will need to spend on their personal care over their lifetime and will also include an extended means test. These changes are likely to significantly increase the current case load, therefore it will be important to ensure the use of automation is maximised.

3.8 Appointee and Deputyship

3.8.1 The Key Performance Indicator figures for the team, covering the year to 31st March 2022, are shown in table 10 below which shows the service continues to perform well.

3.8.2 The move to the Information@Work DMS and the shift to client e-files have both resulted in significant improvements in managing documents more effectively and efficiently.

3.8.3 The Caspar application, which is used for case management, will be migrated to a Cloud solution later this year. Liberata will explore whether the new Cloud based solution offers any scope for automating and streamlining the bank reconciliation process.

Table 10

Indicator	Target	Actual 2019/20	Actual 2020/21	Actual 2021/22
Referral of applications to the Panel within 14 working days	100%	100%	100%	100%
Raise invoices within 2 months of the anniversary of the court order	100%	100%	100%	100%

3.9 Users/Stakeholder Satisfaction

3.9.1 Complaints are treated as free intelligence to drive improvement and learning. Each complaint is used as a tool for improvement, with individual errors seen as an opportunity to put things right not just for the individual complainant but for the wider community.

3.9.2 The table below shows the number of complaints received since April 2019 split between justified and unjustified. For the range of services being provided the numbers of complaints are relatively low.

- 3.9.3 The increase in the number of complaints was during the transition to the new Care Management system however Liberata strive to deal with such cases with extra care and consideration and will continue to improve processes based on feedback received, where appropriate.

Table 11

	2019/20	2020/21	2021/22
Sundry Debtors/Income			
Justified	4	6	7
Unjustified	3	2	3
Total	7	8	10
Accounts Payable			
Justified	-	-	-
Unjustified	-	-	-
Total	-	-	-
Financial Assessment & Charging			
Justified	13	7	13
Unjustified	5	6	12
Total	18	13	25
Appointee & Deputyship			
Justified	-	-	-
Unjustified	-	-	-
Total	-	-	-

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The Single Financial Assessment Unit are required to carry out timely and accurate financial assessments so that the adults receiving social care and support are informed as early as possible how much they are required to pay towards their care. When there are delays in completing financial assessments or providing information this can cause distress or anxiety for clients and their families.
- 4.2 The Accounts Payable Team are responsible for making direct payments to vulnerable adults, children with disabilities, foster carers and care homes. Making the correct payments on time ensures there is no impact on vulnerable adults or children.
- 4.3 The Appointee and Deputyship Team provide services to vulnerable adults who lack the capacity to manage their finances. Prompt submission of court and DWP applications ensures that the risk of financial abuse is removed as early as possible.
- 4.4 The Appointee and Deputyship Team also carries out protection of property to prevent or mitigate the loss or damage to property belonging to adults in Bromley who are receiving care and support from the Council or are in hospital and no suitable arrangements have been made.

5. TRANSFORMATION/POLICY IMPLICATIONS

- 5.1 One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley’s residents. To achieve this, we will

ensure robust contract management with a focus on efficiency and innovation to improve services for Bromley residents.

6. FINANCIAL IMPLICATIONS

6.1 The services provided through the Exchequer Services Contract referred to within this report deal with significant financial transactions with examples illustrated below:

- Accounts Payable - £500m per annum
- Sundry debts (income) - £73m per annum
- Financial Assessments - £14m per annum
- Appointee and Deputyship - £3m per annum

6.2 The budget provision for 2021/22 was £1.91m.

7. LEGAL IMPLICATIONS

7.1 This report is a contract performance report for Exchequer Services and is submitted in compliance with rule 23 of the Contract Procedure Rules which requires an annual update report to be submitted when the value of the contract is in excess of £1 million.

8. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

8.1 As part of the initiative to achieve greener ICT Liberata moved their systems to data centres compliant with ISO 14001 standards, an internationally agreed standard that sets out the requirements for an environmental management system. This helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.

8.2 The My Bromley account software supports 7,268 subscribers to e-billing, reducing paper production and postal service reliance. Officers continue to work with Liberata on projects to increase back-office automation and further reduce paper volumes.

8.3 Liberata also supports staff to volunteer for local organisations, such as Age Concern befriending scheme.

9. CUSTOMER IMPACT

9.1 The services covered in this report affect those who owe general income to the Council, all of the Council's suppliers and all adult social care clients. This amounts to an estimated 40,000 people.

Non-Applicable Headings:	Personnel implications, Procurement implications, Ward councillor views, Property implications
Background Documents: (Access via Contact Officer)	



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Claudine Douglas-Brown
Assistant Director of Exchequer Services
London Borough of Bromley
Civic Centre
Stockwell Close
Bromley
BR1 3UH

7 June 2022

Our Ref: AIF/RJ

Dear Claudine,

As we approach the June 2022 Executive, Resources and Contracts Policy Development and Scrutiny Committee where we consider and review the Exchequer service, we take this opportunity to write to you with Liberata's assessment of the performance that we have provided to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the year to 31st March 2022.

Debtors and Income

Our unadjusted in-year collection figure for the year was 80.68%. This equated to cash received of £58.96m and was £12.21m more than last year. The collection rate achieved was below the target of 92%. However, there remained a number of debts where we were unable to take any recovery action. Once these debts had been excluded our adjusted collection rate was 92.41%. This adjusted collection rate provides a clearer indication of the team's performance. A summary of the debts that are excluded from the adjusted rate are listed below:

- Invoices totalling £6.41m were raised and issued during the last 14 days of March. As we are only able to commence active recovery on debts that are at least 21 days old, these have been excluded.
- £2.65m of debts were on hold at the year end either due to them being in dispute or because we were awaiting further instructions from the Council.
- Community Infrastructure Levy (CIL) invoices of £188.9k had been raised in the year but their due date was after 31st March 2022.

- £19.7k of outstanding debts were awaiting write off at the year end.

In Year Collection	31/31/2021	31/03/2022	Variance
	£m	£m	£m
Net Collectable Debt	£65.39	£73.08	£7.69
Amount Collected	£46.75	£58.96	£12.21
Unadjusted Collection Rate	71.49%	80.68%	9.19%
Adjustments to Net Collectable Debt:			
- CIL Debts	-£0.97	-£0.19	£0.78
- Disputed Debts	-£0.78	-£0.99	-£0.21
- With LBB	-£1.49	-£1.66	-£0.17
- Charging Orders	-£0.09	-£0.00	£0.09
- Awaiting write off	-£0.01	-£0.02	-£0.01
- Deferred Commercial Rents	-£0.30		£0.30
- Invoices less than 14 days old	-£5.49	-£6.41	-£0.92
- Premises Licence	-£0.02		£0.02
Adjusted Net Collectable Debt	£56.24	£63.81	£7.57
Adjusted Collection Rate	83.13%	92.41%	9.28%

Cash collected on out of year debt totalled £18.5m and as a result we achieved a collection rate of 99.75% across all financial years. Once again the outstanding balance includes a large number of debts where no active recovery work can take place. A summary of these debt types, and their values, are shown below:

- £2.73m of debts were effectively 'on hold' either due to a dispute being raised by the debtor or because we were awaiting further instructions from the Council.
- £1.21m of invoices were awaiting write-off.
- £319k of outstanding debts were secured by Charging Orders on the debtor's property.

Although our collection rate had improved since the last year we still found ourselves adversely impacted by the Coronavirus. Even though restrictions finally ended during the year we still faced the need to clear a backlog of debt recovery cases from the last two years. These had arisen as a result of the suspension of court hearings, restrictions place on the activities of Enforcement Agents and delays placed on commencing the eviction process for non-paying tenants. As a result we recognised the need to increase our contact with those in debt in order to clear this backlog as quickly and efficiently as possible. To this end we commenced issuing monthly statements to Temporary Accommodation tenants. We utilised the sending of regular SMS messages to remind debtors of their outstanding balances and to request payment. We added online payment functionality to the Council website to give Temporary Accommodation clients the ability to pay online. We also established a new tracing process to find Temporary Accommodation tenants who

have moved. This has allowed us to utilise the systems of one of our partner organisations which improves our ability to track and recover debts from these hard to find cases. In the coming year we plan to start a number of other initiatives including reviewing where we can offer direct debit facilities on debt types where this isn't currently available.

Accounts Payable

During the year we saw a decrease in the percentage of undisputed invoices paid within 30 days. This fell from 98% in 2021 to 97% this year. This decrease was due to technical issues experienced with the introduction of the new social care systems in late 2021 which had a detrimental impact on the processing times of invoices. We are continuing to work closely with the Council to rectify any remaining system issues in this area. We have continued the trend over the last few years of increasing the percentage of payments made by BACS rather than cheque with the current year showing an increase of 1% from 95% to 96%.

Financial Assessment and Management Team

The client base at the year end consisted of 906 Residential Care cases and 2,453 Non-Residential Care cases. In order to improve our service to these clients we continued to implement a number of process improvements during the year. These included switching to an electronic Document Management System which offers full visibility of all outstanding documents received, thereby allowing us to prioritise their completion. This has also enabled the introduction of, and monitoring against, performance benchmark targets for the team which helps drive productivity. We completed the roll out of online assessment forms and an electronic evidence upload tool. This now allows residents to complete and submit a financial assessment, together with the necessary documentation, all online. Thereby reducing the processing time.

The key challenge for the team over the forthcoming year will be to complete our preparation for the Social Care Reforms and the introduction of the Care Cap. We anticipate that this will result in a major increase in contact from residents, increased need for record keeping and will result in a rapid growth in the number of cases managed by the team. A project team to look at the potential impact of these reforms and the systems and resource requirements needed to deal with them has already been established.

Appointee & Deputyship Team

Similar to the Financial Assessment Team above we also implemented a new Document Management System here which has allowed us to manage our incoming correspondence in a more efficient way.

Over the next twelve months we will be working to migrate the current case management system that we use from a hosted solution to a cloud based version.

Council Led Projects

We worked closely with the Council on a number of key IT projects during the year. The Council migrated their financial application Oracle R12 to a new platform called Fusion. All of the Liberata teams who were impacted by this change fed into this project, which was completed on 28th April 2022. The new system has provided additional functionality which we hope to exploit over the coming months. This includes a supplier portal and automatic information capture from supplier invoices.

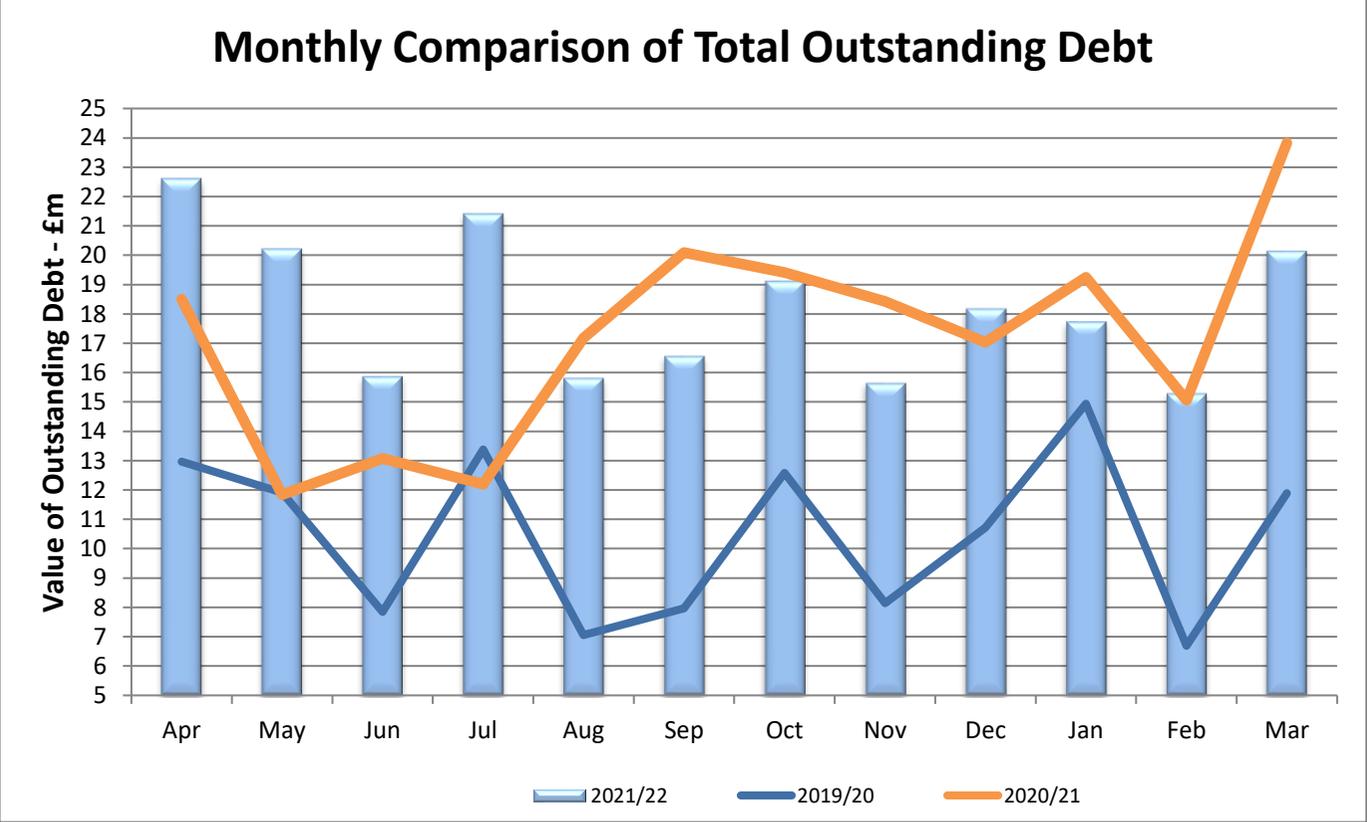
New systems were also implemented for the Council's Children's and Adult Care services. Although this resulted in a number of processing and system issues we have worked and continue to work closely with the Council to resolve them.

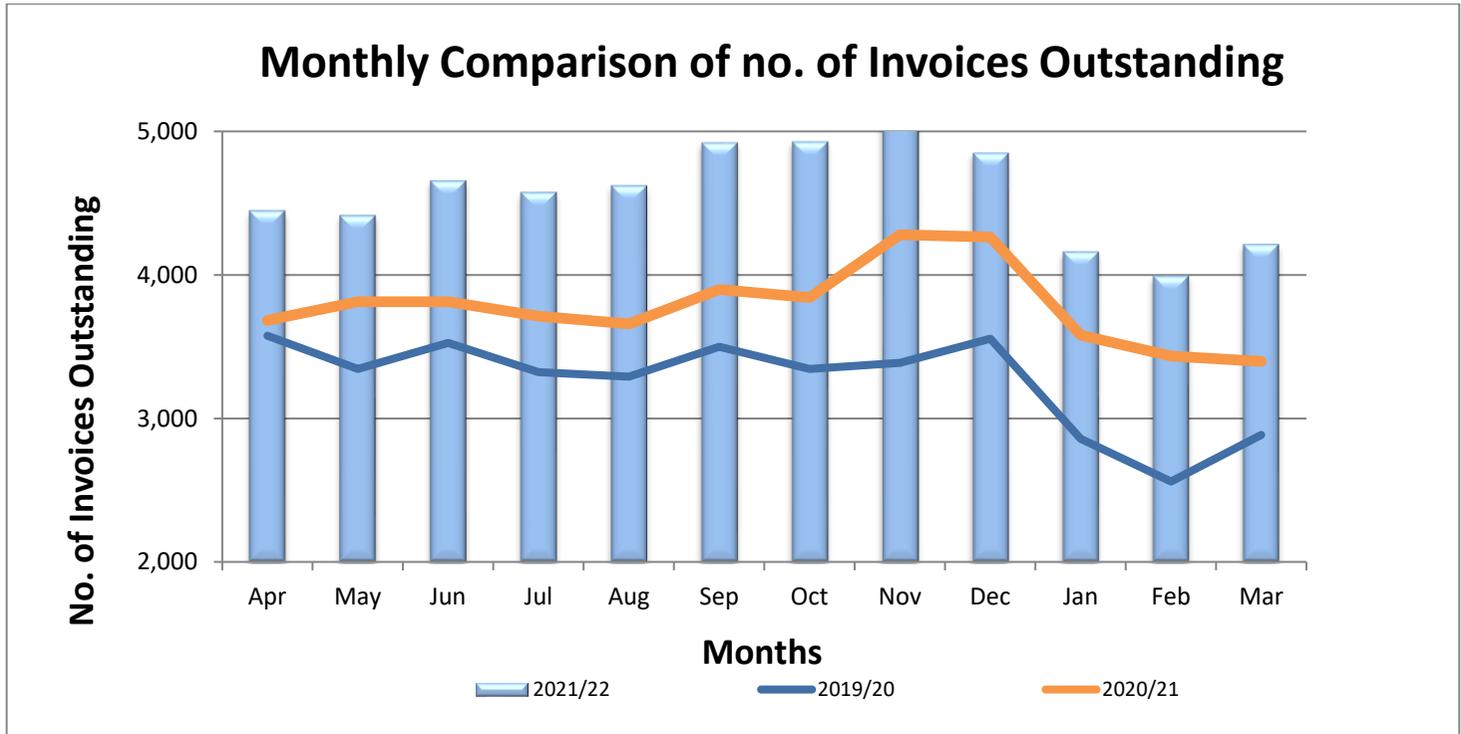
Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely

Amanda Inwood-Field

Amanda Inwood-Field
London Regional Contract Director





Overall Recovery position of Debts raised in the financial years as at 31st March 2022

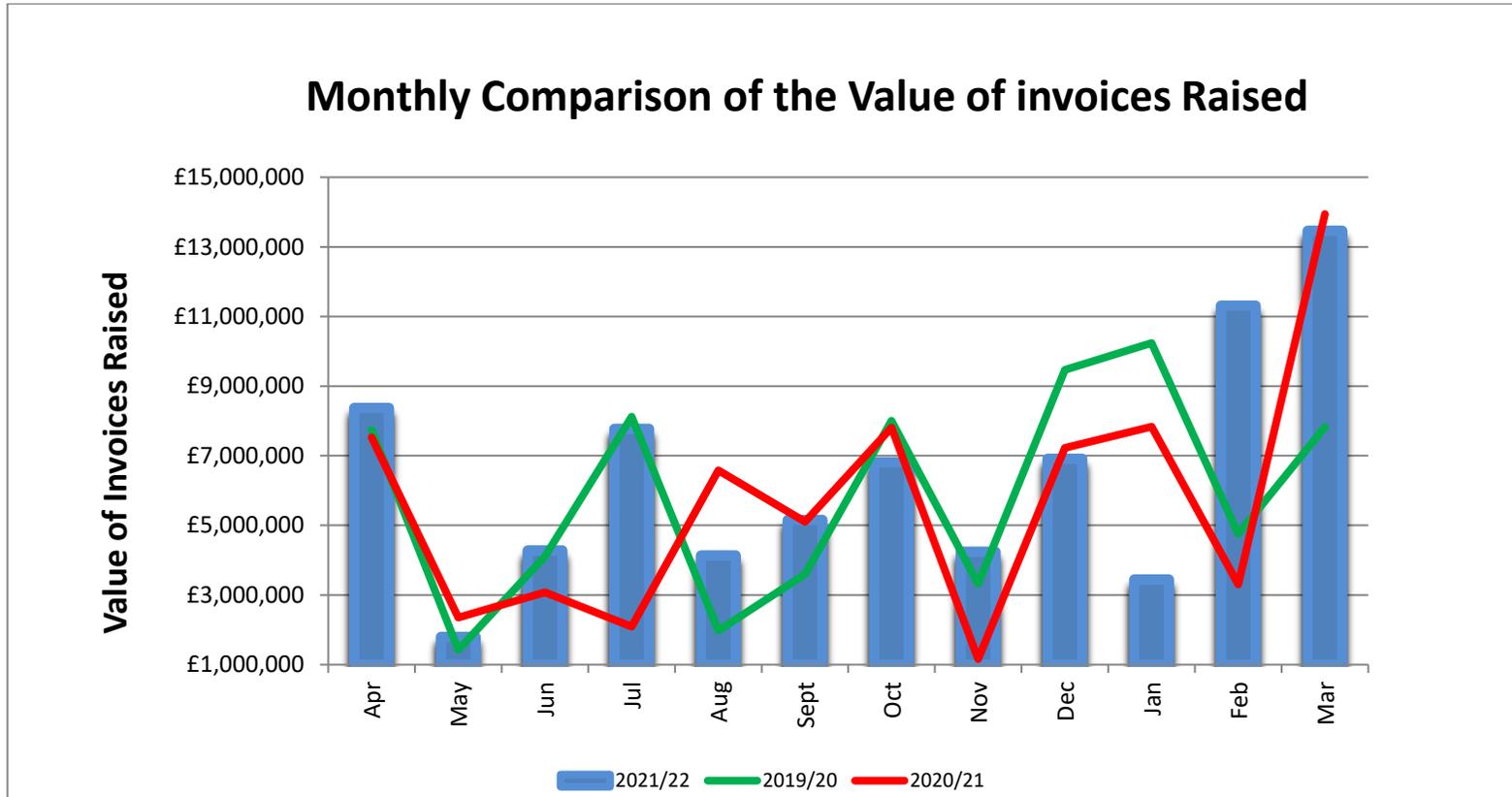
Outstanding balance and Recovery position of debts raised in the years below							
Fin Year in which the original debt was raised	Pre 2017	17-18	18-19	19-20	20-21	21-22	Grand Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
In reminder letter cycles (no pro-active recovery)						10,046	10,046
Recovery being actively pursued	6	7	14	114	155	795	1,090
In Recovery, paid by instalments	49	6	8	10	67	108	248
Appointee & Deputyship in place	5	3	2	2	132	80	224
Deceased Accounts	2	6	6	22	126	103	266
Searching for probate		4	2	10	88	89	193
Probate granted (in recovery)			17		27		44
With LBB for Instructions	2		10	6	57	106	181
Pre Debt Collector checks		2	3		2	5	12
With Debt Collector	40	22	21	54	67	77	281
Returned from Debt Collector	6	2	1	2			11
Court Action (pre-legal action review & application)	170	51	64	118	40	14	457
Judgement obtained - Enforcement options in review	28						28
Judgement obtained - Attachment of Earnings							
Judgement obtained - Charging Order	136	13	92	11	67	3	322
Judgement obtained - Post CCJ Payment Arrangement							
Judgement obtained - High Court Enforcement	19	1		1			21
Judgement obtained -Third Party Debt Order							
Judgement obtained - Bankruptcy		4	19	6	5	13	46
With LBB Legal Dept for instructions	11	2		4	61		77
Awaiting cancellation					1	4	4
Recommended for Write Off	740	150	96	144	75	20	1,225
In dispute/under query with LBB Service Departments	120	418	219	510	1,431	2,544	5,241
Covid-19 Grant Clawback					10	108	118
Premises Licences				2	4	3	9
Grand Total	1,333	689	576	1,017	2,411	14,117	20,144

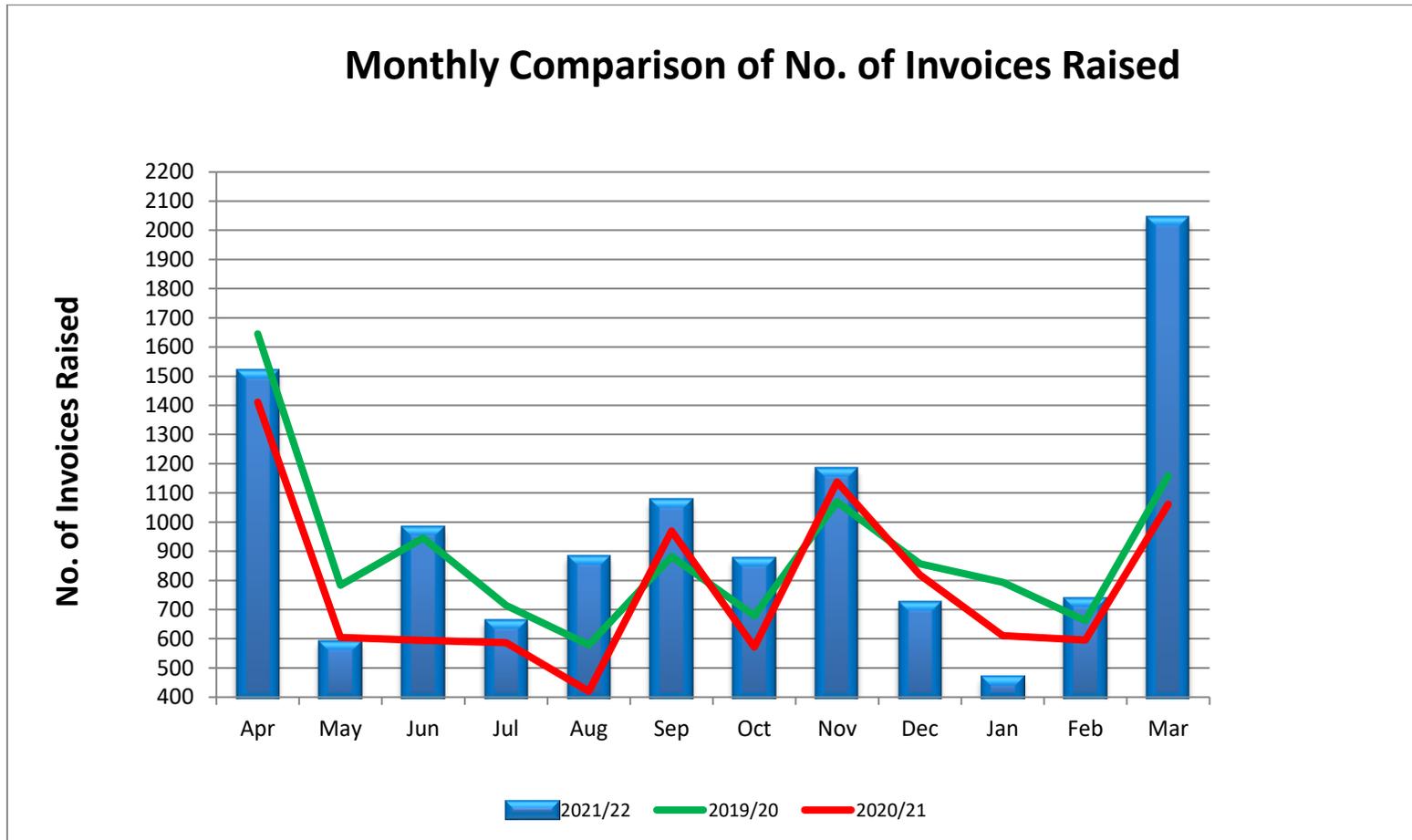
Age Profile of outstanding Utility Debts as at 31st March 2022

Utility	Pre 2017	2017-18	2018-19	2019-20	2020-21	2021-22	TOTAL BALANCE
Virgin Media	£0	£0	£0	£0	£0	£45,470	£45,470
British Telecom	£9,738	£0	£0	£2,375	£0	£44,847	£56,959
EDF	£0	£0	£0	£0	£0	£0	£0
UK Power Networks Ltd	£4,093	£0	£0	£0	£0	£2,238	£6,331
SGN PLC	£0	£0	£0	£0	£15,028	£47,079	£62,107
Thames Water	£0	£0	£0	£583	£5,985	£37,289	£43,857
Other Utilities	£9,147	£2,250	£0	£0	£10,787	£96,701	£118,885
TOTAL	£22,977	£2,250	£0	£2,958	£31,800	£273,623	£333,608

Overall Recovery Position of outstanding Utility Debts as at 31st March 2022

Utility	Total under 30 days old	Total over 30 days old	Total outstanding	No. of invoices in dispute	Amount of invoices in dispute	Amount marked for write off
Virgin Media	£10,030	£35,440	£45,470	0	£0	£0
British Telecom	£42,757	£14,203	£56,959	1	£1,853	£9,738
EDF	£0	£0	£0	0	£0	£0
UK Power Networks Ltd	£2,052	£4,279	£6,331	0	£0	£2,413
SGN PLC	£11,801	£50,306	£62,107	0	£0	£0
Thames Water	£34,891	£8,966	£43,857	2	£6,568	£0
Other Utilities	£55,410	£63,475	£118,885	10	£8,663	£4,193
TOTAL	£156,940	£176,668	£333,608	13	£17,083	£16,343





Report No.
FSD2039

London Borough of Bromley

PART ONE - PUBLIC

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

Date: Wednesday 22 June 2022

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

Title: REVENUES MONITORING REPORT

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

Chief Officer: Director of Finance

Ward: All Wards

1. Reason for decision/report and options

- 1.1 This report provides information regarding the performance of the Revenues Services provided by Liberata for the period 1 December 2021 to 31 March 2022. A letter from Amanda Inwood-Field, Liberata's London Regional Contract Director, provides an update on each of the individual services and is attached Appendix 1 with statistical data relating to the Revenues Service attached at Appendix 2.

2. **RECOMMENDATION(S)**

2.1 **The PDS is requested to:**

- **to note the information contained within the report and the letter provided by Liberata detailed in Appendices 1 & 2**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Revenues Service impacts on all residents in the Authority including adults/and those with children.

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: Exchequer - Revenues
4. Total current budget for this head: £2.99m
5. Source of funding: Existing Revenue Budget for 2021/22

Personnel

1. Number of staff (current and additional): 2 plus Liberata staff
2. If from existing staff resources, number of staff hours: Existing Revenue Budget for 2021/22

Legal

1. Legal Requirement:
Local Government Finance Act 1988
The Council Tax (Administration and Enforcement) Regulations 1992
The Local Government Finance Act 2012
Rating Law and Practice; England and Wales
LGPS Regulations 2013
2. Call-in: Not Applicable

Procurement

1. Summary of Procurement Implications: The Revenues Service forms part of the Exchequer Services contract.

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): The Services covered in this report affect all the Council Tax payers, Business Rates payers, Members and Pensioners, this could be estimated to 150,000 households.

Ward Councillor Views

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

3. COMMENTARY

The Exchequer Services team monitors the contract, sets targets and performance standards. Liaises with partners, progresses the development and improvement of services through leadership on specific improvement initiatives. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements.

To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. The Heads of Service of Liberata and Bromley meet regularly to deal with escalated issues, review policies and develop new ideas.

3.1 Council Tax

Collection

The in-year Council Tax collection rate for the year to 31 March 2022 was 96.81% which was a 0.31% increase on that achieved in the previous year and is 1.04% down against collection at the of 31 March 2020 (pre-pandemic).

Whilst we continue to take part in “virtual” court hearings the collection figure has been adversely affected by the Courts restriction on the number of summonses we were allowed to issue for each hearing.

The summons restriction has reduced the number of liability orders we are able to obtain. Without a liability order we are unable instruct Enforcement Agents to recover the debt. To proactively increase collection, we have issued additional reminder letters. SMS messages have also been sent encouraging residents to contact us to make payment arrangements.

In order to improve collection, the Assistant Director wrote to HMCTS asking for an increase in the amount of summons that can be issued for both Council Tax and Business Rates. An increase was approved which took effect in January 2022.

The collection rate on current year and arrears was 96.46% which was a 0.45% favourable variance when compared to the last financial year and 1.39% down against the same time in 2020 (pre- pandemic).

There is currently no published benchmarking data on collection figures. The information will be circulated as soon it is available.

Number of properties on the Council Tax register

At the end of March 2022, the number of properties registered for Council Tax was 142,203. The table below shows the number of properties by Council Tax “band” and the number in receipt of

Band	A	B	C	D	E	F	G	H	Total
Number of properties	2,028	10,402	30,130	36,261	29,487	18,360	13,861	1,674	142,203
Number of properties with SPD	1,206	6,205	13,688	11,224	6,785	3,478	1,991	145	44,722
%	59%	60%	45%	31%	23%	19%	14%	9%	31%

In comparison to last year, the number of registered properties has increased by 232 and the number receiving SPD has increased by 1,042.

Single Person Discount review

The accounts in receipt of SPD are reviewed annually and is being done in partnership with a credit reference agency using a “residency checker service” that allows us to undertake a data matching exercise on our live SPD accounts. The 2021/22 data match identified 5,756 accounts for review, 5633 have been completed. There are 123 accounts left which require further investigation. So far 787 accounts have the SPD removed.

Direct Debit

Council Tax can be paid by direct debit on either 1st or 15th of the month and over 10 or 12 months. On average 69.9% of the accounts where there is liability to pay are paid by this method compared to 68.08% in 2020/21. The increase is attributed to the on-going direct debit campaign where we are exploring new ways of further increasing the level of direct debits.

Empty Homes Premium

The Executive at their meeting of the 27 November 2019 approved the introduction of the Empty Homes Premium (EHP) from the 1 April 2020. For properties empty longer than two years a 50% premium was to be levied, increasing to 100% once the property has been empty for five years.

At the 1 April 2021, 323 properties had an EHP applied to them.

At the 31 March 2022 an EHP was applied to 350 properties. The table below shows the long-term empty properties by Council Tax band and by the number of years they have been empty for:

Band	A	B	C	D	E	F	G	H	Total
Number of properties to which an EHP is being applied	19	52	113	87	32	22	21	4	350
Number of properties Empty between 2 and 5 years (50% premium)	15	42	89	62	22	18	19	2	269
Number of properties Empty between 5 and 10 years (100% premium)	4	9	17	15	6	1	2	1	55
Number of properties empty over 10 years (100% premium)	0	1	7	10	4	3	0	1	26

The small increase has been attributed to suspension of the housing market during the pandemic.

A report to the 13 January 2021 meeting of the Executive proposed the increase of the EHP from the 1 April 2021 to 100% being levied for properties empty over 2 years, increasing to 200% after 5 years and 300% after 10 years.

The Executive decided to defer the decision for one year in recognition of the ongoing impact of the pandemic. A report will be presented to the Executive on 3 August 2022 recommending that the increased EHP is applied from 1 April 2023.

3.2 Business Rates

The in-year Business Rates collection rate for the period ending 31 March 2022 was 95.47% which was up by 3.58% on the previous year but still down by 2.56% on 2020. Like Council Tax, collection was adversely affected by the suspension of Court hearings but unlike Council Tax these were only resumed in September 2021 with the number of summonses being restricted to 25 per hearing. This was increased to 50 per hearing from November 2021, with a further increase to 250 from January 2022.

The collection rate for current years and arrears was 90.62%, which was an 8.55% increase when compared to the previous financial year but down 5.08% at the same time in 2020.

There is currently no published benchmarking data available on collection figures. It will be circulated as soon as it is available.

As at the 31 March 2022 there were 7,436 properties registered for Business Rates this a reduction of 21 on the figure as at the 31 March 2021.

The table below shows the number of premises by their current rateable value:

Business size based on rateable value	Number of properties
Less than £15k (small)	4,495
Between £15k and £49,999 (medium)	1,968
Over £50,000 (large)	973
Total	7,436

3.3 Cashiers & Cash collection

The number of payments received, including amounts received via either of the payment kiosks, or by post, was higher than last year. During the pandemic cash collection was affected by closure of the Civic Centre and the Penge Library where the kiosks are situated. For the period April 2021 to 31 March 2022, payments equating to £6,289,973 (9,396 transactions) were taken compared to £5,982,102 (6,902 transactions) for the previous year.

Since April 2021 there has been a reduction in the number of sites taking cash reducing from 5 to 3. This has reduced the cost of collections by 16% to £15,633 for 2021/22 and is estimated to reduce by a further 45% in 2022/23.

3.4 Payroll

The number of payments made in March 2022 was as follows:

LBB General/Schools	2,665
Pensions	5,472

For the period April 2021 to 31 March 2022, Liberata achieved 99.99% accuracy.

3.5 Pensions

Membership numbers recorded on the pension administration system as at 31 March 2022 were 6,385 actives, 7,007 deferred and 5,790 pensioners.

Liberata have provided assurance that all pension entitlement and benefits are calculated and paid in accordance with Legislation and the Local Government Pension Scheme Regulations.

4. FINANCIAL IMPLICATIONS

4.1 This report refers to significant income collection undertaken through the Exchequer Service contract with Liberata. For 2021/22 the key financial elements of the Revenues Service were:

- £247.6m - annual Council Tax raised
- £75.7m – annual Business Rates raised
- £72.38m – gross amount paid in staff salaries (inclusive of Schools but excluding Academies) for the period 1 April 2021 to 31 March 2022
- £30.69m – gross amount paid in Pensions for the period 1 April 2021 to 31 March 2022
- £6.30m - revenue on 9,396 transactions for the period 1 April 2021 to 31 March 2022 (including kiosks)

5. TRANSFORMATION/POLICY IMPLICATIONS

5.1 One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley’s residents. To achieve this, we will ensure robust contract management with a focus on efficiency and innovation to improve services for Bromley residents.

6. LEGAL IMPLICATIONS

6.1 This is a contract monitoring report pursuant to CPR23. There are no specific legal implications raising from this report.

7. CUSTOMER IMPACT

7.1 The Revenues Services impacts of a wide variety of customers which include residents, staff and pensioners.

8. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

As part of the initiative to achieve greener ICT Liberata moved their systems to data centres compliant with ISO 14001 standards, an internationally agreed standard that sets out the requirements for an environmental management system. This helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.

The MyBromley account software supports 7268 subscribers to e-billing, reducing paper production and postal service reliance. Officers continue to work with Liberata on projects to increase back-office automation and further reduce paper volumes.

Liberata also supports staff to volunteer for local organisations, such as Age Concern befriending scheme.

Non-Applicable Headings:	Impact on Vulnerable Adults and Children, Personnel, Procurement, Property and Ward Councillors views
Background Documents: (Access via Contact Officer)	

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Liberata

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7 June 2022

Our Ref: AIF/RJ

Dear Claudine,

As we approach the June 2022 Executive, Resources and Contracts Policy Development and Scrutiny Committee where we consider and review the Exchequer service, we take this opportunity to write to you with Liberata's assessment of the performance that we have provided to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the year ended 31st March 2022.

Council Tax

We achieved an in-year collection figure of 96.82% which represented cash of £226.0m. This was 0.31% higher than for 2021 but was still down against 2020, pre-pandemic, levels by 1.04%. Performance for the current year continued to be affected by the Coronavirus. Although previously imposed restrictions on recovery action were removed during the year we were faced with a backlog of cases whilst still facing strict limits on the number of cases we could bring to court in order to obtain a liability order. This resulted in cases being brought to court much later than we would have wanted meaning that the outstanding balances, rather than being cleared during the year under review, had to spill over into the 2022/23 year. We sought to counter the impact of this by increasing the number of 'soft' reminder letters and the frequency of SMS reminder texts and emails being issued to debtors.

In Year Collection

	31/03/2022	31/03/2021	Variance
In Year	£m	£m	£m
Net collectable Debt	£233.42	£217.88	£15.54
Amount collected	-£226.00	-£210.26	£15.74
Debt remaining	<u>£7.42</u>	<u>£7.62</u>	
Collection Rate	96.82%	96.51%	0.31%

We achieved an all year's collection rate of 96.48%. Once again this was up on the last year, by 0.47%, but was still down on the last pre-pandemic rate in 2020 by 1.39%.

All Years Collection

	31/03/2022	31/03/2021	Variance
All Years	£m	£m	£m
Net collectable Debt	£238.50	£220.90	£17.60
Amount collected	-£230.10	-£212.08	£18.02
Debt remaining	<u>£8.40</u>	<u>£8.82</u>	
Collection Rate	96.48%	96.01%	0.47%

The MyBromley Account remains a popular feature with residents as it allows them to not only view their Council Tax account online but also notify us a change in address, set up a direct debit or apply for a discount or exemption. This allows residents to effectively 'self-serve' 24/7 resulting in a better customer experience. During the year over 21,000 new MyBromley Accounts were created meaning that as at the end of April there were over 107,000 active accounts.

We hope to further drive these number up over the coming year through our Channel Shift program which will increase the promotion of the available self-serve modules to encourage residents to utilise them in place of requesting paper forms to complete and post.

Business Rates

In-year collection for the year was 95.47% and represented £71.70m of cash. Similar to Council Tax this was an increase on the previous year of 3.58% but was still down on the 2020 pre-pandemic rate by 2.56%. The factors affecting our recovery were the same as those noted in the Council Tax section above. The restriction on cases that could be summonsed, which were imposed by the courts, had a detrimental effect on the timing of our recovery work. At the start of the year we could only take 25 cases to each monthly hearing. This was subsequently increased to 50 in November and then 250 from January 2022. However, it effectively pushed much of our recovery into the 2022/23 year.

In Year Collection:

	31/03/2022	31/03/2021	Variance
In Year	£m	£m	£m
Net collectable Debt	£75.11	£40.14	£34.97
Amount collected	-£71.70	-£36.89	£34.81
Debt remaining	£3.41	£3.25	
Collection Rate	95.47%	91.89%	3.58%
<i>Adjusted if incl outstanding LBB debts as paid</i>	95.43%	92.12%	3.31%

The all year's collection rate for the period was 90.62%, which is an increase of 8.55% on the previous year.

All Years Collection Rate:

	31/03/2022	31/03/2021	Variance
All Years	£m	£m	£m
Net collectable Debt	£80.10	£39.89	£40.21
Amount collected	-£72.59	-£32.74	£39.85
Debt remaining	£7.51	£7.15	
Collection Rate	90.62%	82.07%	8.55%

In recognition of the need to increase our collection on both Council Tax and Business Rates to pre-pandemic levels and then to surpass them, we have been working with the Council Officers to implement new initiatives that will drive up our recovery. This will see us using third party organisations, such as solicitors, to make active outbound calls to high value debtors to engage and seek repayment as an alternative to launching costly high end recovery. We will utilise system capability to identify regular payers who miss a payment. This will immediately prompt us to contact them to quickly identify any issues and prevent the debt from growing. We are discussing the possibility of sending a summons to businesses after one missed payment rather than using a series of reminders as at present. Similarly on Council Tax we have now started issuing Finals twice a month. Both of these initiatives are designed to engage more quickly with debtors so recovery can take place sooner while the debt is still manageable.

Cashiers

During the year we collected £6.30m which covered 9,396 transactions and included amounts taken via the kiosks, post and central income. This shows a small increase from 2021 of £0.32m but is still down on the 2020 level by £4.6m. This is reflective

of the fact that Customer Services are now largely an appointment only service, thereby restricting access to the Civic Centre kiosk, and is also indicative of the switch by residents to demonstrating a preference for online methods of payment.

Pensions and Payroll

The Pension Team achieved an average of 96.68% service level compliance over the year to 31 March 2022. The Payroll Team also continued to provide a valued service with an average accuracy rate of 99.99% across the Council's Corporate, Schools and Pensions payrolls.

Impact of the Coronavirus

We have continued to work closely with the Council in order to provide support on various government initiatives. These included the administration and payment of various business support grants for those organisations that had been adversely affected by COVID. We recently completed the administration of the Omicron Hospitality and Leisure Grant and have nearly finished the process of applying reliefs for those businesses eligible for the COVID-19 Additional Relief Fund. We are also currently delivering the Energy Rebate scheme. To do this we have had to use the Academy Revenues system to identify those residents who are eligible for a payment under the Mandatory and/or the Discretionary scheme.

Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely

Amanda Inwood-Field

Amanda Inwood-Field
London Regional Contract Director

The key elements of the Revenues Service includes (2021/22 figures):

- **£247.67 million** – Annual amount of Council Tax raised
- **£75.70 million** – Annual amount of Business Rates raised
- **£14.31 million** – Annual payment of Council Tax Support
- **£84.1 million** - Annual gross payment of Housing Benefit - estimated
- **£72.38 million** – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the period from 1st April 2021 to 31st March 2022
- **£30.69 million** – Payment of Pensions from 1st April 2021 to 31st March 2022
- **£6.30 million** – 1st April 2021 to 31st March 2022 revenue on 9,396 transactions; this includes Kiosk (686 Loomis cash collections during the year to 31st March 2022)

Council Tax Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 17/18	Actual 18/19	Actual 19/20	Actual 20/21	Actual 21/22
BV9:CTAX Collected	97.65%	97.76%	97.50%	97.70%	97.79%	97.93%	98.04%	98.00%	97.86%	96.51%	96.82%

Actual 31st March 2022 – 96.82%

The amount of collectable debt raised for the year 2021/22 was **£247.67m** in respect of **142,203** properties.

242 Cheque refunds and **6,954 BACs** refunds totalling **£2,666,678.34** have been issued from 1st April 2021 to 31st March 2022.

The following Council Tax recovery notices were issued:

	31/03/12	31/03/13	31/03/14	31/03/15	31/03/16	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21	31/03/22
Reminders	51,920	45,816	56,256	54,745	52,125	55,553	78,657	63,387	57,196	54,201	63,769
Summonses	16,436	16,168	19,267	13,158	9,543	14,052	10,755	9,375	9,561	0	21,132
Liability Orders	9,396	10,868	9,999	8,645	8,337	10,338	9,115	8,105	8,606	0	10,010
14 day letters – Enforcement Agent warning	11,757	12,518	15,816	10,103	12,214	8,247	8,647	10,074	9,129	0	10,518

The suspension of court hearings in March 2020, which was in response to the national lockdown, meant that no Summonses, Liability Orders or 14 day letters were issued during the 2020/21 year.

The 2020/21 debt carried forward at the 1st April 2021 was £7,607,043.18

Council Tax - Summoned Debt	
Summonses / costs	
Arrangement	£696,420.97
Bailiff /14 DAY	
Attachment	
Bankruptcy	
Liability	
Un-summoned Debt	
Finals	
Un-summoned	£6,910,622.21
Total	£7,607,043.18

The breakdown analysis of the total 2020/21 debt outstanding at the 1st April 2021 of £7,607,043.18 is shown above.

The balance of the total 2020/21 debt outstanding as at the 31st March 2022 is £4,435,201.47 a reduction of £3,171,841.71.

Council Tax Arrears Breakdown as at 31st March 2022

	Arrears B/F 31.03.2021	Arrears carried forward	Net reduction	Actual % collection
1997	£61.37	£0.00	£61.37	
1998	111.92	£0.00	£111.92	
2000	£2,826.81	£2,371.06	£455.75	
2001	£7,040.76	£6,262.16	£778.60	
2002	£15,476.74	£14,328.00	£1,148.74	
2003	£26,424.33	£24,490.82	£1,933.51	
2004	£34,329.95	£28,871.85	£5,458.10	
2005	£50,990.74	£44,877.79	£6,112.95	
2006	£79,114.41	£67,423.17	£11,691.24	
2007	£109,187.78	£96,419.11	£12,768.67	
2008	£135,208.85	£115,752.48	£19,456.37	
TOTAL	£460,773.66	£400,796.44	£59,977.22	13.02%
2009	£160,718.94	£143,235.61	£17,483.33	10.88%
2010	£198,976.56	£174,315.90	£24,660.66	12.39%
2011	£254,618.00	£229,663.44	£24,954.56	9.80%
2012	£339,000.21	£307,619.88	£31,380.33	9.26%
2013	£534,638.88	£473,882.47	£60,756.41	11.36%
2014	£686,555.34	£611,823.64	£74,731.70	10.89%
2015	£883,524.41	£808,359.04	£75,165.37	8.51%
2016	£1,158,181.02	£1,054,464.36	£103,716.66	8.96%
2017	£1,563,950.44	£1,412,207.20	£151,743.24	9.70%
2018	£2,289,063.60	£2,020,585.30	£268,478.30	11.73%
2019	£3,637,344.21	£2,983,979.80	£653,364.41	17.96%
2020	£7,607,043.18	£4,435,201.47	£3,171,841.71	41.70%
TOTAL	£19,774,388.45	£15,056,134.55	£4,718,253.90	23.86%

Business Rates Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 17/18	Actual 18/19	Actual 19/20	Actual 20/21	Actual 21/22
BV10: Rates Collected	98.81%	98.72%	98.70%	98.80%	99.05%	98.87%	98.53%	98.53%	98.03%	91.89%	95.47%

The amount of collectable debt raised for the year 2021/22 is **£75.70 million** in respect of 7,436 properties.

There have been 661 refunds actioned from the 1st April 2021 to the 31st March 2022 amounting to **£4,645,541.97** in respect of vacation and rateable value reductions.

The following recovery notices were issued -

	31/03/12	31/03/13	31/03/14	31/03/15	31/3/16	31/3/17	31/3/18	31/03/19	31/03/20	31/03/21	31/03/22
Reminders Issued	2,536	4,023	3,545	4,445	4,263	4,288	3,525	3,245	3,447	1,803	5,350
Final Notices Issued	1,741	2,014	2,472	2,353	1,560	1,960	1,985	1,312	2,201	0	2,874
Summonses Issued	1,156	987	1,091	1,053	535	1,123	768	601	429	0	612
Liability Orders	749	683	771	734	411	525	522	550	438	0	584
7 day letters issued	471	501	No longer used								
Accounts passed to Enforcement Agent	537	645	650	444	283	184	159	203	369	0	545

The suspension of court hearings in March 2020, which was in response to the national lockdown, meant that no Summonses, Liability Orders or 14 day letters were issued during the 2020/21 year.

The **2020/21** debt carried forward at 1st April 2021 was **£3,241,994.14**

NNDR recovery stage	Amount
Un-summonsed	£940,853.04
Arrangement	£216,567.17
Enforcement Agent	
Final	
Liability	
Reminders	2,084,573.93
Summonsed	
Total	£3,241,994.14

Movement in arrears for reporting period –

Arrears total 2001 - 2020/21 as at **01/04/21** **£6,101,864.16**

Arrears total 2001 - 2020/21 as at **31/03/22** **£3,669,122.51**

Reduction in Overall arrears **£2,432,741.65**

Business Rates Arrears breakdown as at 31st March 2022

	Arrears B/F 31.03.2021	Arrears carried forward	Net reduction	Actual % collection
2001	137.94	137.94	0	
2008	1,143.35	1,143.35	0	0.00%
2009	938.03	938.03	0	0.00%
2010	7,659.01	6,732.24	926.77	12.10%
2011	8,688.92	6,183.11	2,505.81	28.84%
2012	28,475.03	29,929.11	-1,454.08	-5.11%
2013	40,003.31	39,431.86	571.45	1.43%
2014	71,719.80	63,264.40	8,455.40	11.79%
2015	80,005.44	66,731.40	13,274.04	16.59%
2016	161,495.10	137,903.99	23,591.11	14.61%
2017	397,476.67	359,509.81	37,966.86	9.55%
2018	573,791.39	463,302.25	110,489.14	19.26%
2019	1,488,336.03	1,027,864.20	460,471.83	30.94%
2020	3,241,994.14	1,466,050.82	1,775,943.32	54.78%
	6,101,864.16	3,669,122.51	2,432,741.65	

Backdated revaluations and the removal of discounts and exemptions can result in a backdated increase in arrears

Cashiers Data

The cashiering service dealt with the following transactions in the period 1st April 2021 to 31st March 2022:

Civic Centre Total	Transactions including Kiosk
£6,298,972.54	9,396

Payroll Data:

The average number of payments made each month/annually is shown below:

	Monthly	Annually
Non-Teaching/Teaching	2,648	31,777
Pensions	5,437	65,239

Complaints Data:

Service	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Council Tax	277 (210 unfounded)	372 (292 unfounded)	540 (446 unfounded)	427 (378 unfounded)	348 (274 unfounded)	373 (309 unfounded)	344 (299 unfounded)	337 (260 unfounded)	170 (114 unfounded)	212 (152 unfounded)
NNDR	7 (7 unfounded)	4 (4 unfounded)	21 (7 unfounded)	10 (9 unfounded)	6 (3 unfounded)	3 (2 unfounded)	4 (3 unfounded)	3 (1 unfounded)	4 (0 unfounded)	7 (6 unfounded)
Pensions	3 (2 unfounded)	4 (2 unfounded)	4 (1 unfounded)	2	4 (2 unfounded)	2 (1 unfounded)	4 (2 unfounded)	8 (5 unfounded)	9 (4 unfounded)	5 (3 unfounded)
Payroll	9 (2 unfounded)	5 (2 unfounded)	9 (7 unfounded)	4 (2 unfounded)	1 (1 unfounded)	0	3 (2 unfounded)	3 (3 unfounded)	0	0
Cashiers	0	0	0	0	0	0	0	0	0	0

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